

**Q1**

Interim report  
January - March 2020

**THE MOST IMPORTANT PEOPLE  
DESERVE THE BEST PROPERTY**

**Hemfosa**  
FASTIGHETER

# KEY FIGURES

	Jan-Mar	
	2020	2019
Rental income, MSEK	775	688
Net operating income, MSEK	558	459
Surplus ratio, %	72.0	66.7
Profit from property management, MSEK	295	309
Unrealized changes in value, properties, MSEK	4,945	268
Profit after tax, MSEK	4,196	458

## January-March 2020

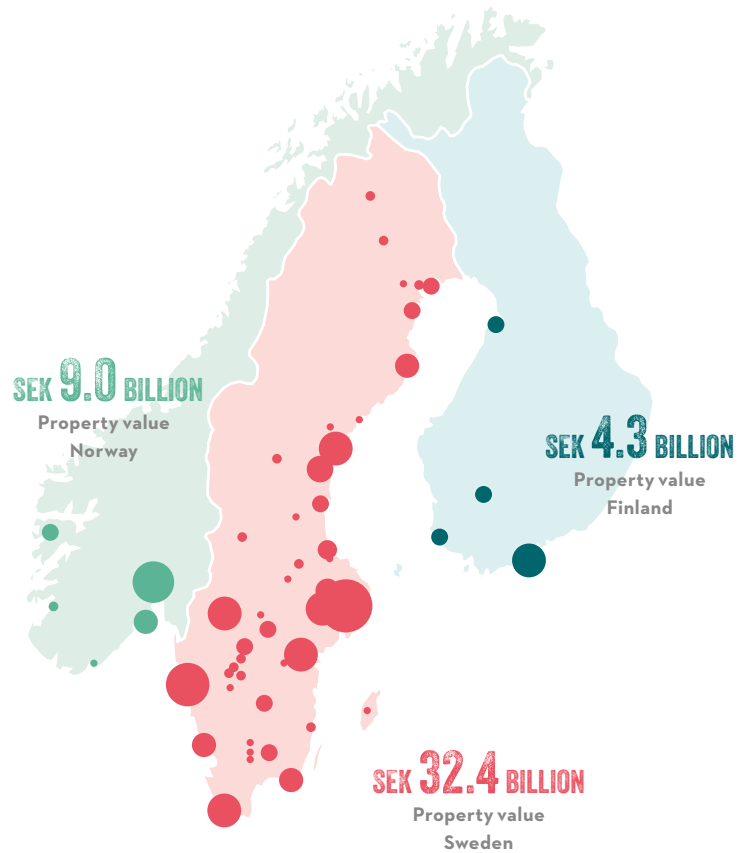
- Rental income increased 13 percent driven by a growing property portfolio. The increase for the comparable portfolio was 2 percent.
- Net operating income increased 21 percent, of which 9 percent in the comparable portfolio.
- The surplus ratio was strengthened by four percentage points (five percentage points in the comparable portfolio). Low costs for heating and snow clearance are the primary reasons for the increase. During the first quarter in the preceding year, nonrecurring costs occurred, which also contributed to the increase.
- Profit from property management decreased 5 percent due to nonrecurring costs of approximately MSEK 80 in financing and central administration as a result of SBB's acquisition.
- Unrealized changes in value amounted to nearly SEK 5 billion, which corresponded to an increase of 12 percent. Falling valuation yields were the foremost reason.
- Profit after tax increased more than eight-fold, primarily due to large value increases.

## SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

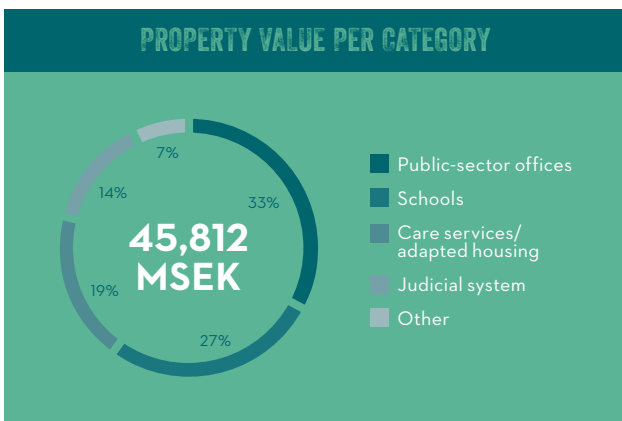
- At the end of 2019, SBB submitted a bid for Hemfosa and during the quarter, increased its holding in Hemfosa to more than 98 percent of the shares. A compulsory acquisition procedure has begun.
- Hemfosa's shares were delisted from Nasdaq Stockholm on January 31. An Extraordinary General Meeting was held on February 19, at which a new Board of Directors was elected.
- An integration of Hemfosa into SBB commenced during the quarter. This led to a surplus of 12 persons in Hemfosa's executive management and staff functions, which entailed a nonrecurring cost of nearly MSEK 15 that was charged to the first quarter of 2020. The long-term savings in the form of synergies in central administration will be MSEK 40 annually.
- As SBB has become the new major shareholder in Hemfosa, exemptions were negotiated to the change of control clauses in the loan agreements. The cost for these exemptions amounted to approximately MSEK 20 and were charged in their entirety to the first quarter of 2020.
- Bank loans of SEK 8 billion were repaid in advance and bond loans of SEK 1.7 billion were repurchased during the quarter. These loans were replaced by internal loans from SBB. The cost of early repayment amounted to MSEK 42 and was charged in its entirety to the first quarter of 2020.
- A property in central Stockholm was divested in March for MSEK 460, resulting in a capital gain of MSEK 51.

# THIS IS HEMFOSA

Hemfosa combines long-term management and development of a growing property portfolio with the acquisition and development of community service properties. A property portfolio with a high proportion of publicly financed tenants represents stable revenue flows and a healthy yield. The company's ordinary and preference shares were previously listed on Nasdaq Stockholm but were delisted following the takeover by SBB.



**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.

# COMMENTS ON EARNINGS

## Consolidated statement of profit/loss and comprehensive income

MSEK	Jan-Mar	
	2020	2019
Rental income	775	688
Property expenses		
Operating expenses	-133	-144
Maintenance costs	-40	-42
Property tax	-23	-18
Property administration	-22	-25
<b>Net operating income</b>	<b>558</b>	<b>459</b>
Central administration	-49	-33
Other operating income and expenses	1	1
Share in profit of joint ventures	-1	0
Share in profit of associated companies	7	2
Financial income and expenses	-221	-120
<b>Profit from property management</b>	<b>295</b>	<b>309</b>
Change in value of properties, realized	51	0
Change in value of properties, unrealized	4,945	268
Changes in value, financial instruments	-57	-13
<b>Profit before tax</b>	<b>5,234</b>	<b>565</b>
Tax	-1,038	-107
<b>Profit for the period</b>	<b>4,196</b>	<b>458</b>
<b>Other comprehensive income</b>		
Translation differences in translation of foreign operations	-276	193
<b>Comprehensive income for the period</b>	<b>3,920</b>	<b>650</b>
<i>Profit for the period attributable to:</i>		
Parent Company shareholders	4,194	452
Non-controlling interests	3	6
<b>Profit for the period</b>	<b>4,196</b>	<b>458</b>
<i>Comprehensive income for the period attributable to:</i>		
Parent Company shareholders	3,916	638
Non-controlling interests	4	12
<b>Comprehensive income for the period</b>	<b>3,920</b>	<b>650</b>

## Rental income

Rental income increased during the period by MSEK 87 year-on-year, corresponding to slightly less than 13 percent. The increase was primarily attributable to a larger property portfolio as a result of implemented acquisitions.

Rental income in the comparable portfolio increased MSEK 11, or 2 percent. Indexing, leasing of vacant floor space and renegotiations contributed to this increase, which was inhibited, however, by exchange-rate changes against the NOK and some premises becoming vacant in Norway.

## Net operating income

Net operating income was strengthened by MSEK 99, or slightly more than 21 percent, year-on-year. This was mainly due to increased rental income, but also lower costs for heating and snow clearance.

Net operating income in the comparable portfolio increased MSEK 40, or slightly less than 9 percent. Lower winter costs also contributed to the increase in this figure, while nonrecurring costs were charged to the first quarter of 2019.

## Surplus ratio

The surplus ratio for the period increased to 72.0 percent (66.7). A mild winter was the primary explanation for the increase.

