

Q2

Interim report
January-June 2019

Two young women with long blonde hair are sitting on a concrete wall. The woman on the left is wearing a green jacket over a striped shirt and a dark skirt, and is writing in a notebook with a blue pen. The woman on the right is wearing a white cardigan over a white top and black leggings, and is reading an open book. A beige bag is on the ground to the left. The background is a plain concrete wall.

THE MOST IMPORTANT PEOPLE
DESERVE THE BEST PROPERTY

Hemfosa
FASTIGHETER

KEY FIGURES

	Jan-Jun		Apr-Jun	
	2019	2018	2019	2018
Rental income, MSEK	1,393	1,200	705	632
Net operating income, MSEK	971	814	512	446
Surplus ratio, %	69.7	67.9	72.6	70.6
Profit from property management, MSEK	644	510	335	268
Unrealized changes in value, properties, MSEK	725	737	456	373
Profit after tax, MSEK	1,057	937	599	502
– per ordinary share before dilution, SEK	5.98	5.26 ²	3.41	2.82 ²
– per ordinary share after dilution, SEK	5.96	5.26 ²	3.40	2.82 ²
Cash flow from operating activities, MSEK	832	461 ²		
Property value, SEK billion	39.0	36.0 ¹		
Net asset value (EPRA NAV) per ordinary share, SEK	81.32	75.11 ¹		
Equity/assets ratio, %	34.4	35.4 ¹		

¹ Year-end 2018
² Continuing operations

January–June 2019¹

- Rental income increased 16 percent on the basis of a growing property portfolio. The increase for the comparable portfolio was 4.2 percent.
- Net operating income increased 19 percent, of which just under 5 percent in the comparable portfolio.
- The surplus ratio was strengthened by nearly two percentage points. This was largely attributable to effects from acquired properties, but also to a higher surplus ratio in the comparable portfolio.
- Profit from property management increased 26 percent, primarily driven by increased rental income.
- Unrealised changes in value amounted to MSEK 725, which corresponds to an increase of 2.0 percent, of which 1.2 percent arose in the second quarter.
- Profit after tax rose 13 percent, with the increase in the second quarter amounting to 19 percent.
- The property value increased 8 percent.
- Net asset value (EPRA NAV) increased to slightly more than SEK 81 per share.
- On the balance-sheet date, earnings capacity amounted to MSEK 1,438, compared with MSEK 1,360 at year-end.

¹ Comparative figures for income items refer to value for the period January–June 2018 and for balance sheet items as of December 31, 2018.

SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- Acquisitions were completed in Sweden and Finland:
 - In Eskilstuna, Sweden, possession was taken in June of three properties including schools and public-sector offices with an underlying property value of MSEK 650.
 - In Mariestad, Sweden, possession was taken in June of a property comprising 25 buildings, primarily used for schools and adapted housing, with an underlying property value of MSEK 274.
 - In Espoo, Finland, possession was taken in June of a school with an underlying property value of MSEK 245.
 - In Espoo and Helsinki, Finland, possession was taken in July of a portfolio of four public-sector offices. The underlying property value is MSEK 465.
- A non-cash issue of 1,760,000 ordinary shares was conducted at the beginning of July, when a retirement home in Nacka was acquired from ICA-handlarnas Förbund with an underlying property value of MSEK 156.
- Henrik Melder is the new country head of Hemfosa's operations in Norway, where he will focus on realizing the development potential in the existing portfolio.
- Essi Sten was employed as the new country head of Hemfosa's operations in Finland to enable more rapid growth.
- A three-year green bond loan in an amount of SEK 1.3 billion was issued in June at a margin of 240 bps.

HIGH ACTIVITY LEVEL

We maintained a high level of activity at Hemfosa during the quarter, completing several attractive acquisitions in all three markets. At the same time, our talented property management organization is working to take care of our important tenants and to welcome the new ones we have received through our acquisitions. We continued to strengthen the organization and recruited new country heads for our Norwegian and Finnish operations, as well as a business development head. With the right team structure in place, higher earnings capacity and a stable financial position, we are well positioned for continued profitable growth.

During the spring and summer, we completed acquisitions at a high pace in Sweden, Norway and Finland. The properties we acquired complement our portfolio well, with prime locations and stable community players as tenants. Several of the properties include potential future projects in the form of extensions and new builds on associated land - completely in line with our strategy to create value through acquisitions, improvements and projects.

Intensified collaboration

In Norway, the acquisition in the Oslo region entails synergies with the existing portfolio and intensified collaboration with parties that include NAV (Norwegian Labor and Welfare Administration), one of Hemfosa's larger tenants.

In Sweden, through acquisitions in such locations as Eskilstuna, Mariestad, Motala and Nacka, we have expanded our collaboration with municipalities and county councils, as well as major private community players, such as Vardaga. For Hemfosa, it is important to establish relations with parties such as these, since we know that our tenants are keen to deepen collaboration that works well. We have many examples of how Hemfosa has been able to grow further with its tenants when they have chosen to expand their operations, much thanks to our skilled, local property management organization.

Against this background, we are particularly pleased that the acquisitions in Finland have led to the establishment of collaboration with the major municipalities of Espoo and Helsinki, as well as pre-school operator Touhula. With the acquisitions in recent months of an amount corresponding to slightly more than MSEK 750, we have significantly strengthened Hemfosa's Finnish portfolio, bringing its total value to nearly SEK 3 billion.

Team structure complete

In Hemfosa's growth strategy, we have an explicit focus on growth in Finland, where we foresee favourable opportunities for further acquisitions. With a country head in place in Finland after the summer, we will be able to gear up the business further. An anticipated increase in the transfer of ownership of community service properties from government and municipalities to private operators will create opportunities for further transactions in the Finnish market.

We have also recruited a new country head in Norway, who will take over when Simon Venemyr Ottersland's consultancy contract expires. With our new country head in place, we will strengthen competence related to early phases and projects, something that will greatly benefit us in our Norwegian operations, where we foresee major development potential in our existing portfolio. In conjunction with these changes, we have also acquired Simon's minority participations in the Norwegian business.



During the quarter, we also recruited a new business development head, who will be a major force in accelerating the work with municipalities and concepts. With these employees on board, together with our existing staff, we have established the team structure that we need to further develop Hemfosa and achieve our goals.

Healthy acquisition capacity

During the quarter, we took the step of strengthening our financing capacity to enable further acquisitions. In May, Hemfosa issued a green bond of SEK 1.3 billion, which attracted a large amount of interest among investors. This is a type of financing that is appropriate for Hemfosa's operations within community service properties and is an effective complement to our other financing.

