

A close-up photograph of a young boy and girl. The boy is on the left, looking towards the girl on the right. They both appear to be looking at something out of frame with interest. The girl is smiling slightly. The background is blurred, suggesting an indoor setting.

Q4

Year-end report
January - December 2019

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

Hemfosa
FASTIGHETER

KEY FIGURES

	Jan-Dec		Oct-Dec	
	2019	2018	2019	2018
Rental income, MSEK	2,884	2,525	757	683
Net operating income, MSEK	2,060	1,792	533	509
Surplus ratio, %	71.4	71.0	70.5	74.6
Profit from property management, MSEK	1,351	1,204	312	364
Unrealized changes in value, properties, MSEK	1,534	1,307	732	206
Profit after tax, MSEK	2,402	2,030	917	454
- per ordinary share before dilution, SEK	13.60	11.97	5.25	2.54
- per ordinary share after dilution, SEK	13.57	11.95	5.24	2.54
Cash flow from operating activities, MSEK	1,391	961		
Property value, SEK billion	41.5	36.0		
Net asset value (EPRA NAV) per ordinary share, SEK	89.03	75.11		
Equity/assets ratio, %	35.3	35.4		

January-December 2019

- Rental income increased 14 percent driven primarily by a growing property portfolio. The increase for the comparable portfolio was 3.5 percent.
- Net operating income increased 15 percent, of which 3 percent in the comparable portfolio.
- The surplus ratio was strengthened by almost half a percentage point. Operating expenses were charged with non-recurring costs for the current quarter while the corresponding quarter in the preceding year reported non-recurring income.
- Profit from property management increased 12 percent, primarily driven by a larger property portfolio.
- Unrealized changes in value amounted to just over SEK 1.5 billion, which corresponds to an increase of 4.2 percent compared with the value at the start of the year. Valuation yields declined somewhat during the fourth quarter.
- Profit after tax rose 18 percent.
- The property value increased 15 percent.
- Net asset value (EPRA NAV) increased to SEK 89 per ordinary share.

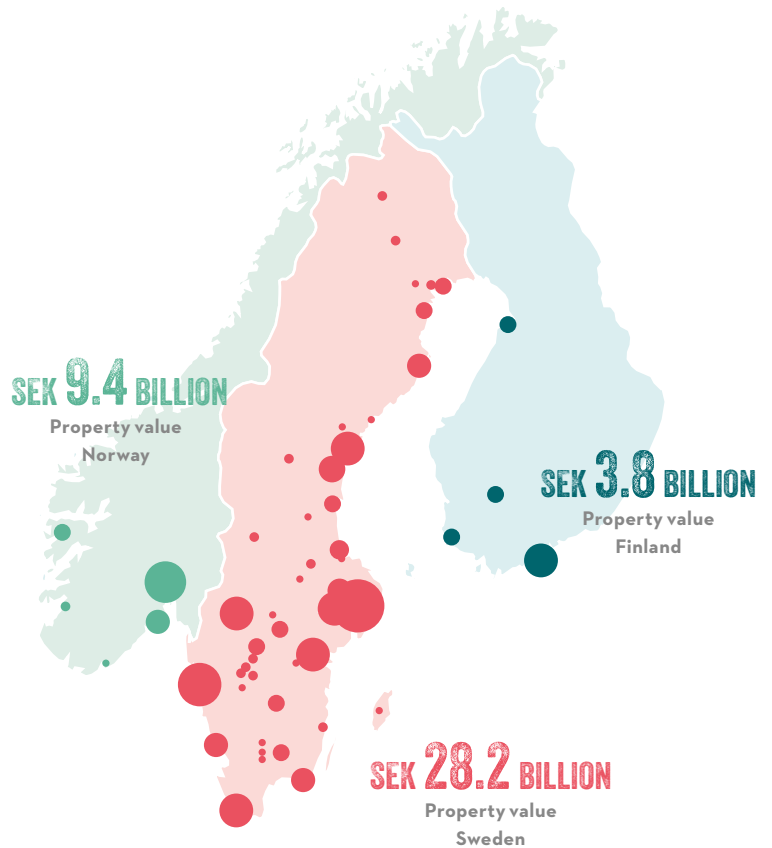
SIGNIFICANT EVENTS DURING AND AFTER THE QUARTER

- SBB made a public offer for Hemfosa at the end of 2019 and has now acquired more than 90 percent of the shares in Hemfosa and initiated a compulsory redemption process. Work evaluating the bid led to non-recurring costs for Hemfosa of MSEK 40, which were charged in full to the fourth quarter.
- Hemfosa's shares were delisted from Nasdaq Stockholm on January 31. An Extraordinary General Meeting will be held on February 19, see page 10.
- As SBB has become the new major shareholder in Hemfosa, exemptions were negotiated to the change of control clauses in the loan agreements. Moreover, bank loans of just over SEK 8 billion were repaid early and replaced with internal loans.
- Hemfosa won a land allocation competition in Falun and will build about 15,000 sqm in a property block in central Falun. In addition, three school projects began – in Haninge, Norrköping and Eskilstuna – with a total project volume of approximately MSEK 400.
- Hemfosa increased its shareholding in the associated company Offentlig Eiendom through the investment of MSEK 115 in a new issue of shares. Its shareholding now amounts to 40 percent.
- Acquisitions were completed in Finland and Sweden:
 - In November, possession was taken of two properties, in Tampere and Oulu. These had an underlying property value of about MSEK 600, with the public broadcasting company YLE and Oulu University Hospital as the largest tenants.
 - Possession of a portfolio of 11 properties for healthcare and adapted housing across Finland was taken in December. The underlying property value was approximately MSEK 520.
 - In December, an agreement was reached concerning the acquisition of two properties in Borås at an underlying property value of approximately MSEK 130, with the municipality as the largest tenant. Possession of these properties was taken at the beginning of February.
- A three-year green bond loan in an amount of MSEK 800 was issued at a margin of 210 bps.

