

# 2022

Annual Report

## We strengthen the backbone of society!

Nursing homes | Education | Health care | Justice system

## Contents

### Overview

This is Hemsö .....	on the right
Hemsö's value chain .....	fold-out interior
Significant events in 2022 .....	2
CEO statement .....	4
Strategy and value creation .....	7
Hemsö's targets .....	11
Market overview .....	12

### Operations

Employees .....	20
Offering and customers .....	25
Property portfolio .....	45
Completed and ongoing development projects .....	56

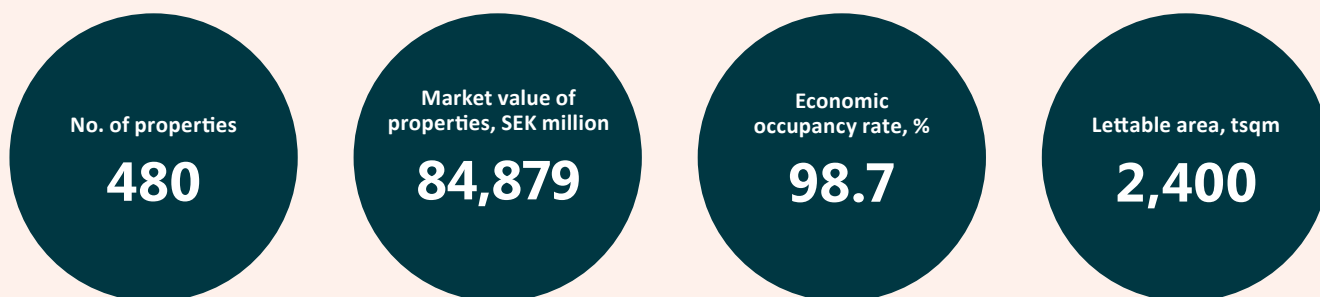
### Financial statements and governance

Directors' Report .....	61
Financing .....	67
Risk management .....	73
Corporate governance .....	81
Board of Directors .....	85
Senior executives .....	86
Multi-year overview .....	89
Financial statements .....	90
Notes .....	96
Audit report .....	119
List of properties .....	122
Key ratio calculations .....	131
Definitions .....	133
Reporting – Sustainability bonds .....	134

### Annual Report and Sustainability Report 2022

The statutory Annual Report, including the Directors' Report, for Hemsö Fastighets AB (publ), Corp. Reg. No. 556779-8169 has been audited and comprises pp. 61–118. The Directors' Report comprises pp. 61–80. Hemsö has also prepared a separate Sustainability Report using the GRI Standards, which also comprises Hemsö's statutory Sustainability Report pursuant to the Swedish Annual Accounts Act.

# Hemsö in numbers



## Value chain Hemsö's impact and responsibility

Through the value chain, we can see how and where we can impact our work to contribute to sustainable development in society and for Hemsö as a company.



Detailed information about Hemsö's value chain and impacts can be found in Hemsö's Sustainability Report.

# Hemsö

Hemsö is the leading owner of public properties in Sweden\* and also operates in Finland and Germany. The aim of the company is to sustainably own, manage and develop public properties in:

- Nursing homes
- Education
- Health care
- Justice system

\* **Public property:** A property that is predominantly used for taxpayer-funded operations and is purpose-built for public services, also referred to as social infrastructure.

### **Vision**

Hemsö's vision is to strengthen the backbone of society.

### **Mission**

Hemsö shall make its employees and customers proud.

### **Business concept**

To sustainably own, manage and develop public properties.

**WALL<sup>®</sup>  
STREET**  
STOCKHOLM - THE CITY OF ART - 2022

Hemsö was a main sponsor of Wall Street Stockholm 2022. Wall Street is an international art festival for murals and other public art with the aim of making places more attractive, creating an identity for buildings and contributing to pleasant and safe places, and positive urban and social development. The festival was held between June and August and Hemsö contributed with three art projects – murals on the façades of Raoul Wallenberg School Bagartorp in Solna and Campus Vasastan, and a light and sound installation (The Building under the Bridge) in Skanstull.

Photo: Mural – Campus Vasastan.

# Significant events in 2022



- Hemsö acquired two nursing homes in the state of Bavaria in Germany. The investment amount was EUR 26 million.

---

## New elementary and upper secondary school in Västerås

---

- Hemsö acquired a centrally located office property in Malmö with the intention to convert the building into a new school. The investment amount was SEK 280 million.
- Credit ratings provider Fitch Ratings affirmed Hemsö's credit rating of A+ with a stable outlook, and Hemsö's short-term credit rating of F1+.

- Hemsö signed a 15-year rental agreement with the City of Gothenburg for premises in the new public property in the Karlastaden district of Gothenburg. The premises will be used for a group home/assisted living facility.
- Hemsö signed agreements to develop a new elementary and upper secondary school, and 98 housing units for students and researchers in the Kristiansborg area close to Mälardalen University in Västerås. The new school will host about 860 students. The total investment amount was SEK 400 million.
- Hemsö issued SEK 1.4 billion in sustainability bonds, and raised loans corresponding to SEK 1 billion from the European Investment Bank (EIB).



- Hemsö signed a 15-year rental agreement with Amerikanska gymnasiet for premises in the new public property in the Karlastaden district of Gothenburg.
- Hemsö signed a 25-year rental agreement with the City of Stockholm for the Sättra sports facility in southern Stockholm.
- Hemsö developed a nursing home, a short-stay care facility and an assisted living facility in Bredäng, in southern Stockholm. A 15-year rental agreement was signed with Attendo for the nursing home. The total investment amount was SEK 240 million.
- Hemsö formed a strategic partnership with the Finnish care operator Hoivamme, which provides elderly care. Hemsö is financing new development projects and will be the long-term owner of the properties.

Hoivamme and Hemsö signed 15-year rental agreements for the completed properties.

- Hemsö was awarded the management contract for the new district court in Vänersborg. The rental agreement with the Swedish Courts has a 15-year term. The investment amount was SEK 300 million.

---

## Hemsö develops Vänersborg District Court

---

- Hemsö acquired Svindersvik school in central Nacka. Hemsö intends to develop the property through re-development and extension in order to offer more purpose-built premises for child care, education and sports.

- Hemsö acquired ongoing development projects for three nursing homes in Borlänge, Krokoms and Östersund. The investment amount was SEK 700 million.

---

## Nursing home acquisition in Germany

---

- Hemsö acquired a nursing home in Chemnitz in Germany. The investment amount was EUR 19 million.
- Hemsö divested Regionens hus in Skövde. The property was divested for SEK 300 million.

- Standard and Poor's affirmed Hemsö's credit rating of A- with a stable outlook, the same credit rating from S&P that Hemsö has had since 2015.
- The City of Stockholm granted Hemsö a land-use agreement for the development of a training facility for Djurgården Hockey Club.
- Hemsö signed a 15-year rental agreement with Ambea for the expansion, modernisation and further development of Villa Sarvträsk, an existing nursing home in Nacka. The investment amount was SEK 130 million.



- Hemsö improved its GRESB score. In the Standing Investments category, Hemsö improved its score by five points to 88 of 100, and also received the Green Star designation. In the Development category, Hemsö improved its score by one point to 91 of 100.
- Hemsö was granted a land-use agreement by the City of Stockholm to develop a 10,000-sqm sports centre in Bromma in Stockholm. The new sports centre will host Sweden's first figure-skating ice rink. A gymnastics arena with a focus on squad gymnastics is planned for the upper level of the centre.
- Hemsö acquired a property in Halmstad with a lettable area of 8,000 sqm, a land area of 58,000 sqm and development rights of 8,000 sqm.
- Hemsö acquired the Kymenlaakso Psychiatric Hospital in Kouvola, Finland, from Kymsote (The Wellbeing

Services County of Kymenlaakso). Kymsote will continue to run the hospital and the rental agreement has a 20-year term. The investment amounted to EUR 13.7 million.

- Hemsö signed a 12-year rental agreement with a care provider for approximately 1,000 sqm in the new public property in the Karlstaden district of Gothenburg.
- Hemsö acquired three health and

---

## Hospital acquisition in Finland

---

social care properties in Tampere in Finland. The investment amounted to EUR 8.5 million.



## CEO statement

# An eventful year with highs and lows



At the beginning of the year, the pandemic was still painfully present. It was particularly difficult for our tenants who provide care services and operate schools. Their daily routines were fundamentally changed by the handling of restrictions, while employees, residents and students were also sick. Hemsö's employees supported them with solutions to reduce the spread of coronavirus, and also offered temporary hospital beds. We also introduced extended home working.

As the pandemic eased, it was not a matter of going back to normal, but of moving forward into the new 'normal.' A crisis leads to shifts and new ways forward. Many people questioned what we used to take for granted, and I think that is important. Change often has a positive impact.

### Employees are the core

The possibility of working somewhere other than the office also existed before COVID-19, but to a lesser extent than during the pandemic. We are used to that flexibility now and want to keep it.

Our employee surveys show that the mix of working from home, from the office, out in projects or on site with our tenants has helped to increase well-being. This is not possible for all occupations, but the combination works for us at Hemsö.

For me – and for Hemsö – the health and development of employees is

vital. It also leads to a better work performance, as evidenced by our Customer Satisfaction Index, and the fact that we entered into several new partnerships with the public sector during the pandemic years.

### Russia's war on Ukraine

As the pandemic drew to a close, Russia invaded Ukraine. The relief of a world without COVID-19 was overshadowed by a new disaster. The war in Ukraine has been ongoing for more than a year. The human suffering is enormous. According to UNHCR, eight million people have fled Ukraine, six million are internally displaced, and 17 million are directly affected by the war, many of whom are trapped in the conflict without any way to leave.

Hemsö initiated early dialogue with municipalities and authorities in the countries where we operate, and have offered, among other things, premises for refugees and other public services. We have also made donations to UNHCR to support their humanitarian operations.

### Climate roadmap

Both the pandemic and the war in Ukraine have led to increased costs for construction. Market rates, inflation and credit spreads in the bond market have also risen. All of these factors combined are creating a challenging market. Nonetheless, our efforts to reduce our emissions have not lost momentum.

Our work with emissions reduction includes the climate-change effects of our business, and how climate change will affect our business. During the year, we developed a Climate Roadmap that defines the direction of our efforts to achieve long-term sustainability.

The Climate Roadmap clarifies our commitment, and the actions that are required to transition and achieve our climate ambitions. In 2023, we will continue to develop the roadmap and review all aspects of our business and how we can create a structured method for everything from contract writing to property management.

In 2022, we completed the first ZeroCO<sub>2</sub>-certified nursing home in Sweden, Sköndalsvillan in Tyresö. It contains many sustainable solutions, including recycled brick, low-carbon concrete and solar panels. Hemsö also moved forward in terms of real estate technology during the year. Almost 180 properties were integrated into a common platform in order to optimise heating, climate and air quality using technology, while also lowering energy costs.

### Social sustainability permeates everything we do

In Hemsö's role as a manager and developer of public properties, we can make a difference for both the

climate and people's lives. Our operations affect and create opportunities for the people who use our properties, and for the people who live and work in the areas where Hemsö operates.

Our work also includes ensuring compliance with the guidelines and policies that safeguard human rights and living wages in the supply chain. For example, we conducted audits of senior executives in the companies that perform contracting work on behalf of Hemsö.

We apply that same principle for all types of properties. Efforts are needed everywhere, but especially in socially vulnerable areas. Offering safe and secure schools with access to good education and meaningful leisure time are key factors for giving children and young people a good chance in life.

At the beginning of the year Hemsö completed the acquisition of Tensta Upper-Secondary School and Tensta Träff. Since then we have focused on creating a really good school and a vibrant place in and around these historic buildings. During the year, we guided many politicians, potential tenants, associations and organisations around the place, and discussed its future. We also held citizen dialogues with the residents of Tensta to hear their proposals and needs.

Tomorrow's Campus Tensta will offer good and high-quality education. In addition, we are striving to create conditions for active community involvement. We want Campus Tensta to be an attractive place where Tensta residents want to be during the day as well as the evening.

### **Stability at all levels**

Hemsö has much to be proud of from the past year. We completed development projects for 26 schools and nursing homes. In Finland, several acquisitions were completed, including a hospital in Kouvola and three health care properties in Tampere. We also formed a strategic partnership with the Finnish care operator Hoivamme. In Germany, we acquired several nursing homes during the year, including one in Chemnitz and another in Brandenburg an der Havel.

Despite a turbulent business environment, Hemsö's results are stable. Our credit facilities are still undrawn, and we maintained access to the bond market. We also issued bonds of almost SEK 7 billion with up to 20-year maturities. Our loan maturity and fixed-rate period remains long and despite higher borrowing costs, our cash flow from operating activities is increasing.

I feel confident that we can continue to invest in our properties, in terms of social initiatives as well as smart

solutions in real estate technology and renewable energy.

### **Walking the talk**

The general elections in Sweden and the welfare area elections in Finland led to some new decision-makers and officials. We had the privilege of meeting some of them during the year, and many showed a great commitment to social infrastructure opportunities and solutions.

For Hemsö, quality and passion are important. We have a long-term perspective and we keep our promises. Our majority owner, the Third Swedish National Pension Fund, is also a guarantor of stability. Overall, we continued on our chosen path together with both old and new partners in the public sector.

In this turbulent world, cooperation, respect and a focus on solutions are more important than ever. We are more alike than we are different, and we should bear that in mind. Most of the tenants, partners and other public sector players that I meet are all on the same page. That gives me hope for the future.