## Net financial items

Financing costs for the interim period were clearly higher year-on-year. This was primarily attributable to nonrecurring costs for the early repayment of bank loans and the repurchase of bonds, as well as costs for exemptions from control clauses totaling MSEK 62, which were charged to this quarter in their entirety. A larger loan volume also contributed to higher costs.

Ground rent is classified as a net financial item due to the introduction of IFRS 16. Ground rent for the period was MSEK -3 (-1).

### **Profit from property management**

Central administration costs were clearly higher year-on-year. The foremost reason for this were nonrecurring costs of nearly MSEK 15 as a result of redundancies among staff and executive management as a result of SBB's takeover combined with an increase in staff numbers.

Shares in profit from joint ventures were on a par with the year-earlier period. Shares in profit from associated companies were higher year-on-year, which was attributable to growth in the part-owned company in Norway, Offentlig Eiendom, in parallel with Hemfosa increasing its shareholding.

Profit from property management was MSEK 14, or 5 percent, lower year-on-year. The decrease was due to the large nonrecurring costs in net financial items and central administration being greater than the increase in net operating income.

### **Change in value**

The divestment of a property in Stockholm generated a realized increase in value of MSEK 51 (0) for the period.

Unrealized changes in value in the property portfolio were MSEK 4,945 (268) during the period. This corresponds to 12 percent of the quarter's opening property value. The valuation yields, in the form of the weighted yield requirement, were 0.3 percentage points lower than in the preceding quarter, which accounts for slightly more than half of the value increase. The remaining value increase was mainly due to changed assessments for projects, development rights and rental income.

The unrealized change in value for derivatives during the period was MSEK -57 (-13). The change in value was attributable to a decrease in long-term market interest rates during the first quarter.

### **Tax**

The tax cost for the period was significantly higher year-on-year, mainly due to the large value increases. The effective tax rate was 20 percent (19).

# PROPERTY PORTFOLIO

## Property portfolio, March 31

	Schools		Care services/ adapted housing		Judicial system		Public-sector offices		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Rental value, MSEK	809	748	523	455	461	449	1,176	876	234	378	<b>3,202</b>	<b>2,905</b>
Leasable area <sup>1</sup> , 000s sqm	578	527	362	301	301	291	816	618	187	322	<b>2,244</b>	<b>2,059</b>
Fair value of properties, MSEK	12,558	9,687	8,788	7,046	6,278	5,457	14,942	10,605	3,245	4,148	<b>45,812</b>	<b>36,943</b>
No. of properties	120	114	134	114	46	43	93	73	29	41	<b>422</b>	<b>385</b>
Economic leasing rate, %	94.1	93.8	97.9	98.5	96.0	95.7	92.4	94.0	80.5	86.7	<b>93.6</b>	<b>93.9</b>
Remaining lease term, years	8.8	8.8	10.7	12.0	3.3	4.0	4.5	4.2	5.1	4.4	<b>6.5</b>	<b>6.6</b>

<sup>1</sup> Excluding garage

## Leases

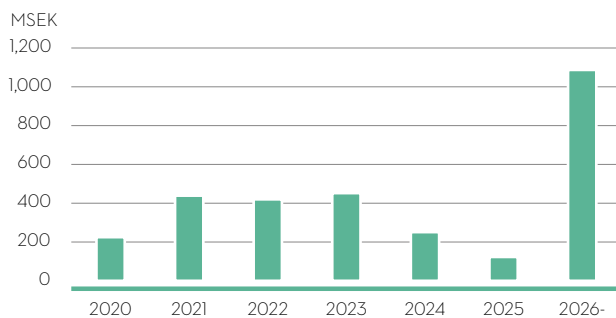
Hemfosa has a well-diversified tenant structure, with the largest tenant accounting for less than 6 percent of total rental income and the ten largest tenants accounting for 30 percent.

At the end of the period, the average remaining lease term was 6.5 years. There is a favorable spread in lease maturities,

with maximum 15 percent of the rental value expiring each year over the next few years. More than 36 percent will expire in 2026 or later.

The economic leasing rate was 93.6 percent (93.9), somewhat lower than in the preceding quarter.