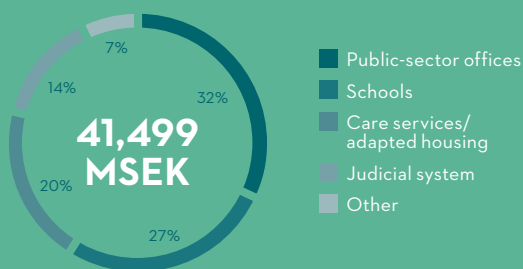
THIS IS HEMFOSA

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



PROPERTY VALUE PER CATEGORY



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-Dec		Oct-Dec	
	2019	2018	2019	2018
Rental income	2,884	2,525	757	683
Property expenses				
Operating expenses	-445	-403	-96	-90
Maintenance costs	-188	-175	-67	-45
Property tax	-89	-74	-30	-19
Property administration	-103	-82	-30	-19
Net operating income	2,060	1,792	533	509
Central administration	-187	-141	-90	-38
Other operating income and expenses	9	43	5	37
Share in profit of joint ventures	0	2	0	0
Share in profit of associated companies	32	22	22	2
Financial income and expenses	-562	-514	-159	-147
Profit from property management	1,351	1,204	312	364
Change in value of properties, realized	-3	-2	-3	-
Change in value of properties, unrealized	1,534	1,307	732	206
Changes in value, financial instruments	65	-14	141	-26
Profit before tax	2,947	2,495	1,182	543
Tax	-544	-466	-264	-89
Profit after tax	2,402	2,030	917	454
<i>Discontinued operations</i>				
Profit after tax from Nyfosa distributed to shareholders	-	1,407	-	100
Loss on distribution of Nyfosa	-	-1,077	-	-1,077
Profit/loss for the period	2,402	2,360	917	-523
Other comprehensive income				
Translation differences in translation of foreign operations	120	50	-115	-215
Comprehensive income for the period	2,523	2,409	802	-738
<i>Profit/loss for the period attributable to:</i>				
Parent Company shareholders	2,390	2,327	918	-530
Non-controlling interests	12	31	0	7
Profit/loss for the period	2,402	2,360	917	-523
<i>Comprehensive income for the period attributable to:</i>				
Parent Company shareholders	2,511	2,378	803	-737
Non-controlling interests	12	31	0	-1
Comprehensive income for the period	2,523	2,409	802	-738

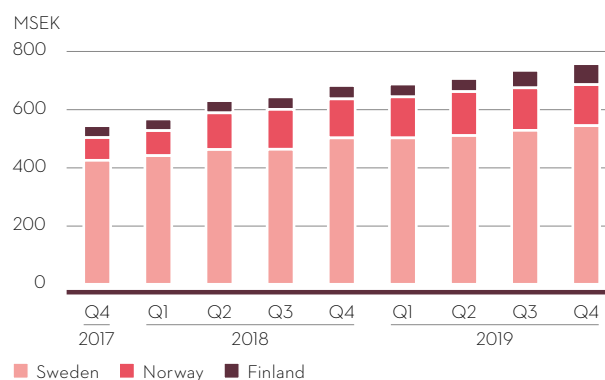
Profit after tax	Earnings after tax per ordinary share
MSEK 2,402 (2,030)	SEK 13.60 (11.97)

Rental income

Rental income increased during the full year by MSEK 359 year-on-year, corresponding to 14 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 80, or 3.5 percent. Indexing, leasing of vacant floor space and renegotiations contributed to this increase.

Rental income per quarter by market

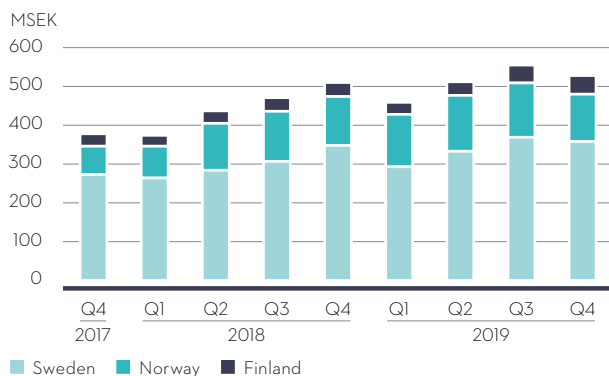


Net operating income

Net operating income was strengthened by MSEK 268, or 15 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.