Nils Styf, CEO





# Strategy and value creation

Hemsö's business concept is to sustainably own, manage and develop public properties. By meeting the growing need for social infrastructure, Hemsö is contributing to an important social function and creating sustainable growth for Swedish pension funds.

Demand for public properties is projected to rise sharply in the coming 20-year period due to strong population growth and a demographic shift. The 75+ age group, in particular, will grow sharply. This will create a major need for new nursing homes and schools. At the same time, the public sector is facing a need for the renewal and modernisation of its existing property portfolio.

To help municipalities and regions with these challenges, Hemsö has also – in addition to being a long-term property manager – built up extensive development project capacity. This means that we can be a professional partner to the public sector throughout the entire life cycle and help with planning, development and property management of new sustainable public properties.

Hemsö's core market, Sweden, accounts for two-thirds of the company's property portfolio. Hemsö has also had operations in Germany from 2011, and Finland from 2013. All markets have stable economies with strong finances, and a welfare sector that is mainly financed with public funds. The tenants are state, municipal, regional or private operators, of whom the majority are

## Hemsö's business model

Hemsö's business model is characterised by low risk and long-term stable returns due to:

- Rising demand driven by demographic changes
- Financially stable tenants
- Long-term rental agreements
- Low vacancies
- Low sensitivity to economic fluctuations

taxpayer-funded. 95 per cent of Hemsö's rental income is directly or indirectly derived from public funds, ensuring a reliable and predictable cash flow.

Hemsö's operations are characterised by a local presence to ensure a high level of service, as well as efficiency and a strong sustainability focus. We have been driving the development of public properties for fifteen years, which has given us solid experience and specialised expertise in the segment.



**Purpose-built**



**Taxpayer-funded**



**Public services**

## Hemsö's markets

Market	Sweden	Germany	Finland
Credit rating, S&P	AAA	AAA	AA+
Public sector share of GDP	50%	52%	55%
GDP growth 2022	2.4%	1.9%	1.9%
Market value of properties (%)	65%	18%	17%

Population	Sweden	Germany	Finland
Population 2022	10,520,000	84,270,000	5,550,000
Population 75+	1,080,000	8,570,000	610,000
Projected population growth, 2040	8%	-3%	1%
Projected population growth for 75+, 2040	33%	34%	49%

Source: SCB (Statistics Sweden), Statistikcentralen (Statistics Finland) and Destatis.

# Value-creation model



## Long-term developer, manager and owner of sustainable public properties

### Financial capital

- Equity: SEK 30,028 million
- Borrowed capital: SEK 49,567 million
- Profit from property management: SEK 2,309 million
- Shareholder dividends: SEK 1,072 million

### Employees

- Employees: 158
- Engagement Index: 90/100
- 89 per cent of employees are satisfied with their competence development
- Employee attendance: 99.0%

### Owners

- Third Swedish National Pension Fund (85%)
- AB Sagax (15%)

## Close and long-term relationship with municipalities, the state and regions

- Customer Satisfaction Index: 73.4/100 Sweden
- Customer Satisfaction Index: 3.92/5 Finland
- Rental duration: 9.6 years

### Properties

- Properties: 480
- Market value of properties: SEK 84,879 million
- Investments: SEK 3,809 million in new development and existing properties
- Acquisitions: SEK 2,867 million

## Sustainable social infrastructure with a focus on the people who use the building

### Completed beds and area since Hemsö was founded

- Lettable area: 2,400 tsqm for social infrastructure
- Nursing home beds: 2,130
- School places: 18,910
- College/university places: 6,950

### Environment

- Environmentally certified buildings: 26 per cent
- Total CO<sub>2</sub> emissions 148,279 tCO<sub>2</sub>e
- Energy Sweden: 104 kWh/m<sup>2</sup>
- Energy Finland: 212 kWh/m<sup>2</sup>



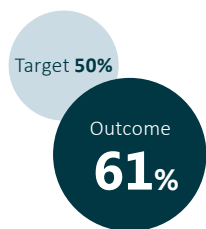
## UN Sustainable Development Goals

Hemsö works strategically with sustainability and focuses on the areas where we, as a developer and owner of public properties, can make a difference and help to promote sustainability. The Sustainable Development Goals (SDGs) that Hemsö can help to achieve are presented here.

For more information about the SDGs, refer to Hemsö's Sustainability Report.

# Hemsö's four property frameworks

To clarify Hemsö's strategy, the company has four property frameworks. These frameworks aim to ensure a low level of property portfolio risk, and that Hemsö's cash flow remains stable over time.

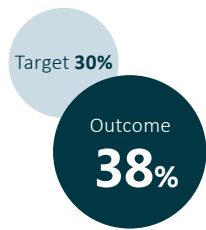
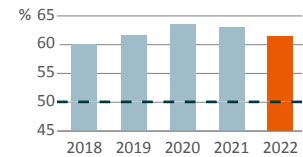


## Public-sector tenants

**Public-sector tenants are to account for at least 50 per cent of rental income.** Hemsö's business model is based on taxpayer-funded tenants in an established system with publicly funded welfare services. Hemsö

endeavours to receive rental income directly from the state, municipalities or regions. This provides stability since the ability of these tenants to meet their payment obligations is strong.

### Outcome:

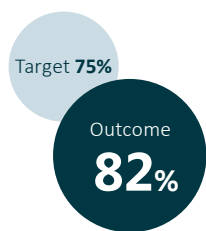
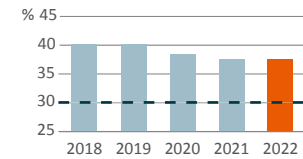


## Nursing homes

**Nursing homes are to account for at least 30 per cent of rental income.** The nursing homes segment is showing strong, long-term and rising demand, which guarantees stable rental income over time. Demand is directly

linked to the demographic trend, where the proportion of people aged 80 and over is setting the tone. Residual value risk is low since nursing homes can be converted into other types of residential facilities.

### Outcome:

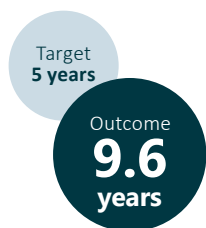
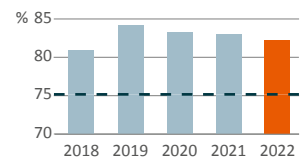


## Metropolitan areas and large cities

**At least 75 per cent of the property value is to be concentrated to metropolitan areas and large cities.** Demand for public properties is mainly driven by demographics and urbanisation.

For this reason, strong long-term demand for Hemsö's properties is secured by concentrating a high percentage of the property holding to metropolitan areas and large cities.

### Outcome:

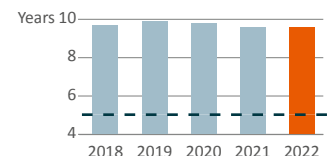


## Rental duration

**The rental duration is to be at least five years.** To ensure stable, predictable and inflation-adjusted income, Hemsö strives for long-term rental agreements. Rental agreements for new

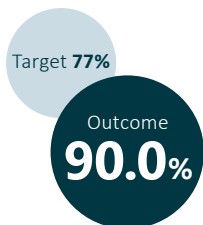
development normally have a duration of 15–25 years, with annual rent adjustments to reflect increases in the consumer price index.

### Outcome:



# Hemsö's targets

## Target for sustainable business



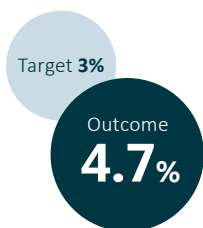
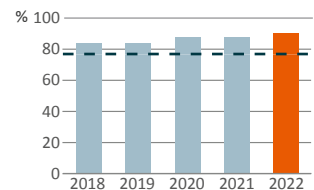
### Engagement Index (EI).

**Target:** The Engagement Index (EI) score should be at least 77 per cent. The EI is part of the Employee Engagement Index (EEI), which includes the Leadership Index and Team Efficiency

Index, and also received high scores during the year.

**Outcome:** 90 per cent, which means the target for 2022 was achieved.

#### Outcome:

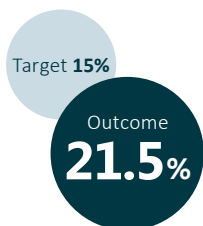
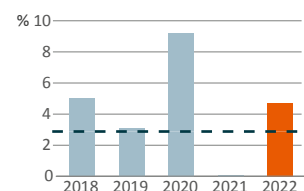


### Energy use

**Target:** In the comparable portfolio (Sweden), energy savings should be at least 3 per cent per year.

**Outcome:** In 2022, energy savings in the comparable portfolio in Sweden were 4.7 per cent.

#### Outcome:

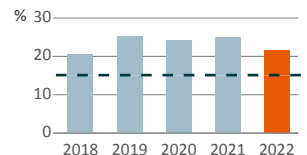


### Return on equity

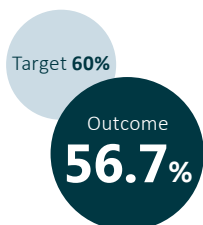
**Target:** Average return on equity should amount to 15 per cent over a five-year period.

**Outcome:** At the end of 2022, the average return on equity over a five-year period was 21.5 per cent.

#### Outcome:



## Financial policy

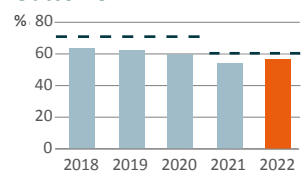


### Loan-to-value ratio

**Target:** The loan-to-value ratio should not exceed 60 per cent over the long term.

**Outcome:** In 2022, Hemsö's loan-to-value ratio increased to 56.7 per cent (54.3) due to a high rate of investment.

#### Outcome:

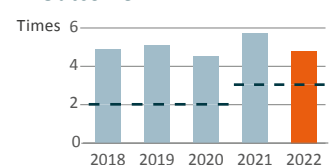


### Interest-coverage ratio

**Target:** An interest-coverage ratio of at least 3 times.

**Outcome:** In 2022, the interest-coverage ratio was 4.8 times (5.7).

#### Outcome:



# Market overview

Hemsö is active in Sweden, Finland and Germany. A common denominator for these markets is that public services are mainly financed by municipalities, regions or the state.

## ECONOMIC OUTLOOK



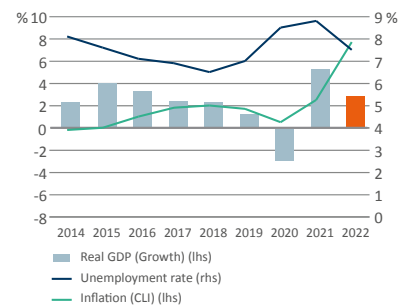
### Sweden

2022 was a turbulent year for the Swedish economy, where global challenges, including geopolitical tensions, put pressure on the supply of food, raw materials and energy. Due to the drastic changes in the global environment, inflation surged, and central banks took aggressive monetary policy measures to curb the spiralling inflation. In Sweden, inflation rose rapidly during the year and peaked at 10.2 per cent in December, bringing the annual inflation rate to 7.7 per cent for 2022. Inflation is still above the Riksbank's target of 2 per cent, but there are signs that it may have finally peaked.

Combined with high inflation and the Riksbank's rate hikes, consumer purchasing power fell sharply which, in turn, led to lower private consumption and lower GDP growth. Sweden's GDP growth for 2022 amounted to 2.6 per cent, compared with 5.25 per cent in 2021. In 2023, GDP growth is projected to continue slowing and could well be negative.

Despite the prevailing economic conditions, the Swedish job market has been relatively resilient due to the high demand for workers after the pandemic. Layoffs increased in the second half of 2022, however, bringing the annual unemployment rate to 7.5 per cent for 2022, which is down year-on-year.

### GDP growth, unemployment and inflation in Sweden



Source: Newsec



Bylegård 37, new health care property in Täby



Paavola Campus grounds in Lahti, Finland. Re-development and new construction with completion in stages during 2021–2023.



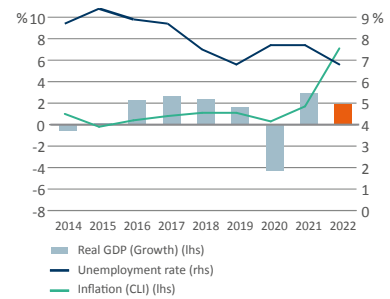
## Finland

Finland started 2022 on a high note. The economy showed a surprising resilience to both COVID-19 and the invasion of Ukraine. Growth prospects deteriorated in the summer, however, when the war in Ukraine began to cause more and more problems for Finland, which is more dependent on Russian gas and trade than other Nordic countries. Supply bottlenecks drove up inflation and, as in other Nordic countries, affected consumer purchasing power. In early 2022, there was a pent-up need to consume after years with COVID-19, but consumer purchasing power waned again due to high inflation, which also

pushed down domestic demand. Finland's GDP growth slowed at the end of the year and landed at 1.9 per cent for full-year 2022, compared with 2.9 per cent in 2021. The annual inflation rate was 7.1 per cent.

Monetary policy will also cool the economy in Finland, but since Finland is a member of the eurozone and the ECB sets policy rates, the rate hikes will be slightly different than in Sweden. The unemployment rate also remained low in Finland. The annual unemployment rate for 2022 was 6.8 per cent, down year-on-year.