I am very satisfied with Hemfosa's performance during the first half of 2019. We have a clear direction on our journey of profitable growth, with our sights set on a property portfolio of SEK 50 billion within five years. And with the successful transactions we have completed so far this year, we are taking important steps toward this goal. We also have a healthy breadth in our project business, with several exciting projects in the planning phase and in progress, as well as a good pipeline moving forward. There is tremendous energy and commitment in the organization and we are looking forward to an equally exciting second half of 2019.

Caroline Arehult,
CEO

COMMENTS ON EARNINGS

Consolidated statement of profit/loss and comprehensive income

MSEK	Apr-Jun		Jan-Jun	
	2019	2018	2019	2018
Rental income	705	632	1,393	1,200
Property expenses				
Operating expenses	-115	-110	-259	-230
Maintenance costs	-35	-36	-77	-78
Property tax	-19	-18	-37	-36
Property administration	-25	-22	-49	-42
Net operating income	512	446	971	814
Central administration	-37	-37	-70	-68
Other operating income and expenses	2	4	3	4
Share in profit of joint ventures	0	-2	0	4
Share in profit of associated companies	4	2	6	4
Financial income and expenses	-145	-146	-265	-248
Profit from property management	335	268	644	510
Change in value of properties, realized	0	-2	0	-2
Change in value of properties, unrealized	456	373	725	737
Changes in value, financial instruments	-54	-20	-67	-8
Profit before tax	737	619	1,301	1,236
Tax	-138	-116	-244	-299
Profit after tax	599	502	1,057	937
<i>Discontinued operations</i>				
Profit after tax from Nyfosa distributed to shareholders	-	424	-	690
Profit for the period	599	926	1,057	1,627
Other comprehensive income				
Translation differences in translation of foreign operations	61	127	254	336
Comprehensive income for the period	660	1,053	1,311	1,963
<i>Profit for the period attributable to:</i>				
Parent Company shareholders	599	917	1,057	1,605
Non-controlling interests	0	9	0	21
Profit for the period	599	926	1,057	1,627
<i>Comprehensive income for the period attributable to:</i>				
Parent Company shareholders	660	1,040	1,311	1,933
Non-controlling interests	0	13	0	30
Comprehensive income for the period	660	1,053	1,311	1,963

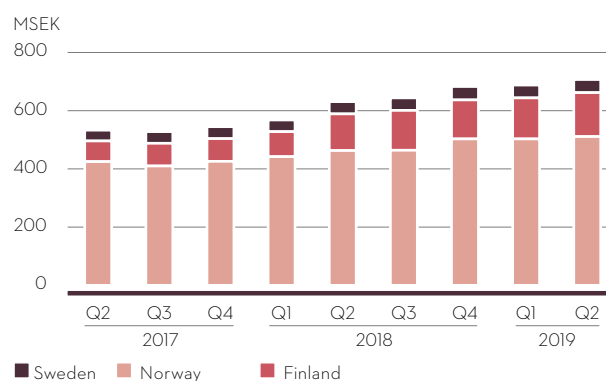
Profit after tax	Earnings after tax per ordinary share
MSEK 1,057 (937)	SEK 5,98 (5.26)

Rental income

Rental income increased during the interim period by MSEK 193 year-on-year, corresponding to 16 percent. The increase was primarily attributable to a larger property portfolio as a result of implemented acquisitions and projects, mainly in Norway and Sweden.

Rental income in the comparable portfolio rose MSEK 48, or 4.2 percent. Indexing, leasing of vacant floor space and renegotiations contributed to this increase.

Rental income per quarter by market

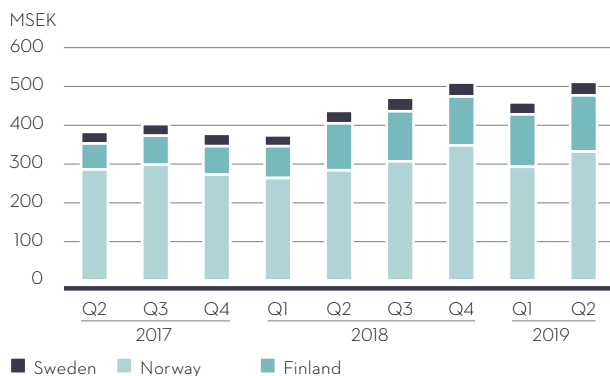


Net operating income

Net operating income for the interim period was strengthened by MSEK 157, or 19 percent, year-on-year. This was primarily attributable to increased rental income, but it can also be noted that property expenses did not increase at the same pace as rental income. Property administration included an item of slightly more than MSEK 5 comprising a penalty to a tenant in conjunction with a tenant-specific modification.

Net operating income in the comparable portfolio increased MSEK 37, or 4.8 percent. In other words, the level of operating efficiency in the comparable portfolio was high.

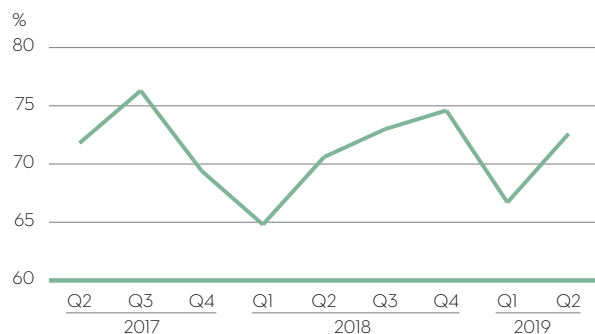
Net operating income per quarter by market



Surplus ratio

The surplus ratio for the interim period increased to 69.7 percent (67.9). The surplus ratio for the quarter was 72.6 percent (70.6). The increase was largely attributable to effects from acquired properties, but also to a higher surplus ratio in the comparable portfolio.

Surplus ratio per quarter



Net financial items

Net financial items for the interim period were somewhat lower than the preceding year. During the second quarter, nonrecurring costs of MSEK 10 arose in conjunction with the repurchase of bonds, which, combined with a higher loan volume, explains the increase in financial expenses.

At June 30, the average interest rate in the loan portfolio was 2.15 percent, a few basis points higher than the preceding quarter as a result of higher margins for new bonds and in connection with the restructuring of debt, at the same time as the underlying interest rate in Norway (NIBOR) has risen.

As of this year, ground rent is classified among net financial items due to the application of IFRS 16. Ground rent for the period was MSEK -2.