Net operating income in the comparable portfolio increased MSEK 49, or 3.0 percent. In other words, the level of operating efficiency in the comparable portfolio remained high. Development projects that will not be implemented have been recognized as maintenance costs and property administration totaling MSEK 11 in the fourth quarter.

Net operating income per quarter by market



Surplus ratio

The surplus ratio for the full year increased to 71.4 percent (71.0). The surplus ratio for the quarter was 70.5 percent (74.6). An unusually strong fourth quarter in the preceding year, partly as result of non-recurring income, means the surplus ratio for the final quarter of the year was weaker.

Surplus ratio per quarter



Net financial items

Financing costs for the interim period were higher year-on-year. This is attributable primarily to a larger loan volume. The average interest rate in the loan portfolio at December 31 was 2.19 percent, and is thus principally unchanged from the preceding quarter, despite a higher underlying reference interest rate.

As of this year, ground rent is classified among financial expenses due to the application of IFRS 16. Ground rent for the full year was MSEK 7.

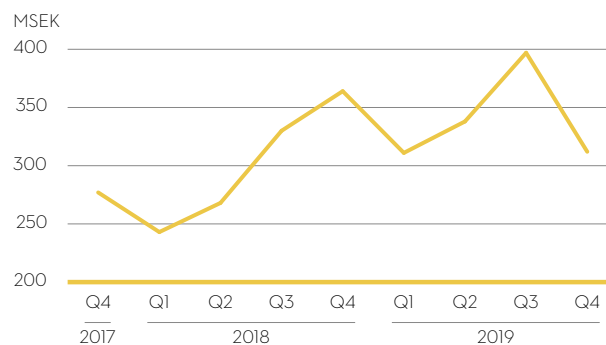
Profit from property management

Profit from property management was MSEK 147, or 12 percent, higher year-on-year. This was mainly due to a larger property portfolio and also a slightly higher margin/surplus ratio.

Central administration costs were higher year-on-year. Most of the increase is a result of non-recurring items during the fourth quarter of MSEK 45, where MSEK 40 consists of advisor support to evaluate the bid from SBB.

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, due to the growth of the part-owned company in Norway, Offentlig Eiendom, in parallel with Hemfosa increasing its shareholding. During the fourth quarter 2019, a remeasurement of the part-owned company's properties took place, which explains the strong figures for this quarter.

Profit from property management per quarter



Change in value

The unrealized changes in value in the property portfolio were MSEK 1,534 (1,307) on an annualized basis. For the fourth quarter, the change in value was MSEK 732 (206), corresponding to 1.8 percent of the quarter's opening property value. Compared with the preceding quarter, yields have decreased slightly as did the assumptions for the cash flow. The weighted yield requirement was 5.7 percent, which is slightly lower than the valuation for the third quarter.

The unrealized change in value for derivatives was MSEK 65 (-14), with MSEK 141 (-26) occurring during the fourth quarter. The change in value was attributable to an increase in long-term market interest rates during the fourth quarter.

Tax

The tax cost amounted to MSEK 544 (466). The effective tax rate was 18 percent (19).

PROPERTY PORTFOLIO

Property portfolio, December 31

	Schools		Care services/ adapted housing		Judicial system		Public-sector offices		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rental value, MSEK	822	680	536	474	465	420	1,180	884	234	369	3,237	2,827
Leasable area ¹ , 000s sqm	581	494	361	319	300	278	817	645	187	323	2,246	2,059
Fair value of properties, MSEK	11,270	8,765	8,183	7,326	5,797	5,131	13,437	10,789	2,812	4,037	41,499	36,049
No. of properties	119	94	132	128	46	41	91	76	30	42	418	381
Economic leasing rate, %	94.3	93.8	97.9	98.5	96.0	95.5	92.3	95.1	84.0	87.7	93.7	94.4
Remaining lease term, years	9.3	8.5	11.1	12.4	3.5	4.0	4.4	4.4	5.2	4.0	6.7	6.6

¹ 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.

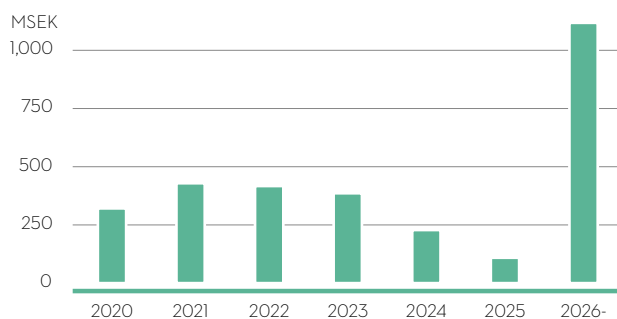
At the end of the period, the average remaining lease term was 6.7 years. There is a good spread in lease maturities, with maximum one-seventh of the rental value expiring each year over the next few years. More than one-third will expire in 2026 or later.

The economic leasing rate was 93.7 percent (94.4), somewhat lower than in the preceding quarter.