## Lease expiry



## Hemfosa's ten largest tenants, March 31, 2020

Tenant	Rental income, MSEK	Percentage of total rental income, %
The Police Authority in Sweden	171	6
Municipality of Härnösand	131	4
The Courts of Sweden	115	4
LHL Eiendom	104	4
Swedish Migration Agency	67	2
NAV - Norwegian Labor and Welfare Administration	66	2
Pysslingen Preschools and Schools	65	2
Municipality of Haninge	63	2
Internationella Engelska Skolan	54	2
Oslo and Akershus University College	51	2
<b>Total</b>	<b>887</b>	<b>30</b>

### Change in fair value of property portfolio per market, March 31

MSEK	Sweden		Norway		Finland		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Opening value for the year	28,248	25,194	9,431	8,999	3,819	1,856	41,499	36,049
Acquired properties	248	25	0	-	-	48	248	72
Investments in existing properties	164	79	7	15	16	0	187	94
Divested properties	-453	-11	-	-	-	-	-453	-11
Realized changes in value in profit or loss for the period	51	0	-	-	-	-	51	0
Unrealized changes in value in profit or loss for the period	4,190	188	525	80	229	1	4,945	268
Translation differences	-	-	-910	443	247	27	-663	471
<b>Closing fair value</b>	<b>32,448</b>	<b>25,475</b>	<b>9,053</b>	<b>9,537</b>	<b>4,311</b>	<b>1,931</b>	<b>45,812</b>	<b>36,943</b>

#### Changes in property portfolio

During the period, possession was taken of properties in Sweden with a total cost of MSEK 248 (72). MSEK 187 (94) was invested in the portfolio during the period, primarily in Sweden.

The divestment of one property in Sweden was completed during the period.

Unrealized changes in value amounted to MSEK 4,945 (268), with the Swedish properties accounting for the proportionately largest increase. Since the SEK strengthened against the NOK, but weakened against the EUR, negative currency effects totaling MSEK -663 (471) arose.

#### Acquisitions and divestments

During the period, possession was taken of five acquired properties and one site leasehold in Sweden for a total purchase consideration of MSEK 248.

A property in central Stockholm, Sweden, was vacated during the first quarter at an agreed property value of MSEK 460.

#### Investments in existing properties

MSEK 187 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. Of the projects below, Haninge Municipality is the tenant for two – a retirement home and a secondary school. In Gothenburg, Hemfosa is building a new office for SOS Alarm and in Västerås, Hemfosa is building Socialtjänstens Hus for the municipality. In Eskilstuna, Hemfosa is remodeling vacant premises for the municipality for use as upper secondary school and offices. In Norrköping, Hemfosa is remodeling a vacant office building into a school for Prolympia.

#### Major ongoing projects, March 31, 2020

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	70	Q1, 2021
Gothenburg	Gamlestaden 2:10	Public-sector offices	100%	3	114	75	Q1, 2021
Norrköping	Orkestern 2	Schools	100%	4	57	31	Q3, 2020
Eskilstuna	Verktyget 4	Schools/ public-sector offices	100%	7	96	92	Q2, 2021
Haninge	Söderbymalm 3:482	Schools	92%	14	260	213	Q3, 2021
Västerås	Sigurd 6	Public-sector offices	100%	8	270	249	Q1, 2022

# FINANCING

## Interest-bearing liabilities

Hemfosa's interest-bearing liabilities comprise bank loans, bonds, commercial papers and loans from SBB. During the first quarter, Hemfosa made the early repayment of bank loans totaling MSEK 8,222, repurchased bond loans of MSEK 1,683 and reduced its certificate volume by MSEK 1,005. This was replaced by loans of MSEK 10,385 from SBB. At the end of the period, Hemfosa had outstanding commercial paper of MSEK 450 and non-covered bonds of MSEK 1,417. The company has backup facilities for the outstanding commercial paper, most of which is covered.

## Change in loan portfolio

MSEK	Jan-Mar	
	2020	2019
Interest-bearing liabilities at the beginning of the period	25,031	22,027
New bank loans	-	-
Repayment of bank loans	-8,222	-79
Redemption of commercial paper	-1,005	-
Issue of commercial paper	-	-
Issue of bond loans	-	-
Redemption of bond loans	-1,683	-
New loans from SBB	10,385	-
Exchange-rate difference	-166	261
<b>Interest-bearing liabilities at the end of the period</b>	<b>24,340</b>	<b>22,209</b>

Hemfosa mainly works with floating interest rates in its loan agreements and manages interest-rate risk through interest-rate swaps and interest-rate caps. By limiting the interest-rate risk, the predictability of Hemfosa's profit from property management increases, and changes in interest rates have less impact on the Group's interest expenses. In some cases, the Group has entered into loan agreements with an interest-rate floor provision, meaning that STIBOR 3 months cannot be negative.