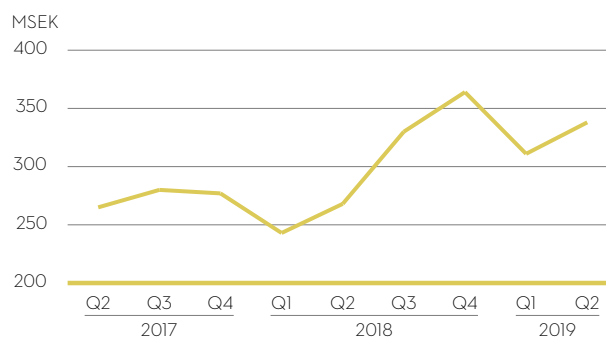
Profit from property management

Profit from property management for the interim period was MSEK 134, or 26 percent, higher year-on-year. This was mainly due to a larger volume and higher margin/surplus ratio.

Central administration costs were in line with the preceding year. Expenses for the demerger of the company were included in the preceding year. This year, costs for acquisitions not completed and recruitment costs were included.

Shares in profit from joint ventures were lower year-on-year, primarily due to the hospital at Gardermoen being a joint venture during the first quarter of the preceding year, but subsequently being recognized as a subsidiary. Shares in profit from associated companies were higher year-on-year, which was due to growth in the part-owned company in Norway, Offentlig Eiendom, in parallel with Hemfosa increasing its shareholding.

Profit from property management per quarter



Change in value

Unrealized changes in value in the property portfolio during the period were MSEK 725 (737), corresponding to 2.0 percent. The change in value for the second quarter was MSEK 456 (373). This corresponds to 1.2 percent of the quarter's opening property value.

The largest part of the change in value derives from cash flow movements resulting from, for example, changed income and assessments of projects and market rents, while about one-third derives from reduced yields. The weighted yield requirement was 5.6 percent. This is 0.2 percentage points lower than the valuation for the first quarter. It was in Sweden, in particular, that the yields declined, where many transactions with low returns that were implemented recently led to new benchmarks for valuation yields.

The unrealized change in value for derivatives during the period was MSEK -67 (-0.8), with a full MSEK -54 (-20) occurring during the second quarter. The change in value was attributable to a decrease in long-term market interest rates.

Tax

Tax expenses for the interim period were distinctly lower year-on-year, which was mainly due to nonrecurring effects on tax expenses in the year-earlier period first quarter. The effective tax rate was 19 percent (24).

EARNINGS CAPACITY

Current earnings capacity

Below is the company's current earnings capacity presented on a 12-month basis on the balance-sheet date. Earnings capacity is a hypothetical instantaneous impression of the profit from property management that leases and loan agreements concluded on the balance-sheet date, together with normal-year values for costs, would generate on a full-year basis. It is presented solely for illustration purposes and does not include any effects of forthcoming property transactions, leases, refinancing, etc.

Group's earnings capacity

MSEK	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
Rental income	2,832	2,696	2,666
Property expenses	-667	-637	-636
Property administration	-73	-70	-67
Net operating income	2,092	1,989	1,963
Central administration	-123	-120	-120
Share in profit from joint ventures and associated companies	15	15	12
Financial expenses	-546	-502	-495
Profit from property management	1,438	1,382	1,360

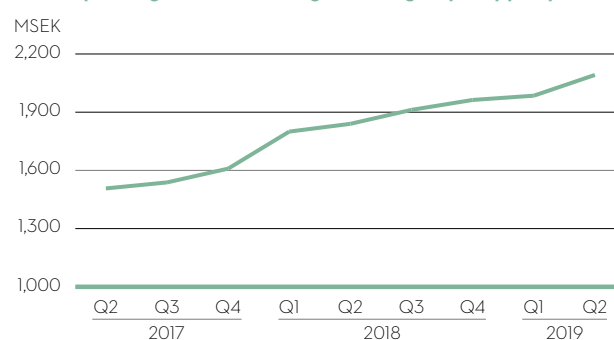
Comments on earnings capacity

Net operating income was MSEK 103 higher than the preceding quarter's earnings capacity, which was mainly attributable to the many acquired properties taken into possession during the quarter. The acquisitions taken into possession in July were not included in this quarter's earnings capacity, but will be included in the next interim report.

Financing costs increased as a result of a higher loan volume, increased underlying interest rates in Norway, and somewhat higher margins in connection with debt restructuring.

The yield according to earnings capacity fell marginally, but nonetheless amounted to 5.4 percent.

Net operating income according to earnings capacity per quarter



Sensitivity analysis, June 30, 2019

	Change, %	Earnings effect, MSEK
Contractual rental income according to earnings capacity	+/- 1	+/- 28
Economic leasing rate according to earnings capacity	+/- 1	+/- 28
Property expenses according to earnings capacity	+/- 1	+/- 7
Net operating income according to earnings capacity	+/- 5	+/- 105
Changed exchange rate NOK/SEK	+/- 5	+/- 18
Changed exchange rate EUR/SEK	+/- 5	+/- 5

Calculation basis

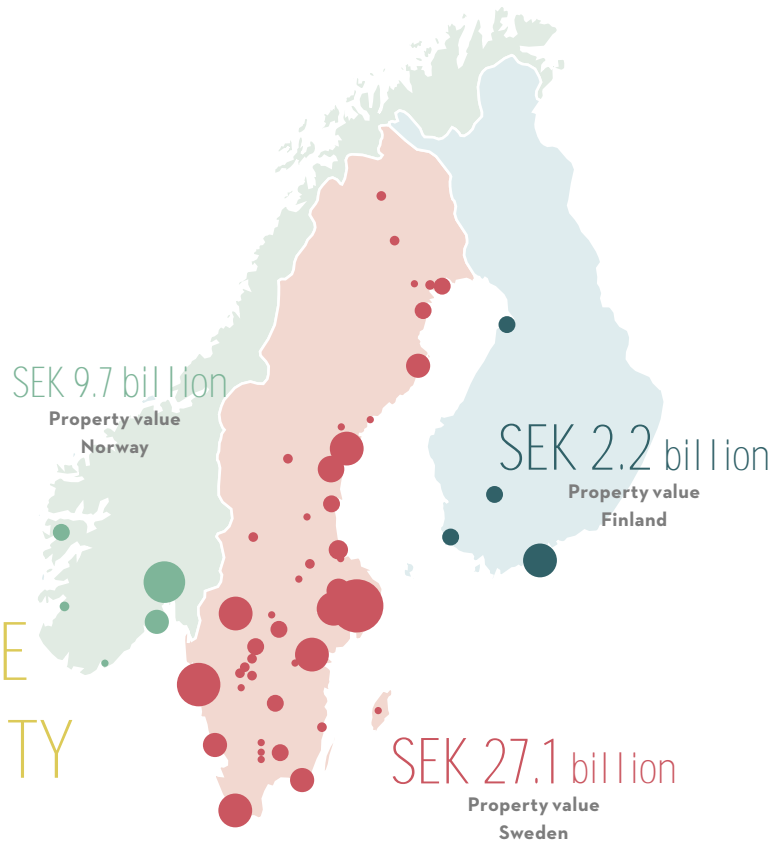
The following information is used as the basis for assessing current earnings capacity.