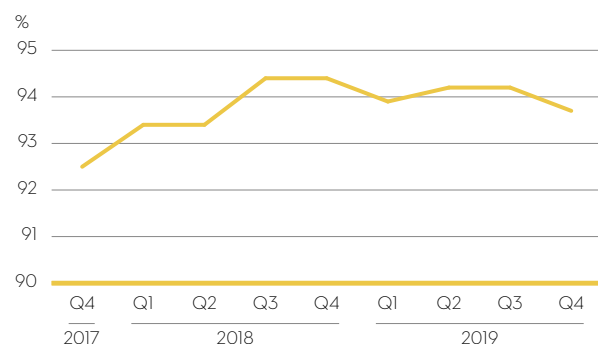
Hemfosa's ten largest tenants, December 31, 2019

Tenant	Rental income, MSEK	Percentage of total rental income, %
The Police Authority in Sweden	169	6
Municipality of Härnösand	129	4
The Courts of Sweden	115	4
LHL Eiendom	112	4
Swedish Migration Agency	67	2
NAV - Norwegian Labor and Welfare Administration	64	2
Pysslingen Preschools and Schools	62	2
Municipality of Haninge	61	2
Oslo and Akershus University College	55	2
Internationella Engelska Skolan	54	2
Total	890	30

Lease expiry

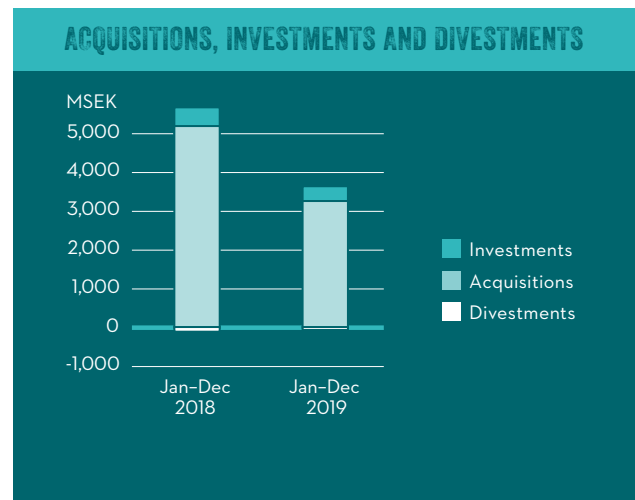
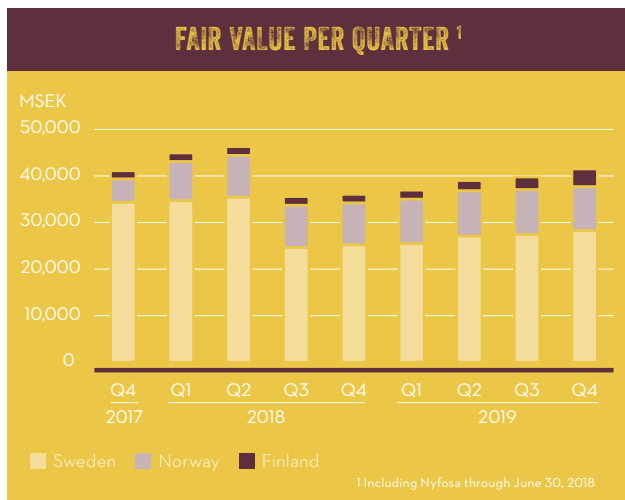


Leasing rate per quarter



Change in fair value of property portfolio per market, December 31

MSEK	Sweden		Norway		Finland		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Opening value for the year	25,194	22,346	8,999	4,988	1,856	1,772	36,049	29,106
Acquired properties	1,264	1,781	76	3,419	1,921	-	3,261	5,198
Investments in existing properties	324	408	59	68	1	6	384	482
Divested properties	-15	-67	-	-	-	-	-15	-67
Realized changes in value in profit or loss for the period	-3	-2	-	-	-	-	-3	-2
Unrealized changes in value in profit or loss for the period	1,484	729	7	575	43	1	1,534	1,307
Translation differences	-	-	290	-51	-2	77	288	25
Closing fair value	28,248	25,194	9,431	8,999	3,819	1,856	41,499	36,049



Changes in property portfolio

During the period, possession was taken of properties, primarily in Sweden and Finland, with a total cost of SEK 3.3 billion (5.1). MSEK 382 (482) was invested in the portfolio during the period, primarily in Sweden but also in Norway.

Two minor properties were divested in Sweden in the first and fourth quarters of the year, respectively.

Unrealized changes in value amounted to MSEK 1,534 (1,307), with the Swedish properties accounting for the proportionately largest increase. Since the SEK weakened against both NOK and EUR during the year, positive currency effects totaling MSEK 286 (25) arose.

Acquisitions and divestments

During the year, possession was taken of 37 acquired properties in Sweden, Finland and Norway (see specification on next page). These represented acquisitions in all of Hemfosa's property categories. The specialist hospital at Gardermoen was acquired for just over SEK 2 billion in the preceding year, which largely explains the high volume of acquisitions in the comparison period in the graph above.

A property in Gävle, Sweden, 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. A property in Falun, Sweden, was subdivided and parts were divested to the municipality in the fourth quarter.