### GDP growth, unemployment and inflation in Finland



Source: Newsec



## Germany

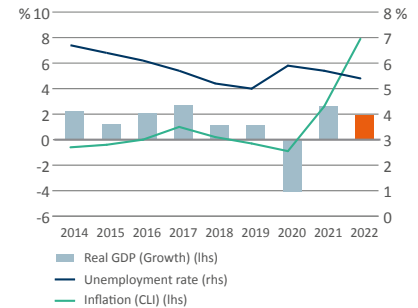
Despite the prevailing global economic conditions, the German economy performed slightly stronger in 2022 than initially expected. Earlier in the year, the German economy was considered worst hit of all European countries, mainly due to the energy crisis, since Germany imports a large amount of natural gas from Russia. Consumer spending increased in the third quarter, however, and the German economy grew 0.4 per cent. Overall, Germany's trade with other countries increased, despite the prevailing conditions. The GDP growth rate was 1.9 per cent for 2022 which, as expected,

is lower than 2.6 per cent for 2021. The growth rate is projected to continue slowing in 2023.

In Germany, inflation hit the highest levels since the euro was launched in 1999. The annual inflation rate was 7.9 per cent. The German government is planning extensive measures to subsidise gas and electricity, to ease the pressures of high inflation.

The German unemployment rate fell in the first half of 2022, but rose towards the end of the year. The annual unemployment rate was 5.4 per cent, however, which is lower compared with 2021.

### GDP growth, unemployment and inflation in Germany



Source: Newsec

## DEMOGRAPHICS

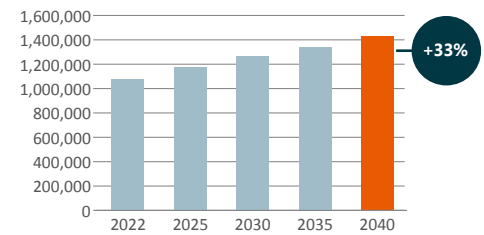


### Sweden

The Swedish population continues to grow, and is projected to pass 11 million in 2032. The proportion of elderly has never been so high and is expected to continue growing. The increasing number of elderly in the population is due to increased longevity, and the fact that the large cohorts born during the 1940s are now over the age of 80. This increase is expected to

take place across the entire country. Average life expectancy is expected to reach 85.5 years by 2040, compared with 83.2 years in 2022. Between 2022 and 2040, the number of people aged 75 and over is projected to increase by 33 per cent, or about 354,000 people. This will place new demands on housing construction and new forms of housing that need to be adapted for the ageing population.

#### Growth in the number of +75-year-olds in Sweden



Source: Statistics Sweden

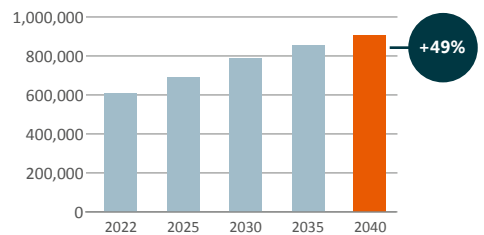


### Finland

The population of Finland is currently about 5.6 million people. Finland has an ageing population that is largely due to low birth rates and increased longevity, as well as relatively low immigration. Population growth in Finland is relatively low in general and by 2040, the total population is projected to increase by just over 0.6 per cent. Average life expectancy is projected to reach 87.9 for women, and

83.9 years for men, by 2040. According to Statistics Finland's population projection, the number of people aged 75 and over will account for 16.2 per cent of the population, compared with 10.9 per cent in 2022. By 2040, the number of people aged 75 and over will increase by 300,000 people, or about 49 per cent. The ageing population will place new demands on forms of housing and service structures.

#### Growth in the number of +75-year-olds in Finland



Source: Statistics Finland

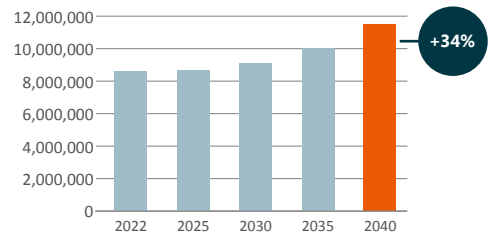


### Germany

The population of Germany is currently 84.1 million and population growth is projected to eventually slow and then decline. The population is projected to reach 81.8 million by 2040, representing a decrease of 2.6 per cent. At the same time, the German population is expected to undergo an age structure shift, with a significant increase in the elderly population. By 2040, the 75+ age group is projected

to increase by 2.9 million people, or 34 per cent. The projection also means that this age group will make up 14 per cent of the total population. Overall, this means that the general conditions for housing construction will change in pace with the shift in needs for different forms of housing.

#### Growth in the number of +75-year-olds in Germany



Source: Federal Statistical Office of Germany (Destatis)





## TRANSACTION MARKET



### Sweden

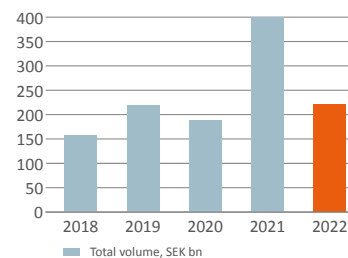
Following a record year for the transaction market in 2021, the market softened in 2022 due to the global economic and geopolitical situation. The year started on a high note with two very strong first quarters, before slowing down in the final two quarters. This was largely due to the mismatch between seller and buyer price expectations. Some segments, such as residential, where valuation yields have fallen in recent years, were also challenged by the high number of transactions that were either paused or withdrawn.

The transaction volume for 2022 was SEK 220 billion, making 2022 a relatively strong year, but mainly due to a strong

first half-year. The number of transactions was approximately 600, the second-highest number ever for a single year. The share of foreign investors was also relatively high during the year, at 24 per cent, compared with 16 per cent in 2021.

The Residential segment accounted for the largest share of the transaction volume at 24 per cent (35), followed closely by Public Properties at 21.5 (12) and Industrial & Logistics at 21.3 (15) per cent. Thereafter, Office accounted for 13 per cent (21) and Other (hotels, land) for 11 per cent (11). Retail accounted for the smallest share of the transaction volume in 2022 at 9 per cent (7).

Total transaction volume per year, Sweden



Source: Newsec





## Finland

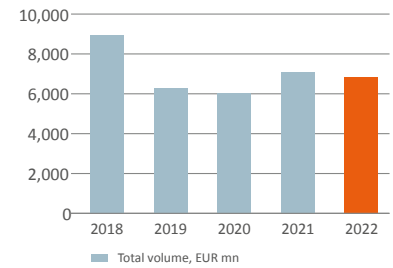
Despite the war in Ukraine and spiralling inflation and interest rates, the property market remained strong in Finland. Record-high transaction volumes were reported in the first half of 2022. Transaction volumes were also high in the third quarter, but fell slightly in the fourth quarter. In the first half-year, the transaction volume amounted to EUR 4.3 billion, which is 1.5 times higher year-on-year. About ten large transactions worth more than EUR 100 million were completed in the first half-year, which is more than any other half-year. The total transaction volume for 2022 was EUR 6.8 billion, indicating a strong year despite the global economic situation. However, the vol-

ume was largely driven by transactions completed in the first half-year.

The share of foreign investors that are active in Finland has historically been high. Likewise in 2022, foreign capital accounted for 51 per cent (56) of the transaction volume.

The Residential segment accounted for the largest share of the transaction volume at 29 per cent (37), followed by Public Properties at 25 per cent (11). Thereafter, Office accounted for 16 per cent (9), Retail for 16 per cent (29) and Industry for 13 per cent (13). More than half of the transactions took place in Greater Helsinki.

### Total transaction volume per year, Finland



Source: Newsec



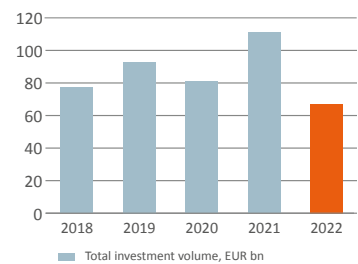
## Germany

In 2022, the transaction market in Germany amounted to approximately EUR 67 billion, down 40 per cent compared with 2021, when an entire EUR 111 billion was reported. The first three quarters, however, saw a robust transaction volume of EUR 53.8 billion, only 6 per cent weaker year-on-year. In 2022, the largest transaction in Europe was completed in Germany in the first half-year, when Brookfield completed its takeover of Alstria, with an estimated underlying property value of over EUR 2 billion. Large Retail and Logistics transactions worth billions were also completed in Germany during the year. There were no record volumes in the fourth quarter, however, when relatively weak transaction volume of EUR 9.9 billion was noted, representing half

of the average fourth-quarter volume over the past five years. As in many other European countries, the transaction market slowed significantly in the second half of 2022.

In 2022, Office was the largest segment in the German transaction market, with 33 per cent (27) of the total transaction volume. Residential was the second-largest segment with only 20 per cent (44) – a sharp decline compared with 2021, when Residential was largest. The Logistics segment accounted for 15 per cent (9) and was the only segment that increased in absolute volume from 2021 to 2022, despite a much weaker transaction volume over all. The Retail segment accounted for 14 per cent (8) of the total volume.

### Total transaction volume (Residential and Non-Residential) per year, Germany



Source: Newsec

# TRANSACTION MARKET FOR PUBLIC PROPERTIES



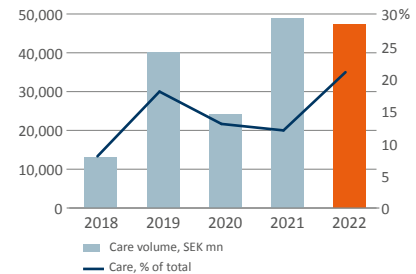
## Sweden

Demand for public properties has skyrocketed in recent years. Due to the ageing population, the need for residential care facilities will increase moving forward. Public properties are already in short supply, especially nursing homes.

Public properties is one of the more attractive segments in the Swedish property market. While the transaction market cooled during the year, public properties remained relatively strong and are still considered a safe haven in turbulent times. The combination of creditworthy tenants and long-term rental agreements is helping to maintain investor interest in this segment. In 2022, public properties was the second-strongest segment, with a full 22 per cent (12) of the total transaction volume. The high share is partly due

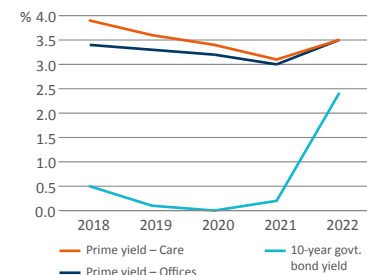
to SBB's divestment of its education properties, which was announced at the end of the year. The total transaction volume for public properties was SEK 47.2 billion, similar to the record level of 2021, despite a much weaker total volume in 2022. During the year, valuation yields for the most attractive nursing homes rose about 40 points and were 3.5 per cent at the end of 2022, due to the global macroeconomic and geopolitical situation.

**Total transaction volume for public properties and share of total volume, Sweden.**



Source: Newsec

**Prime yield and 10-year government bond, Sweden**



Source: Newsec



## Finland

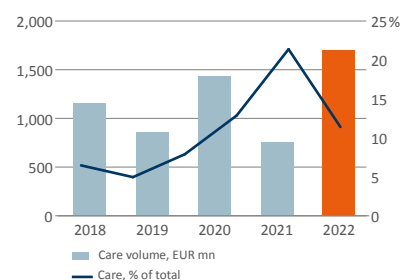
In 2022, Public Properties was the second-largest segment in Finland in terms of transaction volume. Public Properties accounted for 25 per cent (11) of the total volume, or EUR 1.7 billion. This represents a 124 per cent increase compared with 2021, when Public Properties was the fourth-largest segment.

Investors in Finland have become more interested in the public property segment in recent years. Investor interest was originally focused mainly on health care properties and nursing homes, but has recently expanded to other types of public properties, such as educational properties. More and more Nordic and foreign investors have started to look at the Public Property segment, and large investments have also been made in some cases.

Public properties are still predominantly owned by municipalities and the Finnish state, but a steadily growing interest from private investors has been noted in recent years. The largest private players are foreign investors specialised in public properties, domestic property funds and companies, and institutional investors.

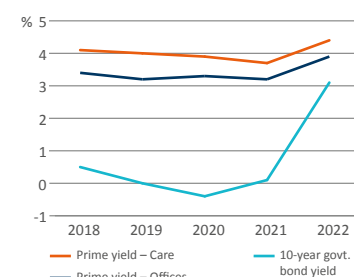
During the year, valuation yields for the most attractive nursing homes rose about 70 points and were 4.4 per cent at the end of 2022, due to the global macroeconomic and geopolitical situation.

**Total transaction volume for public properties and share of total volume, Finland.**



Source: Newsec

**Prime yield and 10-year government bond, Finland**



Source: Newsec



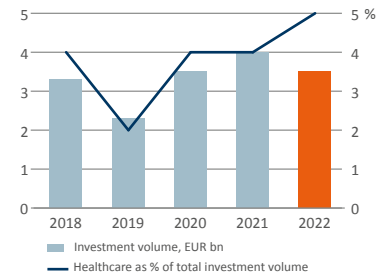
## Germany

The Public Property segment is still relatively small in Germany compared with Sweden and Finland, but has grown in recent years. In 2022, the total transaction volume for Public Properties reached EUR 3.5 billion, down 11 per cent from 2021, but in line with preceding years. The decline was relatively less than for some other segments, which means that the relative interest in public properties has continued to rise.