- Annual contractual rental income (including supplements and taking rent discounts into account), plus other property-related income based on current leases.
- Operating and maintenance costs consist of an assessment of operating costs and maintenance measures during a standard year.
- Property tax has been calculated on the basis of the current tax assessment value of the properties.

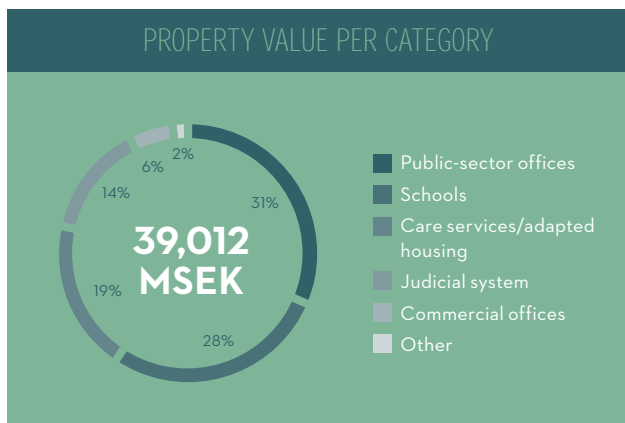
- Central administration and marketing costs have been calculated on the basis of the existing organization and the size of the property portfolio.
- Hemfosa's shares in profit from joint ventures are calculated according to the same methodology as for Hemfosa, taking into account the size of the share in profit.
- The assessment of earnings capacity does not assume any financial income.
- Financial expenses have been calculated on the basis of the company's average interest rate and existing accrued arrangement fees.
- The earnings capacity for the international operations has been restated at the exchange rate prevailing on the balance-sheet date.

THIS IS HEMFOSA

Hemfosa combines long-term management and development of a growing property portfolio with the acquisition and development of community service properties. The aim is to strengthen the company's position as the leading Nordic private player in community service properties and create the right premises for Hemfosa's tenants. A property portfolio with a high proportion of publicly financed tenants represents stable revenue flows and a healthy yield. The company's ordinary share has been listed since March 2014 and the preference share since December 2014, both on Nasdaq Stockholm.



HEMFOSA WILL BE THERE
TO SERVE THE COMMUNITY



COMMUNITY SERVICE PROPERTIES

Community service properties is the generic term for properties in which the tenants are public-sector agents or conduct publicly financed operations in such areas as schools, health and personal care and judicial institutions. A few decades ago, these properties were almost exclusively owned by central and local government authorities, while today their ownership has been spread among a number of private property owners, of which Hemfosa is one of the largest in the Nordic region.

GROWTH OBJECTIVE

- Grow to SEK 50 billion in property value within five years
- Distributable earnings per share will increase on average by a minimum of 10 percent per year

DIVIDEND POLICY

- The dividend will amount to about 40 percent of distributable earnings

FINANCIAL RISK LIMITATIONS

- The loan-to-value ratio is to amount to approximately 60 percent
- The equity/assets ratio is to amount to at least 30 percent
- The interest-coverage ratio is to be at least a multiple of 2

PROPERTY PORTFOLIO

Property portfolio as at June 30

	Schools		Care services/ adapted housing		Judicial system		Public-sector offices		Commercial offices		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Rental value, MSEK	816	616	490	469	450	416	1,034	806	194	247	50	56	3,034
Leasable area ¹ , 000s sqm	579	445	328	316	291	279	759	587	149	189	45	59	2,151	1,875
Fair value of properties, MSEK	10,934	8,309	7,360	7,327	5,528	5,096	12,274	9,753	2,229	2,708	687	692	39,012	33,883
No. of properties	119	86	116	124	43	41	85	74	16	19	17	19	396	363
Economic leasing rate, %	94.4	94.6	98.0	98.0	95.6	95.3	94.3	96.1	78.1	80.2	99.8	94.3	94.2	94.6
Remaining lease term, years	8.8	8.7	11.6	13.0	3.8	4.3	4.0	4.2	6.4	4.6	5.3	5.1	6.7	6.9

¹ Excluding garage

Leases

Hemfosa has a well-diversified tenant structure, with the largest tenant accounting for only 6 percent of total rental income and the ten largest tenants accounting for less than one-third.

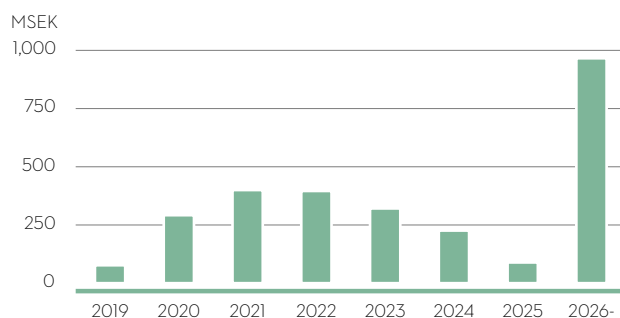
At the end of the period, the average remaining lease term was 6.7 years. There is a favorable spread in lease maturities, with maximum one-seventh of the rental value expiring each year over the next few years. More than one-third will expire in 2026 or later.

The economic leasing rate was 94.2 percent, somewhat higher than in the preceding quarter. The improvement is primarily attributable to acquisitions, but also to leasing of vacant floor space.