At March 31, 2020, the nominal volume of Hemfosa's outstanding interest-rate swaps was MSEK 8,743 (4,940) and interest-rate caps MSEK 7,468 (10,118).



# OTHER

## **Annual General Meeting (AGM)**

The AGM of Hemfosa Fastigheter AB (publ) will be held at 10:00 a.m. CET on June 24, 2020 at SBB's offices on Strandvägen 1 in Stockholm.

## **Shareholders**

As per March 31, 2020, Samhällsbyggnadsbolaget i Norden AB (SBB) controlled 98.3 percent of the shares in Hemfosa. A compulsory redemption process is under way.

Hemfosa's shares are now delisted from Nasdaq Stockholm, and the last day of trading was January 31.

## **Extraordinary General Meeting**

An Extraordinary General Meeting was held on February 19, at which the Board of Directors was replaced. The new Board members are all members of SBB's management group.

## **Accounting policies**

This interim report has been prepared in accordance with IAS 34 as well as applicable regulations of the Swedish Annual Accounts Act. Disclosures in accordance with IAS 34.16A are presented in the financial statements and the accompanying notes as well as in other parts of the interim report. The same accounting policies have been applied as in the most recent Annual Report.

## **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 estimates 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 2019 Annual Report on pages 3-4, 37-38 and 40-41.

## **ASSURANCE BY THE CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer gives his 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, May 5, 2020  
Hemfosa Fastigheter AB (publ)  
(Corp. Reg. No. 556917-4377)

Lars Thagesson  
*Acting CEO*

This interim report has not been audited.

# FINANCIAL POSITION AND CASH FLOW

## Condensed consolidated statement of financial position

MSEK	Mar 31 2020	Dec 31 2019
<b>ASSETS</b>		
Investment properties	45,812	41,499
Site leasehold, right-of-use asset	302	301
Shares in joint ventures	55	62
Shares in associated companies	320	346
Other fixed assets	69	108
Current receivables	234	192
Cash and cash equivalents	766	749
<b>TOTAL ASSETS</b>	<b>47,559</b>	<b>43,255</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to Parent Company shareholders	19,154	15,245
Non-controlling interests	24	20
<b>Equity</b>	<b>19,178</b>	<b>15,265</b>
Interest-bearing liabilities	24,230	24,931
Lease liability	302	301
Deferred tax liability	2,647	1,674
Other liabilities	1,094	1,085
<b>Total liabilities</b>	<b>28,382</b>	<b>27,991</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>47,559</b>	<b>43,255</b>

## Consolidated statement of changes in equity

MSEK	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity
<b>Opening equity Jan 1, 2019</b>	<b>13,134</b>	<b>143</b>	<b>13,276</b>
Non-cash issue, ordinary shares	157	-	157
Dividend to shareholders	-515	-	-515
Issue of warrants	2	-	2
Acquisition of non- controlling interests	-44	-154	-198
Increase in non-controlling interests	-	19	19
<b>Comprehensive income Jan-Dec 2019</b>	<b>2,511</b>	<b>12</b>	<b>2,523</b>
<b>Closing equity Dec 31, 2019</b>	<b>15,245</b>	<b>20</b>	<b>15,265</b>
<b>Opening equity 1 Jan 2020</b>	<b>15,245</b>	<b>20</b>	<b>15,265</b>
Dividend to shareholders	-	-	-
Acquisition of Subscription warrants	-	-	-
Other	6	-	6
<b>Comprehensive income Jan-Mar 2020</b>	<b>3,903</b>	<b>4</b>	<b>3,907</b>
<b>Closing equity 31 Mar 2020</b>	<b>19,154</b>	<b>24</b>	<b>19,178</b>