Overall, the Public Property segment has accounted for 1 to 5 per cent of

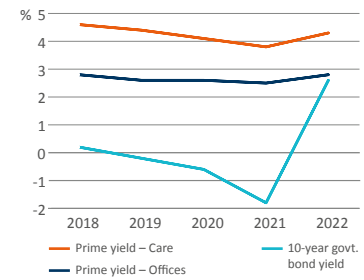
the total transaction volume in recent years. Due to the rapidly growing elderly population in Germany, the interest in public properties is likely to further increase. Interest has mainly been noted in nursing homes to date, and in assisted-living facilities to some extent, despite weaker interest in the second half-year when fewer forward-funding transactions were completed. During the year, valuation yields for the most attractive nursing homes rose about 50 points and were 4.3 per cent at the end of 2022, due to the global macroeconomic and geopolitical situation.

### Total transaction volume for public properties and share of total volume, Germany.



Source: Newsec

### Prime yield and 10-year government bond yield, Germany



Source: Newsec



Gesamtschule Dabendorf, Zossen in Germany

# Employees

The desire to achieve sustainable development for ourselves and our tenants runs like a golden thread through Hemsö's culture. We are guided by Hemsö's values and we take responsibility for using every krona wisely and creating added value.

## **Our employees are our success factor**

We want to be an attractive employer for new employees, while also striving to retain and develop our existing employees. Our culture is important to us and by that, we don't only mean values, but also a permissive culture that allows employees to test their ideas in practise and dare to make mistakes. Our culture enables our employees to make fast decisions, influence their work and share our passion for creating social value. It creates good conditions for employees to thrive and develop.

The employee survey conducted in 2022 showed that all index scores have increased and, according to the Employee Net Promoter Score (eNPS), the percentage of ambassadors has continued to rise. The employee engagement score also rose and was above the high-performance benchmark, which is a comparison with the absolute top companies.

## **Flexible working method**

During the COVID-19 pandemic, virtual conversations, meetings and workshops became second nature. We followed up the mental and physical well-being of our employees, their home workspace and how contact with their colleagues and manager worked. Frequent pulse surveys, health activities and online training courses were also introduced.

The ability to switch between different workplaces is appreciated by Hemsö's employees and something we have also chosen to continue with after the pandemic. Hemsö has therefore introduced a flexible working policy. It authorises all managers to establish frameworks for hybrid working arrangements.

## **Employee development**

Our employees choose to stay for a long time, often because of the company's development opportunities. All employees are able to influence their own role as well as the business. That lays the foundation for a high level of engagement and commitment. As a basis for professional development, all employees have an individual development plan that is established together at their annual performance review. We offer continuous competence development through training and by giving employees more responsibility and more advanced tasks. We always try to recruit internally first. Hemsö's employees have high levels of competency and are willing to learn new skills.

We also help each other to develop. Many employees have unique cutting-edge knowledge and experience, and Samhällsskolan (the Social School) was established in 2017 to disseminate that knowledge. This form of knowledge transfer has been highly appreciated.

## **Hemsö's core values**

### **Accessible**

We are locally based and work closely with our customers. We listen carefully and always strive to promote positive dialogue. We are a dependable and accessible partner, with high availability.

### **Reliable**

We take responsibility for the properties we manage and build confidence through financial stability and stable ownership. We contribute to social sustainability and our properties are part of the social infrastructure.

### **Progressive**

We drive development in our industry. We develop offerings and premises based on the requirements and preferences of our customers.



Every year, we measure employees' perception of their competence development. In the latest employee survey, 89 per cent responded positively and 9 per cent neutrally to the question 'Are you able to develop in your role?'

Universum named Hemsö 'Career Company of the Year' for the sixth consecutive year. A stamp of quality indicating that the jury rates Hemsö as one of the top 100 companies in Sweden when it comes to offering development and career opportunities to its employees. Hemsö has the highest number of nominations in the industry.

**Leadership and company culture**

Our leadership philosophy is strong leaders who can motivate, develop and support their colleagues. Manage-

ment days with a focus on leadership are held every year. When recruiting new managers, our leadership competencies guide the selection of candidates. Our core values are integral to everything we do at Hemsö. The Hemsö School plays a key role in building a common set of values. In this school, new employees complete practical and theoretical exercises in order to understand and embrace Hemsö's value words – accessible, reliable and progressive. Hemsödagarna (Hemsö Days) – an internal company conference for all employees – is also held every year.

**Code of Conduct**

Hemsö's Code of Conduct describes how our values, visions and obligations guide our everyday actions, and also

provide guidance for other stakeholders. Our aim is that all new employees will undergo training in Hemsö's Code of Conduct. We have a whistleblowing system on our external website that guarantees complete anonymity for all reporters. The function makes it easier for internal and external stakeholders to submit anonymous reports of suspected unethical conduct or irregularities in the company's operations.



Hemsö's employees in Finland having a team day.

To reduce the risk of corruption, there are procurement procedures and signature authority rules in place. Any cases of non-compliance are handled according to a special procedure and reported to the Board. In 2022, no incidents of corruption or legal violations were reported in connection with our operations.

### Attractive employer

We welcomed 32 new people during the year. Hemsö has a strong employer brand and our advertised positions attract many qualified applicants.

To attract young talent, we meet students every year at labour market events, or at meetings where students are invited to Hemsö's head office. The company also offers summer jobs, internships and support to several students for their degree projects in urban planning and property management.

### Health and work-life balance

We aim to be a health leader by taking a proactive approach to health and well-being at work. We promote a work-life balance, opportunities for exercise and a long-term focus on health. All employees are offered health and well-being subsidies and regular health checks. Hemsö's Workplace Handbook guides the handling of occupational health and safety (OHS) issues. The starting point is to ensure systematic OHS management in accordance with applicable laws and regulations.

In 2022, our employee attendance rate was 99.0 per cent and there were zero work-related accidents or fatalities.

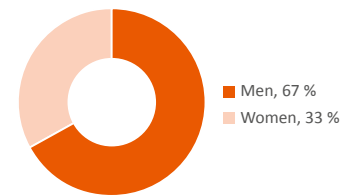
### Diversity and inclusion

We aim to employ people with diverse backgrounds and experiences. This helps to broaden the company's knowledge base and create a more dynamic work environment. Variation in terms of gender, age and background is important for Hemsö's development and competitiveness. We have an even gender balance across the entire company and at senior management level. However, we are still not satisfied. We are constantly striving to improve diversity. Our view is that all people are equal, and that everyone should have the same opportunities for development regardless of sex, ethnic origin, cultural background or age.

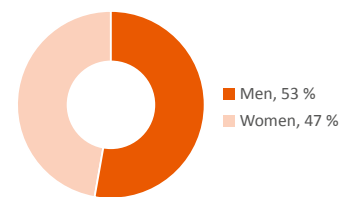
Hemsö has a zero tolerance approach to harassment and takes clear preventive measures. We measure and monitor these issues regularly in, for example, the employee survey. We also work actively to achieve equality in the workplace, in terms of both gender balance and equal pay for equal work. We have an even gender balance across the entire company, as well as in senior management. According to the 2022 salary survey, there are no gender pay gaps.

Creating a diverse work environment requires a long-term and comprehensive approach. It involves creating the conditions for unlocking every employee's unique abilities and assets, while also working actively to prevent discrimination, bullying and prejudice.

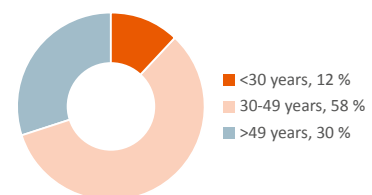
#### Gender balance, management



#### Gender balance, total



#### Age balance





## Employees

In 2022, Hemsö recruited several new employees. Three of them describe their jobs and explain why they wanted to work at Hemsö.



**Mehri Mir, sustainability controller since August**

**Sustainability controller is a new position. What will you be doing?**

"I will be helping Hemsö set aims and targets for sustainability. The role also includes creating processes for reporting in line with upcoming regulatory requirements from the EU."

**What are your own visions and goals for the job?**

"That we'll be a sustainability leader for public properties. That our ambitious sustainability initiatives will inspire the whole industry and that we will subsequently live up to the 2030 Agenda and the Paris Agreement."

**What have you worked with before?**

"I worked at Systembolaget as a sustainability economist and most recently as senior sustainability adviser at NARVA.consulting."

**What made you choose Hemsö?**

"I came into contact with Hemsö when I was working at Narva. I like Hemsö's ambitions and the fact that they take sustainability seriously. I also like working with public properties, because they are very important for a lot of people."



**Stephanie Brandt, senior financial controller in Germany since January**

**Your position is a new department in Germany. Does that mean that Hemsö is continuing to expand there?**

"Yes, Hemsö's really grown in Germany over the past few years and the plan is to continue growing. My role is also based on bringing back some of the financial processes that we have outsourced."

**How is the German property market different from the Swedish market?**

"The biggest difference is that the market is so differentiated. There are lots of small players. Fortunately, Hemsö has a good reputation in Germany, which makes it easier."

**You are German, but you speak very good Swedish. How come?**

"Thank you. I grew up in Germany, but my mother was Swedish. We spoke both Swedish and German at home, and I'm very grateful for that."

**What made you choose Hemsö?**

"It sounded exciting and when I met my future manager and colleagues, I was convinced."



**Erno Salenius, property manager in Finland since March**

**What is your most important role as a property manager?**

"My first big job was to reorganise the technical management of Hemsö's properties across Finland. Various alternatives were compared and we eventually signed a maintenance agreement with Newsec on 1 August for most of our properties."

**What are you focused on now?**

"I have a wide range of tasks, from process development and framework services agreements to refurbishment planning and customer satisfaction improvements. The last point is particularly important now with a new technical management model. That's why I'm planning to carry out quality controls of the model."

**How much did you know about Hemsö before you applied for the job?**

"Not much, but I liked the idea of working with public properties like schools, care facilities and fire stations."

**And what think you think about Hemsö now?**

"My expectations of Hemsö as an employer have been met. I like my job, I have great colleagues, and Hemsö really cares about its employees."



# Offering and customers

A well-functioning society has motivational learning environments, safe premises for the justice system, and secure nursing homes and hospital beds. These form the backbone of a country's social welfare. Our vision is to strengthen the backbone of society through sustainable ownership, management and development of the public properties that house these activities.

More and more people are returning to elderly care following the downturn during the pandemic, and the need for nursing home beds is steadily growing. In Sweden, the over-80 age group is projected to grow by 76 per cent by 2040. We see a similar trend in our other markets – Finland and Germany. The growing number of elderly is increasing pressure on municipalities to provide more places for health and social care.

## Tomorrow's nursing homes should feel safe, accessible and welcoming

We know what is required to create and manage sustainable and attractive properties for health and social care. They should feel safe, accessible and welcoming for care receivers, and build pride in the workplace for employees.

To further improve the environment for our tenants, Hemsö is running several digitisation projects, including 'Internetlyftet', which is a special Internet project for nursing homes. Read more about our digitisation journey on page 40.

### Safe and motivational learning environments

The need for schools and preschools is also increasing as the population grows. Properties for education serve one of the most important functions of society.

Hemsö develops and manages environments that enable students to feel safe, develop and realise their full potential.

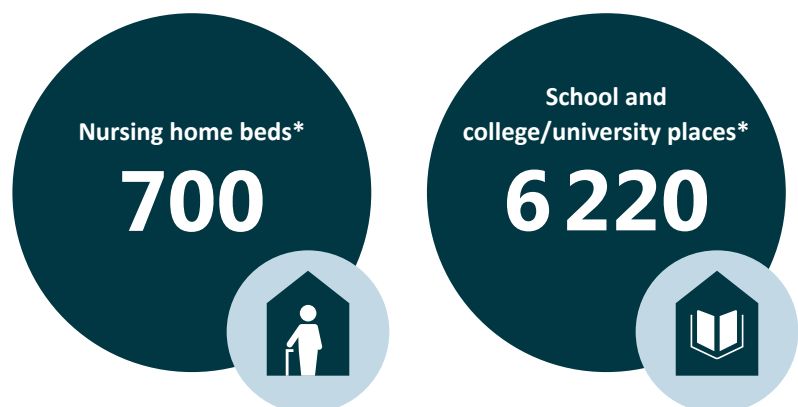
The outdoor environment of a school is just as important as its indoor environment. We have therefore created a concept that we call 'Skolgårdslyftet', with the aim of creating high-quality school playgrounds with areas for both play and rest.

### A focus on safety

In the justice system property category, the need for purpose-built buildings is rising as the number of police officers grows and society faces major challenges with a new type of crime.

Justice system properties require customised solutions to guarantee the safety of employees and visitors. Hemsö develops premises that offer safety, while also striving to create a pleasant environment.

Our largest tenants in this category are the Swedish Police and Swedish Courts in Sweden, and the Ministry of Justice in Finland.



\*Number of places/beds that will be added by development projects initiated in 2022.

### **A strategic partner**

Hemsö works mainly with public-sector tenants such as state, municipal and regional players but also with private providers of health, social care and education.

A growing population puts pressure on the public sector to meet the increasing demand for sustainable public properties. Many municipalities opt to engage a private property provider like Hemsö to meet this need. Renting, instead of owning a property, has advantages. Municipalities often have a mix of ownership and rental solutions. A relatively minor share of municipal services are provided in privately owned properties.