Acquisitions, January–December 2019

Country, Municipality	Property	Area, 000s of sqm	Rental value, MSEK
Quarter 4			
Finland, Tampere	Tohlopinranta 31	33	45
Finland, Oulu	Kiviharjuntie 11	10	24
Finland, various locations	Elokaanrentie 3, Jussilantie 13, Kalliolahdentie 1A + 1B, Kaptenskanpolku 1, Leimaajantie 2, Linnoitustie 2, Myllypuronkuja 2, Palstalaisentie 6 + 8, Vihermaantie 1	21	29
Sweden, Örebro	Almby 13:822	1	1
Sweden, Borås	Sölebo 1:104	1	1

Quarter 3

Finland, Helsinki	Itäkatu 11	8	19
Finland, Espoo	Kalaonnettie 8, Kivenlahdenkatu 1, Komentajankatu 5, Pyyntitie 3	13	29
Sweden, Nacka	Erstavik 26:21	5	8
Sweden, Skara	Sporren 9	1	1

Quarter 2

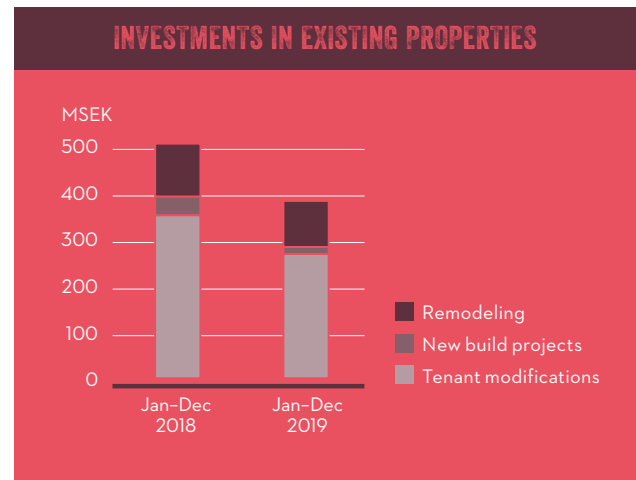
Norway, Sarpsborg	St. Mariés gt 88	4	4
Finland, Espoo	Itätuulentie 1	7	14
Sweden, Eskilstuna	Vapensmeden 15, Verkytget 4 and Väpnaren 4	41	53
Sweden, Mariestad	Lillängen 2:1	27	26
Sweden, Motala	Eken 12, Kassetten 1, Läraran 6 and Telegrafan 2	13	11
Sweden, Uppsala	Denmark 1:15	0	1

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–December 2019

Country, Municipality	Property	Area, 000s of sqm	Rental value, MSEK
Quarter 4			
Sweden, Falun	Part of Falun 8:9	2	1
Quarter 3			
-			
Quarter 2			
-			
Quarter 1			
Sweden, Gävle	Sätra 108:23	1	0



Investments in existing properties

MSEK 382 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 were started at the end of 2019, including three school projects. In Norrköping, a vacant office building is being remodeled into a school for Prolympia. Vacant premises from the college in Eskilstuna are being remodeled into a municipal upper-secondary school and a public-sector office. The former KTH campus in Hanninge is being remodeled into a municipal secondary school.

Major ongoing projects, December 31, 2019

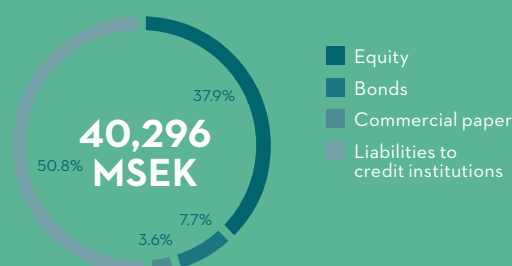
Municipality	Property	Category	Leasing rate	Area, 000s of sqm	Total estimated investment, MSEK	Remaining investment, MSEK	Estimated completion, quarter, year
Hanninge	Söderbymalm 3:462	Adapted housing	100%	4	92	77	Q4, 2020
Gothenburg	Gamlestaden 2:10	Public-sector offices	100%	3	114	86	Q4, 2020
Norrköping	Orkestern 2	Schools	100%	4	57	47	Q3, 2020
Eskilstuna	Verkytget 4	Schools/ public-sector offices	100%	7	96	94	Q2, 2021
Hanninge	Söderbymalm 3:482	Schools	92%	14	260	236	Q4, 2021
Västerås	Sigurd 6	Public-sector offices	100%	8	270	260	Q1, 2022

FINANCING

KEY PERFORMANCE DATA – LOAN PORTFOLIO

	Dec 31	
	2019	2018
Net loan-to-value ratio, %	58.3	58.2
Average interest rate, %	2.19	2.05
Average remaining fixed-rate period, years	2.1	1.5
Average remaining loan maturity period, years	2.8	2.8
Interest-rate hedged portion of liabilities, %	70.4	59.8
Fair value of derivatives, MSEK	38	-27

BREAKDOWN OF SOURCES OF FINANCING



Interest-bearing liabilities

Hemfosa's interest-bearing liabilities comprise bank loans, bonds and commercial papers. In the fourth quarter, Hemfosa raised new bank loans of MSEK 1,146, issued a green bond loan of MSEK 800 and decreased its certificate volumes by MSEK 230. At the end of the period, Hemfosa had outstanding commercial paper of MSEK 1,455 and non-covered bonds of MSEK 3,100. The company has backup facilities for the outstanding commercial paper, most of which is covered.