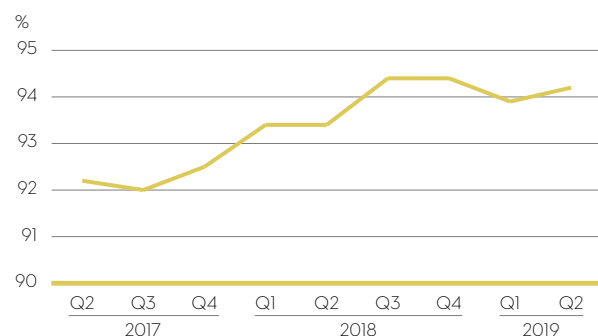
Hemfosa's ten largest tenants at June 30, 2019

Operations	Rental income MSEK	Percentage of total rental income, %
The Police Authority in Sweden	165	6
Municipality of Härnösand	128	4
LHL Eiendom AS	116	4
The Courts of Sweden	112	4
NAV - Norwegian Labor and Welfare Administration	69	2
Swedish Migration Agency	65	2
Municipality of Haninge	59	2
Pysslingen Preschools and Schools	58	2
Oslo and Akershus University College	57	2
Internationella Engelska Skolan	53	2
Total	882	31

Lease expiry

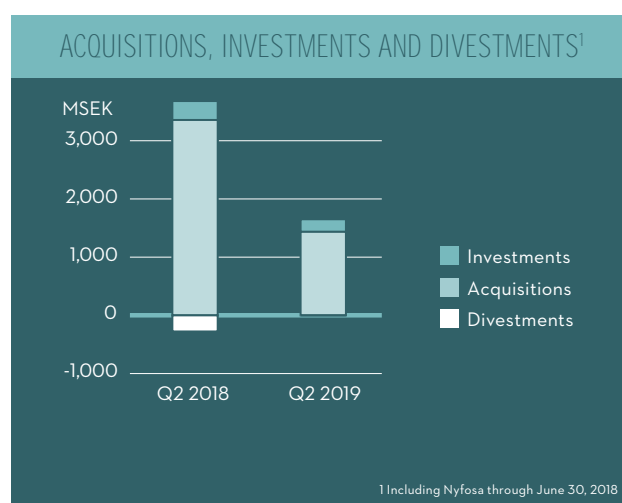
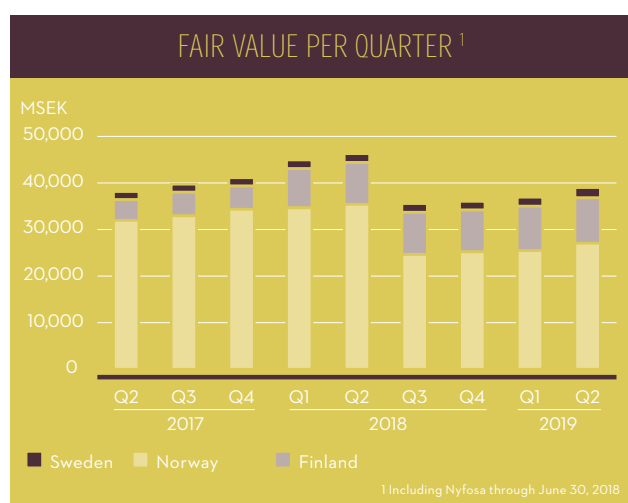


Leasing rate per quarter



Change in fair value of property portfolio per market, June 30

MSEK	Sweden		Norway		Finland		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Opening value for the year	25,194	22,337	8,999	4,988	1,856	1,772	36,049	29,097
Acquired properties	1,046	300	72	2,835	299	0	1,417	3,135
Investments in existing properties	164	208	47	27	0	3	211	238
Divested properties	-11	-64	-	0	-	-	-11	-64
Realized changes in value in profit or loss for the period	0	-5	-	0	-	-	0	-5
Unrealized changes in value in profit or loss for the period	673	239	50	498	2	7	725	744
Translation differences	-	-	570	631	53	103	622	734
Closing fair value	27,067	23,015	9,738	8,979	2,210	1,858	39,012	33,881



Changes in property portfolio

During the period, possession was taken of properties in all three countries with a total cost of slightly more than SEK 1.4 billion. MSEK 212 was invested in the portfolio during the period, primarily in Sweden but also in Norway.

A divestment of a minor property in Sweden was completed during the first quarter of the year.

Unrealized changes in value amounted to MSEK 725, with the Swedish properties accounting for the proportionately largest increase. Since the SEK weakened against both NOK and EUR, positive currency effects totaling MSEK 622 arose.

Acquisitions and divestments

During the period, possession was taken of 16 acquired properties in Sweden, Finland and Norway (see specification on next page). These represented acquisitions in all of Hemfosa's property categories. Last year, the specialist hospital at Gardermoen was acquired for just over SEK 2 billion, which largely explains the high acquisition volume in the comparison period in the graph above.

A property in Sweden (Gävle) was divested during the first quarter when it became vacant and the future area of use was not considered to be within community service properties.

Acquisitions, January - June 2019

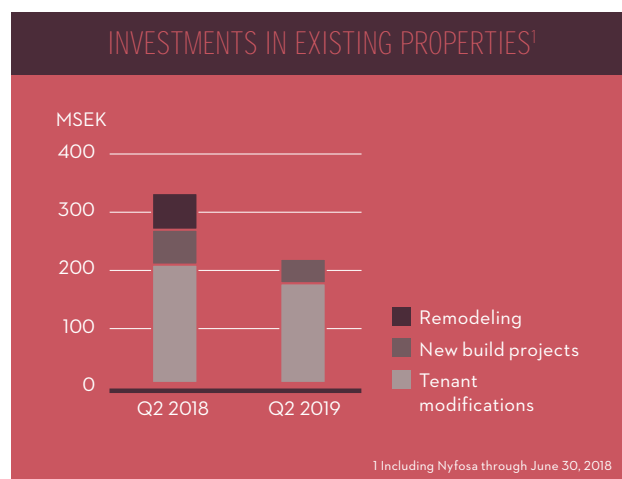
Country, Municipality	Property	Area, 000s of sqm	Rental value, MSEK
Quarter 2			
Norway, Sarpsborg	St. Mariés gt 88	4	4
Finland, Espoo	Itätuulentie 1	7	14
Sweden, Eskilstuna	Vapensmeden 15, Verktyget 4 and Våpnaren 4	41	53
Sweden, Mariestad	Lillängen 2:1	27	26
Sweden, Motala	Eken 12, Kassetten 1, Läraran 6 and Telegrafan 2	13	11
Sweden, Uppsala	Denmark 1:15	0	1
Quarter 1			
Sweden, Helsingborg	Rosenlund 1:58	1	1
Finland, Oulu with surroundings	Koivulehto 1B, Lihoviuksenlaita 2, Neronlantie 3, Satulaite 1	2	4

Divestments, January-June 2019

Country, Municipality	Property	Area, 000s of sqm	Rental value, MSEK
Quarter 2			
Quarter 1			
Sweden, Gävle	Sättra 108:23	1	0

Major ongoing projects, June 30, 2019

Municipality	Property	Category	Leasing rate	Area, 000s of sqm	Total estimated investment, MSEK	Remaining investment, MSEK	Estimated completion, quarter, year
Haninge	Söderbymalm 3:462	Adapted housing	100%	4	92	80	Q3, 2020
Gothenburg	Gamlestaden 2:10	Public-sector offices	100%	3	114	102	Q3, 2020
Västerås	Sigurd 6	Public-sector offices	100%	8	250	245	Q1, 2021



Investments in existing properties

MSEK 211 was invested in existing properties, with the majority of the investments pertaining to refurbishment on behalf of tenants, with consequential higher rents and/or longer leases. Many projects are in the start-up phase and will entail higher levels of investment moving forward.