### **Long experience in public properties**

You are often good at something you do often. Hemsö's core business is to develop and manage public properties. Over the years, we have built up a wealth of experience in sustainable

public properties and in the unique demands on the activities that take place in the buildings. We know where social needs arise and identify suitable land for new construction, or existing properties that can be developed. Hemsö's specialised knowledge allows us to quickly identify risks and opportunities, which gives us a head start for new development projects. We also have high ambitions when it comes to our environmental performance, and we know how to develop or refurbish a property in a sustainable way.

How can modern and secure schools be developed with co-use of areas, secure school playgrounds and reduced energy use? When a building is constructed, there is often a long list of specifications and requests from the future users. Hemsö guides tenants through the process of realising the requests that create the most value for the people who will be using the buildings. Hemsö keeps transactions, development

projects and management under the same roof. This means we can be a professional partner to the public sector throughout the entire life cycle. Maintaining that competence can be costly for a municipality. By engaging a private player, a municipality can also compare their own operations and identify their strengths and weaknesses.

### **Hemsö is there throughout the entire journey**

Watching a building take shape is fantastic – from when we first see the need, to when the first tenant moves in.

When the building opens its doors to the students or residents, the baton is handed over to the people who manage the property. They are the marathon runners who make sure everything functions for the tenants. We basically have a life-long obligation, since our concept is to develop, manage and own properties. It is very rare that we sell a property.



Our properties are managed by both our own employees and external providers. The local presence means that we are accessible and understand our tenants' needs well. As well as maintaining continuous contact and dialogue, we also conduct regular customer satisfaction surveys to ensure high-quality management.

### **We are standing on firm ground**

With Hemsö as property owner, our tenants have a stable and reliable partner. We have chosen to focus on what we are good at – developing, owning and managing public properties. We have set four property frameworks to clarify how we work to limit business risk and protect our financial stability.

---

## **At least 50% of rental income from the public sector**

---

At least half of Hemsö's rental income shall be derived from public-sector tenants with high creditworthiness. Nursing homes – a market segment with growing demand that will continue for a long time – should also account for at least 30 per cent of our rental income. Hemsö's geographic presence should also be mostly concentrated to metropolitan areas, where demand for public properties is greatest. When we sign agreements, we want a minimum rental duration of five years to ensure stable income and long-term relationships.

In combination, this lowers our business risk, resulting in financial stability and therefore security for our tenants. The circle is closed when Hemsö's surplus is mainly returned to Swedish pensioners through our principal owner, the Third Swedish National Pension Fund.



## **Should municipalities own or rent their public properties?**

In 2022, we presented a report together with Stenvalvet that aimed to provide a perspective on the benefits of working together with private owners of public properties for a municipality. The issue of private ownership is an increasingly common topic of public debate and one that we welcome. In the report, five Swedish municipalities present their views on privately owned public properties.

In general, it can be said that those municipalities that choose to work with private operators have good reasons for doing so. Some of the reasons mentioned in the report are to free-up capital, spread the risks and achieve more cost-efficient construction due to the knowledge of a player with expertise in public properties. Municipalities prefer to partner with long-term owners. Some of those interviewed mention that municipal processes are often slow, while private operators can act – and therefore build – faster.

It is important to point out that some municipalities have an explicit strategy to own their premises themselves in the first instance. Some of the municipalities with this strategy were also contacted when the report was compiled.

## Hemsö as a partner

Hemsö's core business is public properties. Every year, we are developing more schools, nursing homes and other social infrastructure. We have excellent knowledge of the activities that are conducted on our premises and we know the specific requirements that are set to create the best conditions for the people who use our buildings. With core competencies of property development and management, Hemsö is a reliable partner for the public sector.

**7**  
reasons why municipalities choose Hemsö

✓ **Specialised knowledge**

With fifteen years of experience in public properties, we have good knowledge of the activities that are conducted in our premises and their specific requirements.

✓ **A stable and long-term partner**

Because of our owners, we can grow and meet the changing needs of our customers, regardless of the economic climate. Low business risk combined with financial stability creates security for our tenants.

✓ **Long-term property management**

We take a long term approach – we combine development projects with long-term management and letting.

✓ **Access to capital**

Our financial strength and long-term approach form the basis for owning, managing and developing effective public properties.

✓ **Availability and fast decision-making**

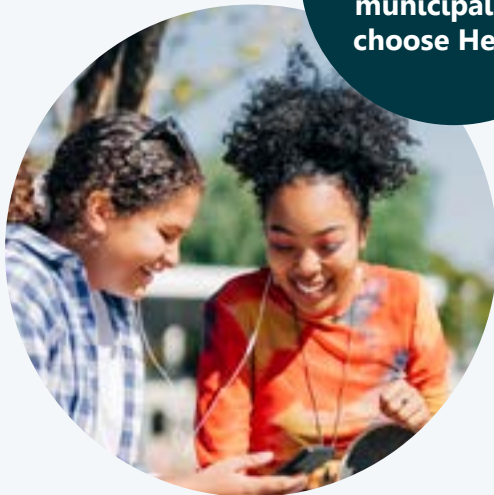
Our properties are managed locally by our own employees as well as external maintenance contractors. That means we have short and fast decision-making processes, can be accessible and understand our tenants' needs.

✓ **Hemsö's surplus is mainly returned to Swedish pensioners**

Hemsö is 85-per cent owned by the Third Swedish National Pension Fund.

✓ **Ability to compare**

By choosing Hemsö as a developer and property owner, municipalities can compare the performance of their own organisation with Hemsö. That inspires both parties to improve.



**Hemsö's surplus is mainly returned to Swedish pensioners**



# Nordtag preschool – the children’s preschool

Colourful birdhouses in the playground. A happy principal, a large playground and the smell of freshly prepared food. All of this and more at Nordtag preschool in Kungälv.



“It’s great here,” says Åsa Ekelind, head of Nordtag preschool in Kungälv. The preschool opened last July and is the first under a collaboration agreement with Kungälv Municipality that includes the new construction of three preschools. The project was completed on time and under budget.

The great cooperation between the municipality and the operation is one of the success factors,” says Hemsö’s project director Magdalena Låstbom.

“Sharing expectations and needs with each other at an early stage creates trust. I always enter into a collaboration with great confidence in the other party. We found positive dialogue and a solution-oriented approach in this project. We engaged in open, honest dialogue from the start and have been clear about our different areas of responsibility.”

## Exploring the wilderness

The preschool has 180 children. With so many children, a large and functional playground is important. The playground is divided into four areas with different themes: the wilderness, the harbour, the city and the village.

---

## “It was important that the children could be involved in the design”

---

“The children love the variation. If you’ve been riding your bike around the city one day, exploring the wilderness is fun the next. I’ve never experienced a playground like this before. Or that I, as the head, have been able to contribute. I suggested areas for sitting, a place for a camp fire, and a balancing path made from stones and tree trunks. All of these things are usually in place, but we’ve been very much involved in this project. It’s inspirational,” says Åsa Ekelind.

## Wooden sculptures bring the outdoor environment to life

“We wanted to give the children something would bring the playground together in a playful way. We engaged a wood sculptor to create works

of art for the playground. The children were also involved in this process. The artist asked them what kind of figures they would like,” says Magdalena Låstbom.

“Pikachu and a rhinoceros,” they said. No sooner said than done. Now they are in standing in the playground, together with other motifs, and are a natural and integrated part of play. Just like the colourful bird houses, which were painted by children from another preschool.

“It was important for the children to be involved in the design of their environment,” says Magdalena Låstbom.

“Participation is also something that permeates the entire preschool,” says Åsa Ekelind.

“We have our own kitchen, so it always smells of home-made food and fresh bread! That brings us closer to what we eat, and I want to create a food council so the children can get involved and make decisions.

The indoor environment is obviously important as well. The preschool is Nordic Swan Ecolabelled and the colour scheme is mild, inspired by the Bohuslän landscape – tones of granite and purple heather, with touches of light pink. The children’s creations provide splashes of colour in the indoor environment.”



# Modern education campus planned for Tensta

The last time that students graduated from Tensta Upper-Secondary School was in June 2016. But that will soon change.

“Our plan is that the school will re-open for students in the autumn term of 2024,” says Johan Einarsson, project developer at Hemsö.



Since the closure of Tensta Upper-Secondary School, following harsh criticism from the Swedish Schools Inspectorate, Järvafältet in Stockholm, with just over 90,000 inhabitants, has had very few secondary school places. When Hemsö acquired Tensta Upper-Secondary School and adjacent Tensta Träff (with transfer date 1 April 2022), dialogue and local engagement became a top priority.

Hemsö conducted a digital survey, for example, to find out what people wanted for the school, for Tensta Träff and for the area. Hemsö also took part in the Järva Week event in 2022, where the future of Tensta Upper-Secondary School was discussed.

“There is a widespread feeling in Tensta of being abandoned. Or there was... Since our acquisition, and the announcement of our vision and long-term approach, we have felt very welcome. Like... finally something good is happening,” says Johan Einarsson.

## Architectural gem

Hemsö’s vision is to create a modern education campus with upper-secondary, adult and tertiary education. Tensta Träff, which has also been vacant for a while, was opened for letting in autumn under the management of Save the Children and Folkets

Hus. A new café has already opened on the ground floor.

“That building will also be refurbished in two years. When it’s finished, we’re hoping that a community association will take over the management of Tensta Träff.

---

**“A vibrant campus creates faith in the future and also makes the area safer.”**

---

Refurbishment of the 14,000 sqm school building has already started. Even though the building is an architectural and cultural heritage gem and once received the Kasper Salin Prize, it’s a big job.

“The building is fundamentally sound and well-planned, but it’s in very poor condition – gutted and water damaged due to a planned upgrade that was never completed. We are going to carefully restore the building to its original condition with modern additions, such as new ventilation, and the possibility to divide the premises,” says Johan Einarsson.

## Mixed-use campus

When it is finished, the new Campus Tensta will be filled with activity.

“We’re holding discussions with many players – municipal, state and private – and it’s leaning towards a mix of upper-secondary, adult education and tertiary education. A campus with mixed educational levels for a wider range of ages.

Johan Einarsson feels firm local support for the transformation of Tensta Upper-Secondary School, which has been vacant for nearly five years. A vibrant campus creates faith in the future and also makes the area safer. That can also be achieved with small efforts that don’t always attract attention.

“We had a bike-riding course in the school park last summer for both young people and adults. We’ve also installed a new artwork there that was created by young people on summer jobs,” says Johan Einarsson, who really loves his work.

“Yes, this project is very special. It means a lot to so many people, and I am happy to be involved in the whole journey to the finished campus.



## About Campus Tensta

- Tensta Upper-Secondary School and Tensta Träff were designed by Gösta Uddén and completed in 1984. The building is a blend of modernism and traditional Asian architecture. Gösta Uddén chose solid materials such as red brick, patterned concrete, glulam and black-painted steel.
- The building has been blue-listed by the Stockholm City Museum, which means that the building's cultural heritage value is deemed to meet the criteria for listed buildings in the Swedish Heritage Conservation Act.
- In early 2016, the City of Stockholm decided to close the upper secondary school following harsh criticism from the Swedish Schools Inspectorate. Some Swedish language courses continued in the premises, but the school has been completely closed since 2019.
- In 2021, Hemsö acquired Tensta Upper-Secondary School and Tensta Träff, with a total area of 21,000 sqm, and ownership was transferred in April 2022.

Follow the  
project →





# Sustainable properties – from idea to realisation

We strengthen the backbone of society through sustainable and long-term ownership, management and development of public properties for nursing homes, education, health care and the justice system – the properties that form the backbone of our society.

Hemsö is a long-term owner of public properties and when we establish us in a municipality or region, we intend to stay. We take responsibility for the entire value chain, from idea to management.

## We identify the need

Development is a natural part of a long-term partnership. Through our management and development projects, we engage in close dialogue with tenants, municipalities and regions. That gives us good insight into both existing and future needs.

We find solutions in collaboration with our tenants. We manage demographic shifts and other new situations by adapting existing premises to meet changing business needs. This allows us to meet tenant needs today, and to develop buildings and properties over time.

## We develop the optimal property

The challenge facing the public sector is to build many new public properties in the coming years. For most municipalities and regions, new construction is carried out at several year intervals, whereas Hemsö is continuously developing public properties. That gives us broad knowledge and experience in the development of modern, sustainable and purpose-built properties that also have good property management economics.

Projects are developed under own management, and in collaboration with partner companies. Hemsö's collaboration model is based on Hemsö's use of knowledge and experience through a mutual and ongoing dialogue with the future user of the building, and the suppliers involved in the projects. This includes areas such as how we can co-use spaces, increase transparency, create conditions for physical activity and reduce energy use.

All parties are involved at an early stage of the process to achieve consensus on the design of the property. Having shared and clear goals guarantees a modern, purpose-built and functional property from both an operational and property management perspective.

Hemsö's specialised expertise in digitisation, innovation and sustainability is leading to sustainable solutions in both new development and management.

To support our work, we have developed the Hemsö Apple and the Hemsö Flower – tools to ensure that we are developing and managing sustainable schools and nursing homes. They comprise a body of knowledge, including Hemsö's property expertise through close collaboration between departments, our tenants' business knowledge, and research into learning environments and nursing homes. The tools also give us a holistic perspective, an overall view where all parts are in-

tegrated into what is needed to create positive environments for those who live in and use the property.

## We take care of the building and its tenants

Regardless of whether Hemsö has acquired or is developing the building, it is always passed on to our property management organisation and our long-term commitment continues. Our rental agreements are usually very long and we always look forward to building a good relationship with our tenants, where our premises support their business operations.