Change in loan portfolio

MSEK	Jan-Dec	
	2019	2018 ²
Interest-bearing liabilities at the beginning of the period	22,027	24,110
New bank loans	4,301	13,268
Repayment of bank loans	-2,885	-8,614
Redemption of commercial paper	-325	-845
Issue of commercial paper	630	-
Issue of bond loans	2,100	-
Redemption of bond loans	-1,000	-473
Exchange-rate difference	183	44
Changes attributable to Nyfosa, which has been distributed to shareholders	-	-5,463
Interest-bearing liabilities at the end of the period¹	25,031	22,027

¹ All amounts recognized as liabilities in this section represent undiscounted amounts. The interest-bearing liabilities in the Statement of financial position include arrangement fees.

² Including Nyfosa

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 December 31, 2019, Hemfosa's outstanding interest-rate swaps had a nominal volume of MSEK 9,687 (4,906) and interest-rate caps MSEK 7,896 (8,232).

Fixed-rate period and loan maturity, December 31, 2019

	Fixed-rate period			Loan maturity	
	Volume, MSEK	Proportion, %	Interest rate, %	Volume, MSEK	Proportion, %
2020	11,059	44	3.7	5,485 ¹	22
2021	1,720	7	2.0	2,514	10
2022	2,478	10	0.7	4,544	18
2023	4,859	19	1.2	7,837	31
2024	2,815	11	0.9	4,551	18
>2025	2,099	8	0.1	99	0
Total	25,031	100	2.19	25,031	100

¹ Taking into account backup facilities of SEK 2 billion that secure the commercial paper loans

Sensitivity analysis, December 31, 2019

	Change, %	Impact on earnings, MSEK
Interest expenses assuming current fixed-interest periods and changed interest rates ¹	+/- 1	+133/-9
Interest expenses assuming change in average interest rate ²	+/- 1	+/-250
Remeasurement of fixed-income derivatives attributable to shift in interest rate curves	+/- 1	+/-333

¹ Taking into account derivative agreements

² Not taking into account derivative agreements

OTHER

Shareholders

As per December 31, 2019, Samhällsbyggnadsbolaget i Norden AB (SBB) controlled 91.2 percent of the shares in Hemfosa. In January, SBB increased its holding and a compulsory redemption process has begun.

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 will be held on February 19, when a proposal will be presented to replace the Board, among other things. The notice from January 16 can be found on Hemfosa's website. The proposed incoming Board members are all members of SBB's management group. SBB has also notified that they intend to change the CEO of Hemfosa Fastigheter AB.

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, with the exception of the amended accounting policies described below.

Operations distributed to the shareholders (Nyfosa)

The shares in Nyfosa were distributed to Hemfosa's shareholders on November 23, 2018. In this interim report, all data pertains to the continuing operations, unless otherwise indicated specifically below or in a footnote. The comparative period in the income statement has been restated and only refers to continuing operations. The comparative figures in the balance sheet are dated December 31, 2018 when Nyfosa was no longer part of the Group.

IFRS 16 Leases

For Hemfosa, IFRS 16, which came into effect on January 1, 2019, means that site leasehold and tenancy agreements are to be recognized as an asset in the item "Site leasehold, right-of-use asset" and as a liability in the item "Lease liability." The lease

liability is not repaid; instead the value remains unchanged until the site leasehold and tenancy agreements are renegotiated since these agreements are regarded as perpetual. The lease liability is not included in interest-bearing liabilities when calculating key performance data.

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 7 (4) for the year.

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 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 2018 Annual Report on pages 47-50, 97-99 and 101.

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, February 19, 2020
Hemfosa Fastigheter AB (publ)
(Corp. Reg. No. 556917-4377)

Bengt Kjell,
Chairman of the Board

Anneli Lindblom
Board member

Per-Ingemar Persson
Board member

Caroline Arehult
Chief Executive Officer

Caroline Sundewall
Board member

Anders Kupsu
Board member

Gunilla Högbom
Board member

Anneli Jansson
Board member

Carl Mörk
Board member

This interim report has not been audited.

FINANCIAL CALENDAR

Extraordinary General Meeting	February 19, 2020
Interim report January–March 2020	May 5, 2020
Annual General Meeting 2020	May 5, 2020
Interim report January–June 2020	August 25, 2020

CONTACT INFORMATION

Hemfosa Fastigheter AB (publ)
Telephone +46 8 448 04 80
Street address: Olof Palmes gata 13A
Postal address: Box 3283, SE-103 65 Stockholm
www.hemfosa.se
Peter Anderson, CFO
Tel: +46 70 690 65 75 E-mail: peter.anderson@hemfosa.se

FINANCIAL POSITION AND CASH FLOW

Condensed consolidated statement of financial position

MSEK	Dec 31 2019	Dec 31 2018
ASSETS		
Investment properties	41,499	36,049
Site leasehold, right-of-use asset	301	-
Shares in joint ventures	62	60
Shares in associated companies	346	164
Other fixed assets	108	13
Current receivables	192	200
Cash and cash equivalents	749	974
TOTAL ASSETS	43,255	37,459
EQUITY AND LIABILITIES		
Equity attributable to Parent Company shareholders	15,245	13,134
Non-controlling interests	20	143
Equity	15,265	13,276
Interest-bearing liabilities	24,931	22,027
Lease liability	301	-
Deferred tax liability	1,674	1,229
Other liabilities	1,085	927
Total liabilities	27,991	24,183
TOTAL EQUITY AND LIABILITIES	43,255	37,459