In the income statement, ground rent is recognized in its entirety in net financial items as other financial expense. The fees were previously recognized as a property cost and included in net operating income. Hemfosa's ground rent amounted to MSEK 2 (2) for the period.

Retrospective application will not occur. Accordingly, comparative figures for 2018 have not been restated.

Estimates and assumptions

The preparation of interim reports requires that company management make assessments and estimates, and make assumptions that affect the application of the accounting policies and the amounts of assets, liabilities, income and expenses recognized. The actual outcome may deviate from these esti-

mates and assumptions. The critical assessments and sources of uncertainty in estimates are the same as those described in the most recent Annual Report; Note 24.

Significant risks and uncertainties for the Group and Parent Company

Hemfosa is continuously exposed to various risks, which could be significant to the company's future operations, earnings and financial position. Financing, organizational structure and work processes are key risk areas for Hemfosa, which continuously works in a structured manner on managing these and other risks and uncertainties. More information about Hemfosa's risks and management of these is available in the 2018 Annual Report on pages 47-50 and 97-99.

ASSURANCE BY THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The Board of Directors and the Chief Executive Officer give their assurance that this interim report provides a true and fair overview of the Parent Company's and the Group's operations, financial position and earnings, and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Nacka, July 16, 2019
Hemfosa Fastigheter AB (publ)
(Corp. Reg. No. 556917-4377)

Bengt Kjell
Chairman of the Board

Caroline Sundewall
Board member

Gunilla Högbom
Board member

Anneli Lindblom
Board member

Per-Ingemar Persson
Board member

Carl Mörk
Board member

Anneli Jansson
Board member

Anders Kupsu
Board member

Caroline Arehult
Chief Executive Officer

This interim report has not been audited.

The information is such that Hemfosa Fastigheter AB (publ) is obligated to disclose in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was issued for publication by the agency of the CEO on July 16, 2019 at 7:30 a.m. CEST.

FINANCIAL CALENDAR

Interim report January–September 2019	October 25, 2019
Year-end report 2019	February 14, 2020
Interim report January–March 2020	May 5, 2020

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FINANCIAL POSITION AND CASH FLOW

Consolidated statement of financial position

MSEK	Jun 30 2019	Dec 31 2018
ASSETS		
Investment properties	39,012	36,049
Site leasehold, right-of-use asset	119	-
Shares in joint ventures	64	60
Shares in associated companies	236	164
Other fixed assets	26	13
Current receivables	238	200
Cash and cash equivalents	683	974
TOTAL ASSETS	40,378	37,459
EQUITY AND LIABILITIES		
Equity attributable to Parent Company shareholders	13,878	13,134
Non-controlling interests	1	143
Equity	13,879	13,276
Interest-bearing liabilities	23,354	22,027
Lease liability	119	-
Deferred tax liability	1,458	1,229
Other liabilities	1,568	927
Total liabilities	26,499	24,183
TOTAL EQUITY AND LIABILITIES	40,378	37,459

Consolidated statement of cash flows

MSEK	Jan-jun 2019 2018	
Operating activities		
Profit from property management	644	510
Adjustments for non-cash items	-9	16
Income tax paid	-21	-10
Subtotal	614	516
Change in operating receivables	-36	64
Change in operating liabilities	254	-119
Cash flow from operating activities for Nyfosa that has been distributed to shareholders	-	265
Cash flow from operating activities	832	726
Investing activities		
Direct and indirect acquisition of investment properties	-1,493	-2,373
Direct and indirect divestment of investment properties	11	0
Investments in existing properties	-215	-238
Acquisition of joint ventures and associated companies	-55	0
Other	-5	31
Cash flow from investing activities for Nyfosa that has been distributed to shareholders	-	168
Cash flow from investing activities	1,757	-2,412
Financing activities		
New issue	-	1,006
Loans raised	1,932	11,063
Repayment of loans	-1,009	-8,413
Dividend paid to Parent Company shareholders	-357	-418
Other	3	2
Cash flow from financing activities for Nyfosa that has been distributed to shareholders	-	166
Cash flow from financing activities	629	3,406
Cash flow for the period	-296	1,720
Cash and cash equivalents at the beginning of the period	974	541
Exchange-rate difference in cash and cash equivalents	5	8
Cash and cash equivalents at the end of the period	683	2,269

Consolidated statement of changes in equity

MSEK	Equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
Opening equity Jan 1, 2018	17,723	85	17,807
New issue, ordinary shares	1,069	-	1,069
Dividend to shareholders	-903	-	-903
Distribution of Nyfosa	-7,100	-	-7,100
Other	-8	-	-8
Change in holdings of non-controlling interests	-24	28	4
Comprehensive income, Jan-Dec 2018	2,378	31	2,409
Closing equity Dec 31, 2018	13,134	143	13,276
Opening equity 2019-01-01	13,134	143	13,276
Comprehensive income Jan-Mar 2019	638	12	651
Dividend to shareholders	-513	-	-513
Issue of warrants	3	-	3
Acquisition of holdings of non-controlling interests	-44	-154	-198
Comprehensive income Apr-Jun 2019	660	0	660
Closing equity Jun 30, 2018	13,878	1	13,879

KEY PERFORMANCE DATA

Key financial data

	Jun 30 2019	Dec 31 2018
Return on equity, %	12.8	15.1
Equity/assets ratio, %	34.4	35.4
Net loan-to-value ratio, properties, %	58.1	58.4
Debt/equity ratio, multiple	1.7	1.7
Interest-coverage ratio, multiple	3.4	3.3
Net debt/EBITDA, multiple	11.5	11.4

Share-related key figures, ordinary shares

	Jun 30 2019	Dec 31 2018
Profit from property management per ordinary share, SEK ²	3.51	2.88
Profit after tax per ordinary share before dilution, SEK	5.98	5.26 ⁴
Profit after tax per ordinary share after dilution, SEK	5.96	5.26 ⁴
Equity per ordinary share, SEK ¹	72.06	67.76 ³
Net asset value (EPRA NAV), per ordinary share, SEK ^{1,2}	81.32	75.11 ³
Cash flow from operating activities per ordinary share, SEK	4.63	2.57 ⁴
Dividend per ordinary share, SEK	1.80	2.30
Number of ordinary shares outstanding, 000s ¹	167,728	157,728