---

**On average, we develop 5–10 nursing homes and schools every year**

---

Together with our tenant and the head of operations, we continuously ensure that the property meets their needs. This could involve re-development or extension of the premises to meet changed needs and requirements.

Hemsö's high level of management competence provides security for our customers. Our local presence creates a close relationship. A tenant can always contact us directly, which helps us get to know our customers.

# Hemsö saved popular swimming centre in Västerås

In early 2023, Kristiansborgsbadet re-opened in Västerås after a long-awaited upgrade.

“Kristiansborgsbadet is an architectural gem that means a lot to the people of Västerås,” says Fredrik Haglund, site manager for Actic, which rents the swimming and training facility.



The swimming centre was built in 1961 and has been a natural meeting place for swimming and training for several generations in Västerås. In 2013, however, a study showed that the City of Västerås could not afford to refurbish and operate Kristiansborgsbadet as well as the newer Lögarängsbadet. In 2017, the City Council therefore decided to sell Kristiansborgsbadet. And in May 2019, when the proposed sale fell through, the swimming centre was closed.

A few months later, a Friends of Kristiansborgsbadet group was created on Facebook and quickly gathered 3,000 members.

“That shows how much it meant to the people of Västerås,” says Fredrik Haglund.

## Ambitious upgrade

Actic continued to manage the centre and in January 2020, also took over the operations, except for the spa on the ground floor.

Later that year, Hemsö acquired Kristiansborgsbadet, including development rights for a school and student housing, and began planning an ambitious upgrade of the entire facility for approximately SEK 90 million.

---

## “The entire pool can be used for aqua fitness”

---

Now, in early 2023, everything is almost finished. The swimming centre has now re-opened and Actic will move into the newly refurbished and twice as large premises in the summer under a new 15-year rental agreement.

“It will be fantastic. We’ll have new areas for spinning and group training,” says Fredrik Haglund, who thinks that the current number of members (1,600) could reach 3,000.

## Spa

The colour scheme and form of the old Kristiansborgsbadet have been retained. The beautiful mosaic and marble floors and artistic decoration have been kept in the newly opened spa, which has been closed since May 2019.

However, the two children’s pools were removed and a

superstructure was created to give Actic more room. The 25m pool, which was 3.8m at the deep end, was levelled and now has a standard depth of 1.4m.

“A smaller volume of water reduces heating costs. The pool can also be used for aqua fitness.”

The centre also received a completely new ‘work of art.’

“Ha ha, the diving platform is still there, but it doesn’t have any steps. It’s really beautiful actually,” says Fredrik Haglund.

---

## About Kristiansborgsbadet

- Kristiansborgsbadet in Västerås was designed by Gustaf Rosenberg and Olle Ståhl. They started their architecture firm in 1955 and won the architectural competition to design Kristiansborgsbadet in the same year.
  - The swimming centre was completed in 1961 and featured a modernist style. At the time, it had four pools, a diving platform and a spa. Heating was supplied in the form of hot water from the municipal thermal power station.
  - The renowned landscape architect Walter Bauer designed the outdoor environment.
- 





## Hemsö's everyday heroes

Connection with our customers is an important job that we do through our local property management organisations. Not only do Hemsö's property managers ensure our long-term work, they also gather important information about what we can do to help residents, students, employees and visitors thrive.

How can we make life easier for our tenants? There are many good examples in our organisation and in this section, we share a selection from Finland, and from Staffanstorp, Gävle, Luleå and Boden in Sweden.

### Party for the elderly an appreciated initiative

Fredrik Lundholm, head of property management for Hemsö Region North, wanted to do something special for the elderly in the region's five nursing homes in Luleå and Boden.

"My first idea was to arrange a Mid-summer lunch with pickled herring, but then I remembered that fermented herring was the tradition up here in the north," says Fredrik.

So, two years ago, we arranged a fermented herring party for our homes, just in time for the premiere in August. It was such a success for both the elderly and the employees that we did it again the following year.

---

### Flower beds and greenery promote well-being

---

"Unfortunately, we ran into problems last year when it was time for the annual party. Due to the poor supply of herring, we couldn't get hold of the coveted cans," says Fredrik. "So we surprised the residents and employ-

ees with cake instead. It doesn't take much time or effort to do these things, but they mean so much. They brighten up the day."

Fredrik also tells how they put a lot of work into the outdoor environment, with flower beds and greenery that are appreciated by the residents.

### Greenhouse leads to inspirational garden beds

In Gävle, Hemsö has also invested in garden beds and greenery. At a group home in Strömsbro, our property manager Stefan Karlsson has helped to create a green oasis. A few years ago, the home received a greenhouse as a Hemsö Gift, which then inspired a gardening project.



“To help them get started on the project, I made sure they a few loads of garden soil,” says Stefan. The tenants have been enthusiastic since day one, and I’ve continued to deliver organic soil every year to keep up their interest.

The home is very happy and grateful for the collaboration with Hemsö. The garden helps to increase well-being and provides opportunities for both activity and recreation for residents and visitors alike.

Stefan is passionate about making a more enjoyable life in all of the properties managed by Hemsö in Gävle.

“For our elderly tenants, we’ve made a ‘nostalgia tent’ that can bring back pleasant childhood memories,” says Stefan. I’m sure that the elderly appreciate these small inputs in their daily life.”

### **Murals a symbol of collaboration**

In Skåne, or in Staffanstorp to be exact, Hemsö has launched an artistic initiative in an elementary school in the municipality.

“We saw a need for a cultural contribution,” says Denise Withlock, property manager for Hemsö Region South.

Denise has been working with Staffanstorp Municipality since February 2021, a collaboration that started in the middle of the pandemic. With new contact people on both sides, it was a challenge to bond the team, but the process is now characterised by a willingness to listen to each other and go the extra mile. So much so that Hemsö, in close collaboration with the municipality, has not only completed a new school playground environment, but also a unique art project.

The project has been realised at Uppåkraskolan, where a 24 x 4 metre wall now features a stunning mural.



“Getting the children involved in the project was important,” says Denise.

A Year 5 class took part in a workshop to produce the motif together with professional artists.

---

### **“Fantastic when we can think outside the box together”**

---

“The children stood in a line with their brushes ready to get involved and start creating. It was a wonderful feeling,” says Denise. All of the school’s 500 students helped to paint the wall mural.

The idea came about when property management in Region South saw a need for a cultural contribution and a soft factor. It’s also a good example of how a property can continue to evolve after the development phase.

The theme of the mural is physical activity, inclusion and fantasy. The motif has been painted on the wall of a sports centre facing a popular sports field and can be seen by students, teachers and other visitors to the school.

When Hemsö described the idea to Staffanstorp Municipality, the proposal was very well received and it became a successful feature of the collaboration.

“As soon as the mural was finished, the next question was whether we couldn’t do the same thing on a nursing home as well. We are now engaged in dialogue with a municipality that is interested. A creative proposal that you might not expect as a tenant, but fantastic when we can think outside the box together,” says Denise.

### **Safety and reduced energy use**

Janne Salonen is a relatively new property manager at Hemsö in Finland, but has many years of

experience in the industry. With a background as an HVAC engineer and a former maintenance manager at the Helsinki Court House, he has now shouldered the role of property manager for ten properties in southern Finland, including schools, preschools, courthouses and universities.

“My daily duties include taking care of the properties and making sure that the outsourced maintenance and repair work is up to standard,” says Janne. I also create the long-term plans for property management and make budgets for maintenance and energy use management.

Due to spiralling electricity prices, energy use is a hot topic for property owners.

“This is where we play a key role as property managers in measures to reduce energy use and control costs,” says Janne.

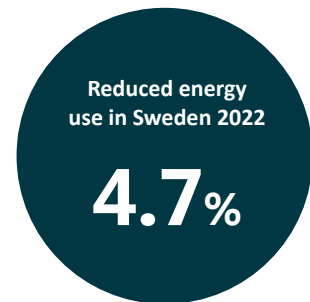
We work purposefully with planned energy projects, which also helps to improve the indoor environment.

The projects are primarily focused on ventilation and lighting in and around the properties. Old, inefficient ventilation systems are upgraded and all lighting is replaced with energy-saving LED lights, which also helps to improve health and safety for the people who use the premises.

“Informing about safety and preventing accidents is an important part of our role as a property manager. We train our tenants to cope with emergencies, practice evacuation and first aid.

We also work together to create evacuation plans for the building. There are many health and safety-related systems in a building that need regular service – from various types of alarms, to sprinkler and access control systems.

“One of our most important jobs is to carry out the necessary maintenance, repairs and inspections to ensure that everything works the way it’s supposed to,” says Janne.



## Healthier air and reduced energy use

Hemsö’s extensive energy renovation of the Helsinki Court House has improved the building’s energy efficiency as well as the indoor air quality. CO<sub>2</sub> and temperature sensors have been installed in the building. They adjust the ventilation rate to the number of people in the premises, which improves energy efficiency.

The optimisation of automated property management and installation of new ventilation fans were also included in the refurbishment. These initiatives reduce emissions from district heating consumption by about 15 per cent per year. Total energy costs will fall by about 20 per cent annually.



# Hemsö and the Red Cross in successful collaboration

In spring 2020, the Red Cross was looking high and low for new premises for its nursing home in German Essen. It was urgent. The existing property that housed their nursing home was defective and the activities were at risk of discontinuation. With the help of business consultants, the Red Cross came into contact with Hemsö, marking the start of a successful collaboration.



“We value Hemsö’s wealth of experience of public properties and the company’s specialised knowledge when it comes to constructing modern, sophisticated health care properties,” says Frank Dohna, CEO of the Red Cross in Essen. The collaboration with Hemsö has worked well from day one.

Hemsö’s German operations own and manage public properties with a property value of approximately SEK 15 billion, mainly in elderly care. That makes Hemsö one of the largest owners of nursing homes in Germany. The vast majority of customers are private operators, while the others are non-profit organisations like the Red Cross.

## Services with a good reputation

According to Jens Nagel, Hemsö’s Head of Region in Germany, working

with a not-for-profit care provider like the Red Cross is a privilege. The Red Cross is the largest humanitarian network in the world and provides several other services besides support for people affected by emergencies and disasters. No profits are distributed, they are used to fund the organisation.

---

## “We value Hemsö’s wealth of experience and knowledge”

---

“Here in Germany, the Red Cross runs nursing homes in several locations,” says Jens Nagel. “We are very pleased to be working with them. The arrangement is sympathetic and their services have a good reputation.”

The aim of the Red Cross’s nursing home is to create a sense of tranquility in a lively, dense city like Essen, while also providing the residents with opportunities for physical activity and movement. That could be a challenging problem to solve.

“We’ve maintained an open dialogue around the planning and we especially appreciate the transparency shown by Hemsö in the planning process,” says Frank Dohna. “It has simplified the planning by adapting the property to the needs of the employees, such as the width of the doors. Details that may seem minor, but that make the job easier and create a pleasant atmosphere for the residents.”

## Digitisation creates new opportunities

Creating a facility with opportunities for physical activity was a priority for the Red Cross. Digitisation has also been a great help in creating meaningful activities for the elderly. Unlike the former property, the new home will be equipped with fast internet.

“We’ve purchased a bike labyrinth that enables the user to enjoy virtual bike tours along streets all over the world via simulated pedals and a handlebar,” says Frank Dohna. “We can project videos and images onto the ceiling for bedridden users who have created an activity table top, specially designed for users with dementia. Health care digitisation doesn’t always have to be about processes, documentation and ordering, it can also be used for just having fun.”



## An intensive digital journey

Digitisation is important for making Hemsö's operations even better. We are therefore stepping up the pace of our digital transformation and strengthening the organisation both regionally and centrally to unleash the potential of our work.

Our digital journey is as much about change and improving the way we work as smart technical solutions.

The digitisation of our properties touches all levels – from infrastructure for optimised operation and maintenance, to new solutions for added user and business value.

### The smart property

A large part of our digital journey is what we call 'The smart property' which, in our world, is a property that is connected and provides us with data that can be measured and visualised. In 2022, nearly 180 properties were integrated into a single platform with the aim of streamlining data in the form

of operational alarms, energy measurement and indoor environment. We are using technology to optimise heating, climate and air quality, while also reducing energy costs. Another aim is that Hemsö's property managers will be able to control all properties in a single interface. We are planning to connect all Swedish properties during 2023 and are also looking into the possibility of integrating the properties in Finland. The business model is different in Germany, where the tenant is responsible for this type of equipment in a property.

### The Internetlyftet project

The aim of Hemsö's ongoing Internetlyftet project is that all of our nursing homes will be equipped with high-

speed internet and Wi-Fi, and ready for 5G expansion. Internetlyftet is a large and strategic project for Hemsö and will be rolled out in phases up until 2024. Fast internet in our nursing homes serves several purposes. It enables residents to communicate with the outside world, as well as control of the property's indoor environment.

### Optimised indoor environment creates positive effects at several levels

Hemsö has been working with an exciting pilot project where artificial intelligence (AI) will improve the indoor climate of 16 connected properties in both schools and elderly care. The properties have been equipped with



sensors that provide Hemsö's existing management systems with information about temperature, CO<sub>2</sub> levels and relative humidity in the premises. The aim of the project has been that smart technology will control the climate in order to optimise the indoor environment in our properties while also increasing energy efficiency.