Consolidated statement of changes in equity

MSEK	Equity attributable to Parent Company shareholders	Non-con- trolling 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 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 Jan 1, 2019	13,134	143	13,276
Non-cash issue, ordinary shares	157	-	157
Dividend to shareholders	-515	-	-515
Issue of warrants	2	-	2
Acquisition of non-con- trolling interests	-44	-154	-198
Increase in non-controlling interests	-	19	19
Comprehensive income Jan-Dec 2019	2,511	12	2,523
Closing equity Dec 31, 2019	15,245	20	15,265

Consolidated statement of cash flows

MSEK	Jan-Dec	
	2019	2018
Operating activities		
Profit from property management	1,351	1,204
Adjustments for non-cash items	-30	-9
Income tax paid	-39	-10
Subtotal	1,282	1,185
Change in operating receivables	13	83
Change in operating liabilities	96	-307
Cash flow from operating activities for Nyfosa that has been distributed to shareholders	-	1,155
Cash flow from operating activities	1,391	2,116
Investing activities		
Direct and indirect acquisition of investment properties	-3,242	-5,185
Direct and indirect divestment of investment properties	15	66
Investments in existing properties	-382	-503
Acquisition of joint ventures and associated companies	-148	-18
Other	-28	804
Cash flow from investing activities for Nyfosa that has been distributed to shareholders	-	-2,457
Cash flow from investing activities	-3,785	-7,293
Financing activities		
New issue	157	1,069
Loans raised	7,031	12,954
Repayment of loans	-4,210	-9,916
Dividend paid to Parent Company shareholders	-615	-876
Other	-198	-18
Cash flow from financing activities for Nyfosa that has been distributed to shareholders	-	2,394
Cash flow from financing activities	2,165	5,607
Cash flow for the period	-229	430
Cash and cash equivalents at the beginning of the period	974	541
Exchange-rate difference in cash and cash equivalents	4	4
Cash and cash equivalents at the end of the period	749	974

KEY FIGURES

Key financial data

	Dec 31 2019	Dec 31 2018
Return on equity, %	16.8	15.1
Equity/assets ratio, %	35.3	35.4
Net loan-to-value ratio, properties, %	58.3	58.4
Debt/equity ratio, multiple	1.6	1.7
Interest-coverage ratio, multiple	3.3	3.3
Net debt/EBITDA, multiple	11.8	11.4

Share-related key figures, ordinary shares

	Dec 31	
	2019	2018
Profit from property management per ordinary share, SEK ²	7.36	6.52
Profit after tax per ordinary share before dilution, SEK	13.60	11.97
Profit after tax per ordinary share after dilution, SEK	13.57	11.95
Equity per ordinary share, SEK ¹	79.50	67.02
Net asset value (EPRA NAV), per ordinary share, SEK ^{1,2}	89.03	75.11
Cash flow from operating activities per ordinary share, SEK	7.66	5.07
Dividend per ordinary share, SEK	2.98	4.70
Number of ordinary shares outstanding, 000s ¹	169,488	167,728

Property-related key figures

	Dec 31 2019	Dec 31 2018
No. of properties	418	381
Rental value, MSEK ²	3,237	2,826
Leasable area, 000s of sqm	2,246	2,059
Fair value of properties, MSEK	41,499	36,049
Property value, SEK per sqm of leasable area	18,477	17,508
Economic leasing rate, %	93.7	94.4
Surplus ratio, %	71.4	71.0
Yield, %	5.2	5.4

Share-related key figures, preference shares

	Dec 31 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 16.

Components of key performance data

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

Return on equity

	Dec 31 2019	Dec 31 2018
MSEK		
Profit after tax over a rolling 12-month period, attributable to Parent Company shareholders	2,390	2,328
Average equity attributable to Parent Company shareholders	14,190	15,428
Return on equity, %	16.8	15.1

Net debt/EBITDA

	Dec 31 2019	Dec 31 2018
MSEK		
Cash and cash equivalents	749	974
Interest-bearing liabilities	24,931	22,027
Net operating income, earnings capacity	2,188	1,963
Central administration costs, earnings capacity	140	120
Net debt/EBITDA, multiple	11.8	11.4

Net loan-to-value ratio

	Dec 31 2019	Dec 31 2018
MSEK		
Cash and cash equivalents	749	974
Interest-bearing liabilities	24,931	22,027
Investment properties	41,499	36,049
Net loan-to-value ratio, %	58.3	58.4

Interest-coverage ratio

	Dec 31 2019	Dec 31 2018
MSEK		
Profit from property management	1,351	1,204
Share in profit from joint ventures and associated companies	32	24
Depreciation/amortization	0	0
Financial income and expenses	-562	-514
Interest-coverage ratio, multiple	3.3	3.3