Property-related key figures

	Jun 30 2019	Dec 31 2018
No. of properties	396	381
Rental value, MSEK ²	3,034	2,826
Leasable area, 000s of sqm	2,151	2,059
Fair value of properties, MSEK	39,012	36,049
Property value, SEK per sqm of leasable area	18,134	17,508
Economic leasing rate, %	94.2	94.4
Surplus ratio, %	69.7	71.0
Yield, %	5.4	5.4

Share-related key figures, preference shares

	Jun 30 2019	Dec 31 2018
Dividend per preference share, SEK	10.00	10.00
Equity per preference share, SEK ¹	162.85	162.85
Number of preference shares outstanding, 000s ¹	11,000	11,000

¹ At the end of the period

² Pertains to Alternative Performance Measures according to the European Securities and Markets Authority (ESMA) which, in common with other performance measures, are described in the glossary on page 18.

³ Year-end 2018

⁴ Excluding Nyfosa

Components of key performance data

The components included in a selection of Hemfosa's key financial data are presented below.

Return on equity

	Jun 30 2019	Dec 31 2018
MSEK		
Profit after tax over a rolling 12-month period, attributable to Parent Company shareholders	2,149	2,328
Average equity attributable to Parent Company shareholders	16,850	15,428
Return on equity, %	12.8	15.1

Net debt/EBITDA

	Jun 30 2019	Dec 31 2018
MSEK		
Cash and cash equivalents	683	974
Interest-bearing liabilities	23,354	22,027
Net operating income, earnings capacity	2,092	1,963
Central administration costs, earnings capacity	123	120
Net debt/EBITDA, multiple	11.5	11.4

Net loan-to-value ratio

	Jun 30 2019	Dec 31 2018
MSEK		
Cash and cash equivalents	683	974
Interest-bearing liabilities	23,354	22,027
Investment properties	39,012	36,049
Net loan-to-value ratio, %	58.1	58.4

Interest-coverage ratio

	Jun 30 2019	Dec 31 2018
MSEK		
Profit from property management	644	1,204
Share in profit from joint ventures and associated companies	6	24
Depreciation/amortization	0	0
Financial income and expenses	-265	-514
Interest-coverage ratio, multiple	3.4	3.3

EPRA NAV

	Jun 30 2019	Dec 31 2018
MSEK		
Equity attributable to Parent Company shareholders	13,878	13,134
Preference share capital	1,791	1,791
Deferred tax	1,458	1,229
Derivatives	95	27
Adjustments of joint ventures	-	-
Number of ordinary shares, millions	168	168
EPRA NAV, SEK	81.32	75.11

QUARTERLY REVIEW AND OPERATING SEGMENTS

Quarterly review, continuing operations

	Quarter 2 2019	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018	Quarter 2 2018	Quarter 1 2018	Quarter 4 2017	Quarter 3 2017	Quarter 2 2017
Rental income, MSEK	705	688	683	642	632	568	545	528	532
Property expenses									
Operating expenses, MSEK	-115	-144	-90	-82	-110	-120	-86	-55	-97
Maintenance costs, MSEK	-35	-42	-45	-52	-36	-42	-50	-37	-21
Property tax, MSEK	-19	-18	-19	-18	-18	-18	-18	-18	-15
Property administration, MSEK	-25	-25	-19	-21	-22	-20	-13	-15	-17
Net operating income, MSEK	512	459	509	468	446	368	378	403	382
Surplus ratio, %	72.6	66.7	74.6	73.0	70.6	64.8	69.4	76.3	71.8
Equity/assets ratio, % ¹	34.4	36.2	35.4	23.8	39.5	39.5	40.4	40.6	39.7
Net loan-to-value ratio, properties, % ¹	58.1	57.7	58.2	58.7	53.9	56.9	57.1	56.8	56.4
Interest-coverage ratio, multiple	3.4	3.5	3.3	3.6	2.8	3.3	3.5	3.9	3.8

¹ Including Nyfosa up to and including second quarter 2018

Operating segments

As part of internal reporting to Group management, net operating income is monitored by market, corresponding to the three countries in which Hemfosa has investments. These three countries constitute the Group's accounting by operating segment. Other income statement items within Profit from property management are monitored at the consolidated level.

Net operating income, Sweden (MSEK)	Jan-jun	
	2019	2018
Rental income	1,014	905
Property expenses	-340	-315
Property administration	-48	-41
Net operating income	625	548

Net operating income, Norway (MSEK)	Jan-jun	
	2019	2018
Rental income	292	211
Property expenses	-12	-8
Property administration	-1	0
Net operating income	279	203

Net operating income, Finland (MSEK)	Jan-jun	
	2019	2018
Rental income	87	81
Property expenses	-20	-20
Property administration	0	0
Net operating income	67	61

Key performance data, June 30	Sweden		Norway		Finland		Total	
	2019	2018 ³	2019	2018	2019	2018	2019	2018 ³
Rental value, MSEK	2,234	3,005	596	527	204	178	3,034	3,709
Leasable area ¹ , 000s of sqm	1,740	2,615	291	278	120	112	2,151	3,005
Fair value of properties, MSEK	27,065	35,427	9,738	8,979	2,210	1,884	39,012	46,290
No. of properties	332	435	51	46	13	8	396	489
Yield ² , %	5.3	5.4	5.4	5.4	6.3	6.8	5.4	5.4
Economic leasing rate, %	93.0	92.5	98.8	98.0	93.7	95.7	94.2	93.4
Remaining lease term, years	5.7	5.2	10.6	11.6	6.0	5.7	6.7	6.2
Surplus ratio for the period, %	61.7	63.0	96.0	96.0	75.1	74.7	69.7	67.7

¹ Excluding garage space

² According to current earnings capacity on the balance-sheet date

³ Including Nyfosa

PARENT COMPANY

Income statement for the Parent Company

MSEK	Jan-jun	
	2019	2018
Net sales	13	19
Other external costs	-20	-27
Personnel costs	-15	-18
Depreciation/amortization	0	0
Operating loss	-12	-25
Profit from shares in Group companies	-	-
Interest income and similar income items	2	14
Interest expenses and similar expense items	-43	-28
Loss after financial items	-64	-39
Appropriations		
Group contributions received and paid	-	-
Profit after appropriations	-64	-39
Tax	0	9
Loss for the year	-64	-30