---

## Smart technology improves energy efficiency

---

In early 2022, enough data had been collected to connect the sensors and let AI take over. The results were exactly what we were hoping for – that we could optimise the flow in the properties, which led to a more even indoor climate. Despite the fact that we raised the temperature in some properties, mainly nursing homes, energy use has

not increased. In some cases, we could even reduce energy use. It will also be easier for us to identify where problems arise, where the bottlenecks are, in order to resolve issues faster.

The data that we are now collecting will also be important lessons for the future. When we build new properties, we will make sure that sensors for measurement and control are included in the tender documentation. In existing properties, we will install sensors at an appropriate time and when property management sees a need.

### Digital twin technology

In addition to smart sensors and fast internet, we are also working with digital twin technology, which enables us to save all information and facts about a property in a database. We can use this extensive knowledge bank every time we start up a new project. By using a digital twin, our architectural drawings are always up to date, both traditional

and 3D models. The computer program gathers all information and we can also connect other data, identify spaces, categorise rooms and storeys. We can easily see, for example, where alarm sensors, card readers and fire extinguishers are installed.

For every property that we build, whether re-development or new construction, the knowledge bank is extremely important for our continuous improvement, and for increasing our environmental and cost efficiency. With greater control, we can improve the efficiency of our management and create even better conditions for our tenants.

Hemsö has now created digital twins for about 90 properties across Sweden and more are gradually being added. In 2023, the plan is to have digital twins in place for the entire Swedish portfolio. We have also started this process in Finland and are looking into the need for the German market.

## Value-added management through digitisation

In Finland, Hemsö is working on the development of digital twins for Satakunta University of Applied Sciences, the Arkadia-skolan elementary school and the Joensuu Conservatory.



“The aim is to save all information about the indoor environment, energy consumption and status of the building's property system,” says Jarkko Leinonen, Hemsö's Head of Region in Finland. This information will provide a basis and guide all of the decisions we make about the development of a property, and also become an important knowledge bank for future use in the management phase.”

In addition to the property-specific information saved in the digital twins, Hemsö in Finland is also developing an instrument panel that shows a building's average condition compared with the desired level. “This could be, for example, the indoor environment, management data or fault reports,” says Jarkko Leinonen. “The instrument panel shows us where things are working, and where we need to take action.

Because a property's digital twin can be visited virtually, it's easy to find important information about a building from a computer or mobile phone. Many of our properties also have a remote control system, which means we can monitor and adjust the property remotely,” says Jarkko. “It means that our management team can act fast, while also avoiding unnecessary travel.”

## A safe and secure school adapted to student needs

Planning for adult presence is one of the goals of sustainable design of spaces and classrooms in education buildings. In Helsinki, a school building from the 1930s was completely refurbished to meet the needs of a modern school. The school moved into the new premises in autumn 2022.



In 2020, Hemsö and the City of Helsinki signed a 15-year agreement to let Arkadiahuset for the temporary accommodation of a number of schools in the city centre. When the valuable 1930s-property was refurbished during 2021 and 2022, the focus was on meeting the differing learning needs of the children, and on designing the environment to reduce the risk of bullying.

A safe and equal environment is becoming increasingly important in the planning of school premises.

“In Arkadiahuset, we have accounted for how students move between the various spaces, and how classrooms and other rooms can be adapted to various needs,” say Annarella Ahlroos and Jaana Havia, deputy head teachers of Taivallahti elementary school, which was the first school to move into the new premises.

“Some of the classrooms have glass walls. They help to maintain visual contact with the corridors and small group spaces, so that teachers can see what the students are doing there as well. The glass walls create a feeling of both space and security,” says Jaana Havia.

### Sustainable planning reduces the risk of bullying

Corridors and halls inside the building are designed so that students can visit the school psychologist, for example, without being seen by other students. The facilities are also flexible, which means they can be used for different purposes and support different types of learning.

“Spaces can be joined or separated with moveable and folding walls. Partitions and curtains can be used to create smaller private spaces for school work that requires concentration,” says Annarella Ahlroos.

A school can also be designed to reduce the risk of bullying. One method is to design premises without any dead ends or hidden spaces, so that adults and children can always see each other. That applies to both classrooms and corridors. The presence of adults also increases security.

### Users involved early in the planning process

The architect who designed the City of Helsinki’s education department was closely involved in the refurbishment of Arkadiahuset. The people responsible for Taivallahti elementary school also took part in the planning of the new school and in setting the goals for the premises.

Head teachers Annarella Ahlroos and Jaana Havia are very happy with new premises.

### “A school can also be designed to reduce the risk of bullying.”

“Social interaction has been increased by, for example, our shared corridors. Students meet in the hallways and get to know children and teachers from other school groups. That means that they have adults around them who they know, and can turn to if needed,” says Annarella Ahlroos.







# Property portfolio

Hemsö's property portfolio contains properties for nursing homes, education, health care and the justice system in Sweden, Finland and Germany. The portfolio is well-diversified and at year-end, the market value was SEK 85 billion.

At year-end, the market value of Hemsö's property portfolio was SEK 85 billion and comprised 480 properties in four categories: nursing homes, education, health care and the justice system. The lettable area was 2,400,000 sqm and at period-end, contracted annual rent amounted to SEK 4,620 million. Net operating income for 2022 amounted to SEK 3,032 million.

Hemsö owns properties in Sweden, Germany and Finland. At year-end, the Swedish portfolio accounted for 65 per cent of the market value and the foreign property portfolio accounted for 35 per cent.

## Portfolio development

Hemsö is growing through acquisitions, investments in existing properties and by developing new properties. In 2022, a total of 43 properties were acquired for SEK 2,867 million. Property acquisitions amounted to SEK 1,698 million in Sweden, SEK 860 million in Germany and SEK 309 million in Finland. Acquisitions were made in all of Hemsö's property categories, and met our requirements in terms of quality and geographic concentration to regions with demographic growth.

In recent years, Hemsö has built up extensive development project capacity in Sweden. This has mainly been driven by the major need of Swedish municipal-

ities to build new schools and nursing homes. Hemsö also has started to develop new properties in Finland and Germany. In 2022, Hemsö invested SEK 2,998 million in new development and SEK 811 million in existing properties.

We are continuously striving to raise the quality of our property portfolio. This is mainly carried out in development projects, where modern and sustainable public properties are built in the regions where there is evidence of sustained demand. The investments are also aimed at optimising the portfolio composition, to provide strong and stable returns over the long term.

Our focus on modern public properties with long-term rental agreements with public-sector tenants and concentration in growth regions has not only increased underlying net operating income – the portfolio has also shown favourable value growth. At year-end, the rental duration was 9.6 years, 61 per cent of income was directly derived from public-sector tenants and 82 per cent of the properties were located in metropolitan areas or large cities.

## Property portfolio in growth regions

City	Population, 1,000 inh.	Market value of properties, SEK million	% of portfolio
Stockholm	2,420	23,200	27
Helsinki	1,550	6,500	8
Malmö	710	5,800	7
Västerås	160	3,900	5
Gothenburg	1,070	3,900	5
Ruhr	5,110	2,900	3
Norrköping	140	2,700	3
Turku	370	2,400	3
Berlin	5,350	2,100	2
Uppsala	320	1,700	2
Frankfurt	2,740	1,400	2
Eskilstuna	110	1,200	1
Umeå	130	1,200	1
Växjö	96	1,100	1
Gävle	100	1,100	1
Lahti	120	1,000	1
Wiesbaden	460	900	1
Pori	80	900	1
Borlänge	50	700	1
Nyköping	60	700	1
<b>Total 20 largest regions</b>		<b>65,300</b>	<b>77</b>
Other		19,579	23
<b>Total Hemsö</b>		<b>84,879</b>	<b>100</b>

<span style="display: inline-block; width: 15px; height: 10px; background-color: #d9e1f2; border: 1px solid #000;"></span> Metropolitan area or large city
<span style="display: inline-block; width: 15px; height: 10px; background-color: #fff; border: 1px solid #000;"></span> Small city



## Sweden

SEK **55 billion**  
**65%**

	SEK million	No.
Value, Jan 2022	50,509	294
Acquisitions	1,698	23
Investments	2,765	–
Divestments/disposals	-445	-7
Changes in value	668	–
Re-allotment	–	3
<b>Value, Dec 2022</b>	<b>55,195</b>	<b>313</b>

## Finland

SEK **14 billion**  
**17%**

	SEK million	No.
Value, Jan 2022	12,486	66
Acquisitions	309	14
Investments	707	–
Divestments	–	–
Changes in value	-363	–
Exchange-rate differences	1,119	–
<b>Value, Dec 2022</b>	<b>14,258</b>	<b>80</b>

## Germany

SEK **15 billion**  
**18%**

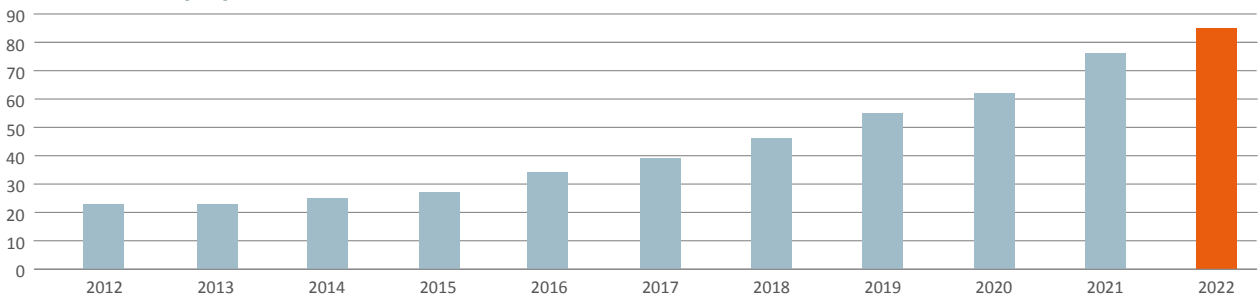
	SEK million	No.
Value, Jan 2022	12,742	81
Acquisitions	860	6
Investments	337	–
Divestments	–	–
Changes in value	298	–
Exchange-rate differences	1,189	–
<b>Value, Dec 2022</b>	<b>15,426</b>	<b>87</b>





Nursing home and elementary school in Sandarna, Gothenburg

### Market value of properties, SEK billion

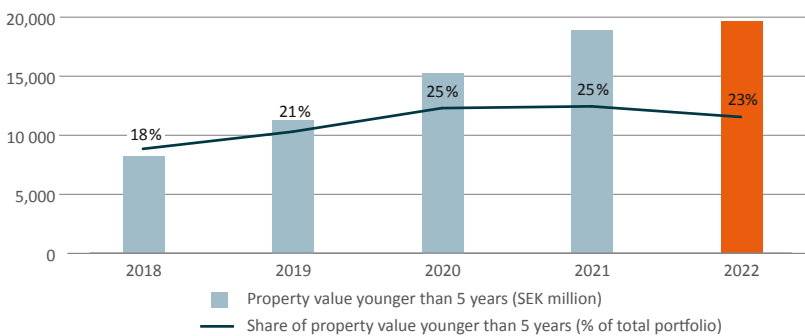


### Property portfolio development 2022

	SEK million	No.
<b>Market value of properties, opening balance</b>	<b>75,737</b>	<b>441</b>
Acquisitions	2,867	43
Investments in new construction, extension and re-development	3,809	
Divestments/disposals	-445	-7
Re-allotment	-	3
Exchange-rate fluctuations	2,308	
Unrealised value changes	603	
<b>Market value of properties, closing balance</b>	<b>84,879</b>	<b>480</b>

**480**  
No. of properties

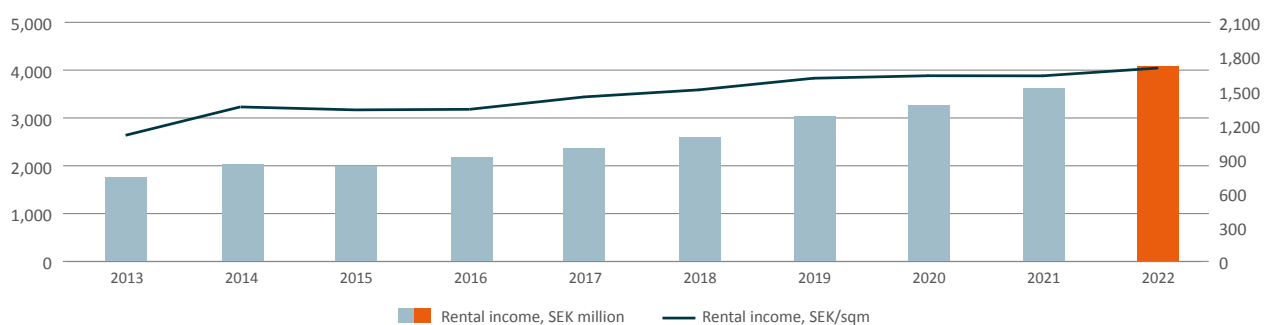
### Share of property value younger than 5 years