## Consolidated statement of cash flows

MSEK	Jan-Mar	
	2020	2019
<b>Operating activities</b>		
Profit from property management	294	309
Adjustments for non-cash items	-6	-5
Income tax paid	-14	-
<b>Subtotal</b>	<b>274</b>	<b>304</b>
Change in operating receivables	-56	-74
Change in operating liabilities	130	144
<b>Cash flow from operating activities</b>	<b>348</b>	<b>374</b>
<b>Investing activities</b>		
Direct and indirect acquisition of investment properties	-254	-72
Direct and indirect divestment of investment properties	460	11
Investments in existing properties	-186	-95
Acquisition of joint ventures and associated companies	-	-55
Other	2	-3
<b>Cash flow from investing activities</b>	<b>21</b>	<b>-214</b>
<b>Financing activities</b>		
Repayment of loans	-229	-80
Dividend paid to Parent Company shareholders	-129	-229
Other	0	0
<b>Cash flow from financing activities</b>	<b>-358</b>	<b>-309</b>
<b>Cash flow for the period</b>	<b>11</b>	<b>-149</b>
Cash and cash equivalents at the beginning of the period	749	974
Exchange-rate difference in cash and cash equivalents	6	3
<b>Cash and cash equivalents at the end of the period</b>	<b>766</b>	<b>828</b>

# KEY FIGURES

## Key financial data

	Mar 31 2020	Dec 31 2019
Return on equity, %	35.8	16.8
Equity/assets ratio, %	40.3	35.3
Net loan-to-value ratio, properties, %	51.5	58.3
Debt/equity ratio, multiple	1.3	1.6
Interest-coverage ratio, multiple	2.3	3.3

## Property-related key figures

	Mar 31 2020	Dec 31 2019
No. of properties	422	418
Rental value, MSEK	3,202	3,237
Leasable area, 000s of sqm	2,244	2,246
Fair value of properties, MSEK	45,812	41,499
Property value, SEK per sqm of leasable area	20,417	18,477
Economic leasing rate, %	93.6	93.7
Surplus ratio, %	72.0	71.4

## Components of key performance data

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

### Return on equity

	Mar 31 2020	Dec 31 2019
<b>MSEK</b>		
Profit after tax over a rolling 12-month period, attributable to Parent Company shareholders	6,150	2,390
Average equity attributable to Parent Company shareholders	17,200	14,190
<b>Return on equity, %</b>	<b>35.8</b>	<b>16.8</b>

### Net loan-to-value ratio

	Mar 31 2020	Dec 31 2019
<b>MSEK</b>		
Cash and cash equivalents	766	749
Interest-bearing liabilities	24,340	24,931
Investment properties	45,812	41,499
<b>Net loan-to-value ratio, %</b>	<b>51.5</b>	<b>58.3</b>

### Interest-coverage ratio

	Mar 31 2020	Dec 31 2019
<b>MSEK</b>		
Profit from property management	295	1,351
Share in profit from joint ventures and associated companies	7	32
Depreciation/amortization	0	0
Financial income and expenses	-221	-562
<b>Interest-coverage ratio, multiple</b>	<b>2.3</b>	<b>3.3</b>

# QUARTERLY REVIEW AND OPERATING SEGMENTS

## Quarterly review

	Quarter 1 2020	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018	Quarter 2 2018	Quarter 1 2018
Rental income, MSEK	775	757	735	705	688	683	642	632	568
Property expenses									
Operating expenses, MSEK	-133	-96	-90	-115	-144	-90	-82	-110	-120
Maintenance costs, MSEK	-40	-67	-43	-35	-42	-45	-52	-36	-42
Property tax, MSEK	-23	-30	-21	-19	-18	-19	-18	-18	-18
Property administration, MSEK	-22	-30	-24	-25	-25	-19	-21	-22	-20
Net operating income, MSEK	558	533	556	512	459	509	468	446	368
Surplus ratio, %	72.0	70.5	75.6	72.6	66.7	74.6	73.0	70.6	64.8
Equity/assets ratio, % <sup>1</sup>	40.3	35.3	35.1	34.4	36.2	35.4	23.8	39.5	39.5
Net loan-to-value ratio, properties, % <sup>1</sup>	51.5	58.3	58.0	58.1	57.7	58.2	58.7	53.9	56.9
Interest-coverage ratio, multiple	2.3	3.3	3.6	3.4	3.5	3.3	3.6	2.8	3.3

<sup>1</sup> 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-Mar	
	2020	2019
Rental income	548	503
Property expenses	-167	-186
Property administration	-20	-25
<b>Net operating income</b>	<b>362</b>	<b>292</b>

Net operating income, Norway (MSEK)	Jan-Mar	
	2020	2019
Rental income	136	141
Property expenses	-6	-6
Property administration	-1	0
<b>Net operating income</b>	<b>129</b>	<b>135</b>