Balance sheet for the Parent Company

MSEK	Jun 30	Dec 31
	2019	2018
ASSETS		
Tangible assets	1	1
Participations in Group companies	5,708	5,510
Non-current receivables from Group companies	227	227
Total fixed assets	5,936	5,737
Current receivables from Group companies	5,883	5,972
Other current receivables	56	30
Cash and bank balances	0	355
Total current assets	5,939	6,357
TOTAL ASSETS	11,875	12,095
EQUITY AND LIABILITIES		
Restricted equity	89	89
Unrestricted equity	7,415	7,990
Equity	7,504	8,079
Non-current interest-bearing liabilities	1,536	1,000
Non-current liabilities to Group companies	9	8
Other non-current liabilities	2	1
Total non-current liabilities	1,547	1,009
Commercial paper, short-term	1,200	1,150
Current interest-bearing liabilities	1,000	1,000
Current liabilities to Group companies	-	583
Other current liabilities	624	274
Total current liabilities	2,824	3,007
Total liabilities	4,371	4,016
TOTAL EQUITY AND LIABILITIES	11,875	12,095

GLOSSARY

Return on equity

Profit/loss for a rolling 12-month period in relation to average equity during the interim period.

Yield¹

Net operating income for a rolling 12-month period as a percentage of the carrying amounts of the properties, adjusted for the holding period of the properties during the period. The key figure indicates the yield from operational activities in relation to the properties' value.

Net operating income^{*}

Net operating income comprises the income and expense items directly connected to the property, meaning rental income and the expenses required to keep the property in operation, such as operating expenses, maintenance costs and personnel costs for those who take care of the property and tenant contacts. The indicator is used to provide comparability with other property companies, but also to illustrate operational performance.

Equity per ordinary share

Equity as a percentage of the number of ordinary shares at the end of the period after taking into account the preference share capital.

Equity per preference share

Equity per preference share corresponds to the average issue price for the preference shares.

Economic leasing rate

Rental income as a percentage of the rental value at the end of the period.

Property

Properties held under title or site leasehold.

Profit from property management¹

Profit from property management comprises net operating income plus property management and administration expenses as well as financial income and expenses. This earnings ratio does not include effects of changes in the value of investment properties and derivatives. These are reported separately in the Statement of profit/loss and are not included in distributable profit.

Profit from property management per ordinary share

Profit from property management for the period, less the pre-emptive rights of preference shares to a dividend, in relation to the weighted average number of ordinary shares.

Rental income

Rents charged including supplements for heating and property tax, as well as other property income.

Rental value¹

Rental income for the total leasable area.

IAS

International Accounting Standards. The international accounting standards issued by the independent body, the International Accounting Standards Board (IASB) and then processed and adopted by the EU. The rules must be complied with by listed companies in the EU.

IFRS

International Financial Reporting Standards. International accounting standards to be applied for the consolidated financial statements of listed companies in the EU from 2005.

Comparable portfolio

Comparable portfolio refers to the properties owned under the entire period and the entire comparison period.

Cash flow from operating activities per ordinary share

Cash flow from operating activities, less the pre-emptive rights of preference shares to a dividend for the period, as a percentage of the weighted average number of ordinary shares.

Net loan-to-value ratio¹

The net of interest-bearing liabilities and bank balances at the end of the period in relation to the fair value of the properties in the statement of financial position. The net loan-to-value ratio is a measure of risk that indicates the degree to which the operation is encumbered with interest-bearing liabilities, but taking into account bank balances. The key figure provides comparability with other property companies.

Net debt/EBITDA

The net of interest-bearing liabilities and bank balances at the end of the period in relation to net operating income minus central administration costs according to earnings capacity.

Preference share capital

The preferential share's issue price multiplied by the number of preference shares.

Profit per ordinary share before dilution

Profit for the period, less the pre-emptive rights of preference shares to a dividend for the period, as a percentage of the weighted average number of ordinary shares.

Profit per ordinary share after dilution

Profit for the period, less the pre-emptive rights of preference shares to a dividend for the period, as a percentage of the weighted average number of ordinary shares, including potential ordinary shares.

Interest-rate swaps

An agreement between two parties to swap interest-rate conditions on loans in the same currency. The swap entails that one party exchanges its floating interest rate for a fixed rate, while the other party receives a fixed rate in exchange for a floating rate. The aim of an interest-rate swap is to reduce interest-rate risk.

Interest-rate cap

An interest hedging instrument whereby the lender pays a variable interest up to a predetermined interest-rate level. The aim of interest-rate caps is to reduce the interest-rate risk.

Interest-coverage ratio¹

Profit from property management, including reversal of financial income and expenses, as well as depreciation/amortization and share in profit in joint ventures as a percentage of financial income and expenses. The interest-coverage ratio is a financial target that shows how many times the company can pay its interest charges with its profit from operational activities.

Community service properties

Properties with directly or indirectly publicly financed tenants who account for at least 70 percent of rental income.

Debt/equity ratio

Interest-bearing liabilities as a percentage of equity.

Equity/assets ratio

Equity as a percentage of total assets.

Net asset value per ordinary share (EPRA NAV)

Recognized equity, after taking into account the preferential capital, with the reversal of derivatives and deferred tax liabilities according to the statement of financial position, as a percentage of the number of ordinary shares at the end of the interim period. The purpose of this performance measure is to show the fair value of net assets from a long-term perspective. Accordingly, assets and liabilities in the Statement of financial position that are to be adjusted to be realized, such as the fair value of derivatives and deferred taxes, are excluded. The corresponding items in Hemfosa's shares in joint ventures are also excluded from the key figure.

Ground rent

Annual compensation paid to the owner of the property held under a site leasehold.

Site leasehold

The right to use and transfer, without any limitations, a property without owning the property. The divestment of a site leasehold is subject to the same regulations as the sale of a freehold property.

Distributable earnings

Distributable earnings comprise profit from property management, excluding the share in profit from joint ventures and associated companies and after tax. Dividends paid on preference shares are deducted from this amount first; the remaining amount can be distributed to holders of ordinary shares.

Surplus ratio¹

Net operating income for the period as a percentage of the rental income. The surplus ratio shows the percentage of each Swedish krona earned that the company can keep. The key figure serves as a measure of efficiency that is comparable over time and among property companies.

¹ Pertains to Alternative Performance Measures according to the European Securities and Markets Authority (ESMA)

Hemfosa

FASTIGHETER