EPRA NAV

	Dec 31 2019	Dec 31 2018
MSEK		
Equity attributable to Parent Company shareholders	15,245	13,134
Preference share capital	1,791	1,791
Deferred tax	1,674	1,229
Derivatives	-38	27
Adjustments of joint ventures	-	-
Number of ordinary shares, millions	169	168
EPRA NAV, SEK	89.03	75.11

QUARTERLY REVIEW AND OPERATING SEGMENTS

Quarterly review

	Quarter 4 2019	Quarter 3 2019	Quarter 2 2019	Quarter 1 2019	Quarter 4 2018	Quarter 3 2018	Quarter 2 2018	Quarter 1 2018	Quarter 4 2017
Rental income, MSEK	757	735	705	688	683	642	632	568	545
Property expenses									
Operating expenses, MSEK	-96	-90	-115	-144	-90	-82	-110	-120	-86
Maintenance costs, MSEK	-67	-43	-35	-42	-45	-52	-36	-42	-50
Property tax, MSEK	-30	-21	-19	-18	-19	-18	-18	-18	-18
Property administration, MSEK	-30	-24	-25	-25	-19	-21	-22	-20	-13
Net operating income, MSEK	533	556	512	459	509	468	446	368	378
Surplus ratio, %	70.5	75.6	72.6	66.7	74.6	73.0	70.6	64.8	69.4
Equity/assets ratio, % ¹	35.3	35.1	34.4	36.2	35.4	23.8	39.5	39.5	40.4
Net loan-to-value ratio, properties, % ¹	58.3	58.0	58.1	57.7	58.2	58.7	53.9	56.9	57.1
Interest-coverage ratio, multiple	3.3	3.6	3.4	3.5	3.3	3.6	2.8	3.3	3.5

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-Dec	
	2019	2018
Rental income	2,087	1,872
Property expenses	-643	-591
Property administration	-91	-79
Net operating income	1,354	1,203

Net operating income, Norway (MSEK)	Jan-Dec	
	2019	2018
Rental income	579	482
Property expenses	-27	-21
Property administration	-11	-3
Net operating income	541	458

Net operating income, Finland (MSEK)	Jan-Dec	
	2019	2018
Rental income	219	171
Property expenses	-54	-40
Property administration	-1	-0
Net operating income	165	131

Key performance data, December 31	Sweden		Norway		Finland		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Rental value, MSEK	2,273	2,118	592	532	373	176	3,237	2,826
Leasable area ¹ , 000s of sqm	1,744	1,660	298	288	205	112	2,246	2,059
Fair value of properties, MSEK	28,248	25,194	9,431	8,999	3,819	1,856	41,499	36,049
No. of properties	336	323	51	50	31	8	418	381
Yield ² , %	4.9	5.3	5.7	5.5	6.4	6.8	5.2	5.4
Economic leasing rate, %	93.3	93.4	96.0	98.2	92.3	95.0	93.7	94.4
Remaining lease term, years	5.8	5.6	10.4	11.0	6.6	5.6	6.7	6.6
Surplus ratio for the period, %	64.8	64.2	93.5	95.0	75.2	76.9	71.4	70.9

¹ Excluding garage space

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

PARENT COMPANY

Income statement for the Parent Company

MSEK	Jan-Dec	
	2019	2018
Net sales	26	49
Other external costs	-77	-67
Personnel costs	-31	-32
Depreciation/amortization	-1	-0
Operating loss	-83	-51
Profit from shares in Group companies	-	550
Interest income and similar income items	11	20
Interest expenses and similar expense items	-93	-70
Profit/loss after financial items	-166	449
Appropriations		
Group contributions received and paid	152	100
Profit after appropriations	-14	549
Tax	-12	-0
Profit/loss for the year	-26	549

Balance sheet for the Parent Company

MSEK	Dec 31	Dec 31
	2019	2018
ASSETS		
Tangible assets	3	1
Participations in Group companies	5,708	5,510
Non-current receivables from Group companies	203	227
Total fixed assets	5,914	5,737
Current receivables from Group companies	7,068	5,972
Other current receivables	39	30
Cash and bank balances	-	355
Total current assets	7,107	6,357
TOTAL ASSETS	13,021	12,095
EQUITY AND LIABILITIES		
Restricted equity	90	89
Unrestricted equity	7,600	7,990
Equity	7,690	8,079
Non-current interest-bearing liabilities	2,100	1,000
Non-current liabilities to Group companies	38	8
Other non-current liabilities	2	1
Total non-current liabilities	2,140	1,009
Commercial paper, short-term	1,455	1,150
Current interest-bearing liabilities	1,000	1,000
Current liabilities to Group companies	484	583
Other current liabilities	252	274
Total current liabilities	3,191	3,007
Total liabilities	5,331	4,016
TOTAL EQUITY AND LIABILITIES	13,021	12,095

GLOSSARY

Return on equity

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

Yield^{*}

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 management^{*}

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 value^{*}

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 is properties owned for the entire period and for 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 ratio^{*}

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 ratio^{*}

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 ratio^{*}

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.

^{*} Pertains to Alternative Performance Measures according to the European Securities and Markets Authority (ESMA)

Hemfosa

FASTIGHETER