Net operating income, Finland (MSEK)	Jan-Mar	
	2020	2019
Rental income	91	44
Property expenses	-23	-13
Property administration	-1	0
<b>Net operating income</b>	<b>67</b>	<b>31</b>

Key performance data, December 31	Sweden		Norway		Finland		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Rental value, MSEK	2,310	2,146	529	574	364	185	3,202	2,905
Leasable area <sup>1</sup> , 000s of sqm	1,747	1,659	292	286	204	113	2,244	2,059
Fair value of properties, MSEK	32,448	25,475	9,053	9,537	4,311	1,931	45,812	36,943
No. of properties	340	323	51	50	31	12	422	385
Economic leasing rate, %	92.3	92.6	96.4	98.4	97.3	94.2	93.6	93.9
Remaining lease term, years	5.7	5.5	10.2	10.9	6.2	5.5	6.5	6.6
Surplus ratio for the period, %	65.9	58.0	95.0	95.5	73.8	71.1	69.7	66.7

<sup>1</sup> Excluding garage space

# PARENT COMPANY

## Income statement for the Parent Company

MSEK	Jan-Mar	
	2020	2019
Net sales	7	7
Other external costs	-8	-12
Personnel costs	-20	-7
Depreciation/amortization	-0	-0
<b>Operating loss</b>	<b>-21</b>	<b>-12</b>
Profit from shares in Group companies	-	-
Interest income and similar income items	49	1
Interest expenses and similar expense items	-34	-13
<b>Profit/loss after financial items</b>	<b>-5</b>	<b>-24</b>
<b>Appropriations</b>		
Group contributions received and paid	-	-
<b>Profit after appropriations</b>	<b>-5</b>	<b>-24</b>
Tax	0	5
<b>Loss for the year</b>	<b>-5</b>	<b>-19</b>

## Balance sheet for the Parent Company

MSEK	Mar 31	Dec 31
	2020	2019
<b>ASSETS</b>		
Tangible assets	3	3
Participations in Group companies	5,708	5,708
Non-current receivables from Group companies	203	203
<b>Total fixed assets</b>	<b>5,914</b>	<b>5,914</b>
Current receivables from Group companies	6,994	7,068
Other current receivables	26	39
Cash and bank balances	-	-
<b>Total current assets</b>	<b>7,020</b>	<b>7,107</b>
<b>TOTAL ASSETS</b>	<b>12,934</b>	<b>13,021</b>
<b>EQUITY AND LIABILITIES</b>		
Restricted equity	90	90
Unrestricted equity	7,595	7,600
<b>Equity</b>	<b>7,685</b>	<b>7,690</b>
Non-current interest-bearing liabilities	2,100	2,100
Non-current liabilities to Group companies	1,129	38
Other non-current liabilities	2	2
<b>Total non-current liabilities</b>	<b>3,231</b>	<b>2,140</b>
Commercial paper, short-term	450	1,455
Current interest-bearing liabilities	1,000	1,000
Current liabilities to Group companies	458	484
Other current liabilities	109	252
<b>Total current liabilities</b>	<b>2,017</b>	<b>3,191</b>
<b>Total liabilities</b>	<b>5,248</b>	<b>5,331</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,934</b>	<b>13,021</b>

# GLOSSARY

## **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.

## **Community service properties**

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

## **Comparable portfolio**

Comparable portfolio is properties owned for the entire period and for the entire comparison period.

## **Debt/equity ratio**

Interest-bearing liabilities as a percentage of equity.

## **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.

## **Economic leasing rate**

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

## **Equity/assets ratio**

Equity as a percentage of total assets.

## **Ground rent**

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

## **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.

## **Interest-coverage ratio<sup>1</sup>**

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.

## **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-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.

## **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.

## **Net loan-to-value ratio<sup>1</sup>**

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 operating income<sup>1</sup>**

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.

## **Preference share capital**

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

## **Profit from property management<sup>1</sup>**

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.

## **Property**

Properties held under title or site leasehold.

## **Rental income**

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

## **Rental value<sup>1</sup>**

Rental income for the total leasable area.

## **Return on equity**

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

## **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.

## **Surplus ratio<sup>1</sup>**

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.

## **Yield<sup>1</sup>**

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.

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