**85**  
Market value of properties, SEK billion



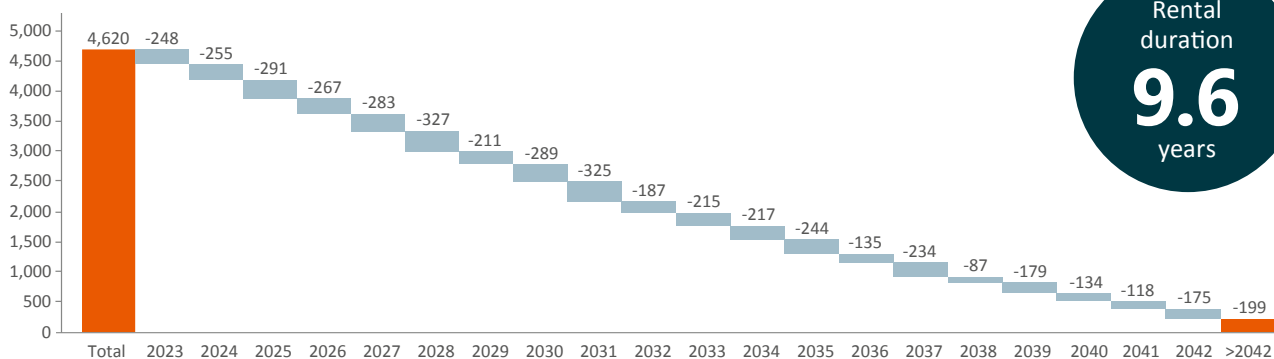
## Rental income



## Key ratios per property category

	Nursing homes	Education	Health care	Justice system	Total
Market value of properties, SEK million	32,470	30,579	12,506	9,323	<b>84,879</b>
Lettable area, tsqm	1,037	806	326	231	<b>2,400</b>
No. of properties	238	151	63	28	<b>480</b>
Market value/property, SEK million	136	203	199	333	<b>177</b>
NOI margin, %	74	76	68	77	<b>74</b>
Economic occupancy rate, %	99	99	97	96	<b>98</b>
Rental duration, years	9	11	8	8	<b>10</b>
Share of large cities, %	75	84	95	86	<b>82</b>
Rental income, SEK million	1,556	1,337	666	514	<b>4,073</b>
Rent/sqm, SEK	1,501	1,659	2,041	2,225	<b>1,698</b>
Net operating income, SEK million	1,158	1,020	454	400	<b>3,032</b>
Property yield, %	4.1	4.2	3.9	4.5	<b>4.1</b>

## Rental maturity, annual rent, SEK million



Rental duration  
**9.6**  
years

## Tenants

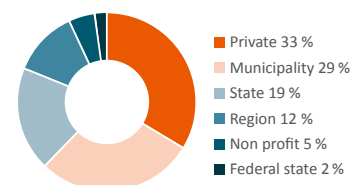
95 per cent of Hemsö's rental income was derived from taxpayer-funded services. The share of contracted annual rent with public-sector tenants was 61 per cent, where rental agreements with municipal operators accounted for 29 per cent, state operators for 19 per cent and regional operators for 2 per cent. About 5 per cent of Hemsö's tenants are non-profit organisations.

In Germany, privately run operations are funded by both the public health insurance scheme and care-user fees.

If the residents are unable to pay for their own expenses, funding is provided through a municipal contribution.

Of Hemsö's 20 largest tenants, 13 were state, municipal or regional operators. Hemsö's five largest tenants are the Swedish Police, Region Stockholm, AcaMedia, the Wellbeing Services County of Southwest Finland and Attendo.

## Contracted rent per category



## Hemsö's 20 largest tenants

Tenant	Category	Annual rent, SEK million	Annual rent, %	No. of rental agreements
Swedish Police	State	238	5.2	33
Region Stockholm	Region	223	4.9	78
Acadamedia	Private	184	4.0	22
Wellbeing Services County of Southwest Finland (Fin)	Region	158	3.5	17
Attendo	Private	151	3.3	76
Ministry of Justice (Fin)	State	132	2.9	13
City of Västerås	Municipality	117	2.6	21
Mälardalen University	State	115	2.5	3
AWO (GER)	Non-profit	106	2.3	12
International English School	Private	87	1.9	11
Ambea	Private	84	1.8	10
Alloheim (GER)	Private	83	1.8	10
Norrköping Municipality	Municipality	80	1.8	15
Karolinska Institute	State	72	1.6	4
The City of Lahti (Fin)	Municipality	66	1.4	5
HEWAG (GER)	Private	65	1.4	9
Västra Götaland Region	Region	64	1.4	62
North Rhine-Westphalia (GER)	State	61	1.3	1
University of the Arts Helsinki (Fin)	State	59	1.3	3
Gävle Municipality	Municipality	58	1.3	20
<b>Total</b>		<b>2,204</b>	<b>48.3</b>	<b>425</b>

Public-sector tenant  
Private-sector tenant

## Rental value – public-sector tenants

Tenant	Annual rent, SEK million	% of Hemsö's rental value
Swedish state	544	12
Swedish regions	337	7
Swedish municipalities	1,051	23
Finnish state	257	6
Finnish regions	229	5
Finnish municipalities	205	4
The German state	51	1
German federal states	79	2
German municipalities	49	1
<b>Total</b>	<b>2,804</b>	<b>61</b>



No. of properties **238**  
 Market value of properties SEK **32,470** million  
 Lettable area **1,037** tsqm  
 Rental duration **9.2** year  
 Rental income SEK **1,556** million  
 Property yield **4.1** %

## Property portfolio – Nursing homes

### Portfolio and tenants

Nursing homes is Hemsö's largest property category and at year-end, accounted for 38 per cent of the property value. In partnership with municipalities and private operators, we contribute sustainable nursing homes so that everyone who works or lives in our properties can feel safe and secure. That perception is just as important for family members and loved ones.

Hemsö owns 238 nursing home properties, of which 117 are in Sweden, 43 in Finland and 78 in Germany.

The premises accommodate:

- residential care facilities
- dementia care facilities
- short-stay care facilities
- assisted living/group homes
- residential facilities for people in need of extra support and assistance

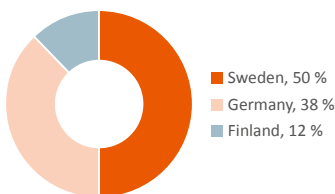
Of the contracted annual rent, public-sector tenants accounted for 43 per cent, and private taxpayer-funded operators for 57 per cent. In Sweden, public-sector tenants accounted for 68 per cent and private-sector tenants

for 32 per cent of contracted annual rent. In Finland, public operators accounted for 20 per cent, and private operators for 80 per cent, of contracted annual rent.

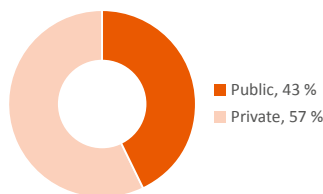
In Germany, Hemsö mainly has non-profit and private-sector tenants in the nursing home category, with the exception of one residential facility with a municipal tenant.

The three largest tenants in this category are AWO (Germany), Attendo and Norrköping Municipality.

### Market value per country



### Annual rent per customer category



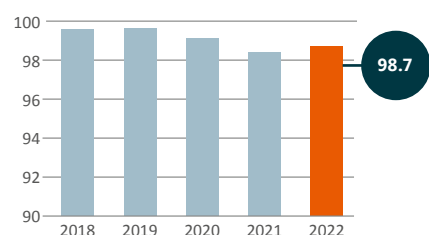
### Share of property value



### No. of beds



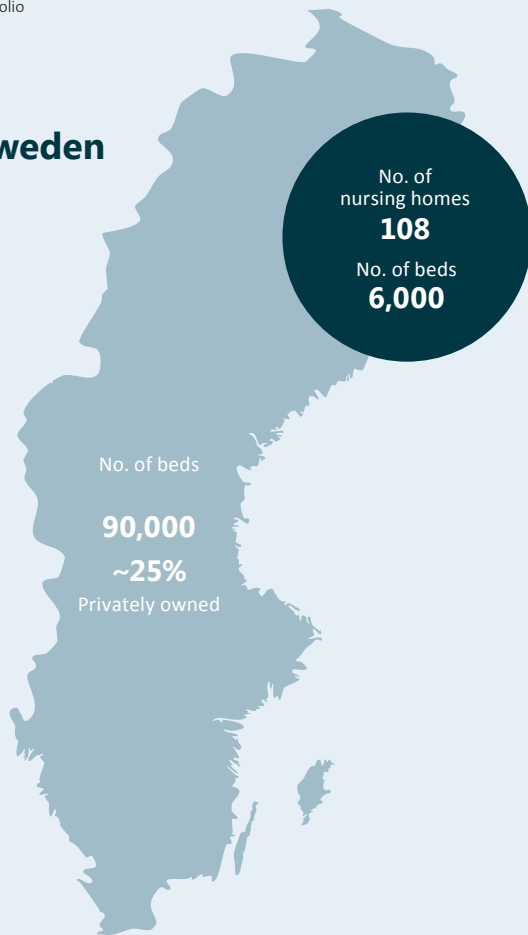
### Economic occupancy rate, %



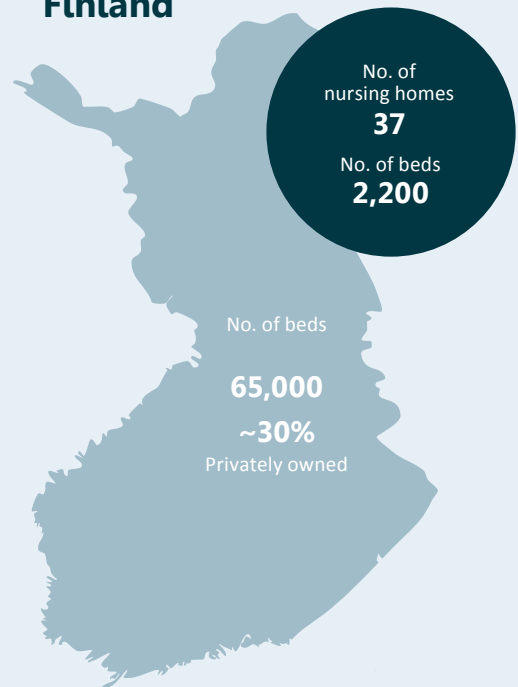
## Nursing homes per country

- Hemsö's portfolio
- Total portfolio

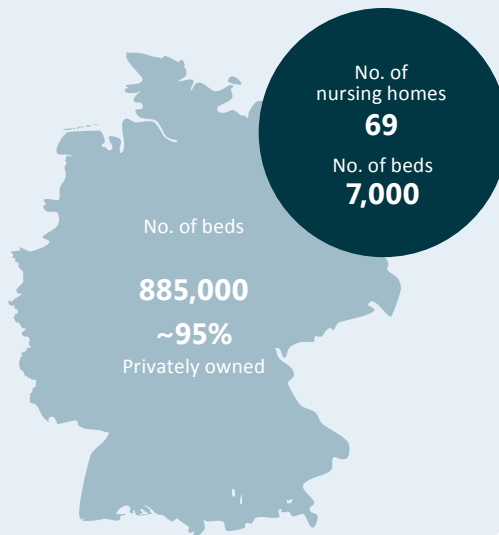
### Sweden



### Finland



### Germany



Source: Hemsö.  
The statistics pertain to actual homes, not number of properties. Nursing homes under construction have been excluded.



Täckerråker 1:228 – Nakterhusskolan, elementary school and preschool in Haninge.



No. of properties **151**  
 Market value of properties SEK **30,579** million  
 Lettable area **806** tsqm  
 Rental duration **11.4** years  
 Rental income SEK **1,337** million  
 Property yield **4.2** %

## Property portfolio – Education

### Portfolio and tenants

Education is Hemsö's second-largest property category and at year-end, accounted for 36 per cent of the total property value. Schools are an important place for learning, reflection and physical activity for children and young people. Together with teachers, students and other school staff, we create safe and motivational indoor and outdoor environments according to needs and possibilities, in both existing properties and new developments.

Hemsö owns 151 educational properties, of which 129 are in Sweden, 18 in Finland and four in Germany.

The premises accommodate:

- preschools
- elementary schools
- upper-secondary schools
- colleges/universities
- premises for advanced research
- sports centres
- ice centres

Of the total contracted annual rent, public-sector tenants accounted for 66 per cent, and private taxpayer-funded operators for 34 per cent.

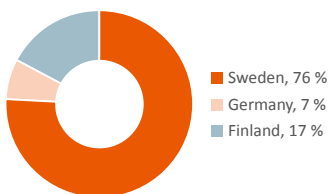
In Sweden, public-sector tenants accounted for 54 per cent and private-sector tenants for 46 per cent of contracted annual rent.

In principle, all of Hemsö's private-sector tenants in Sweden are taxpayer-funded via school vouchers.

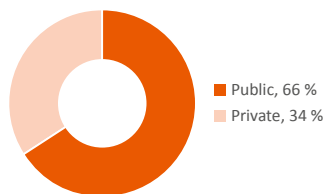
In Finland, public operators accounted for 96 per cent, and private operators for 4 per cent, of contracted annual rent. In Germany, all educational properties are let to public-sector tenants.

The three largest tenants in the category are Mälardalen University, AcadeMedia and the state of North Rhine-Westphalia.

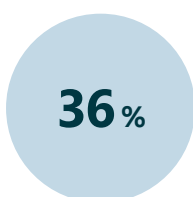
### Market value per country



### Annual rent per customer category



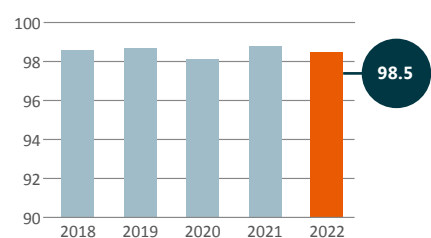
### Share of property value



### No. of students

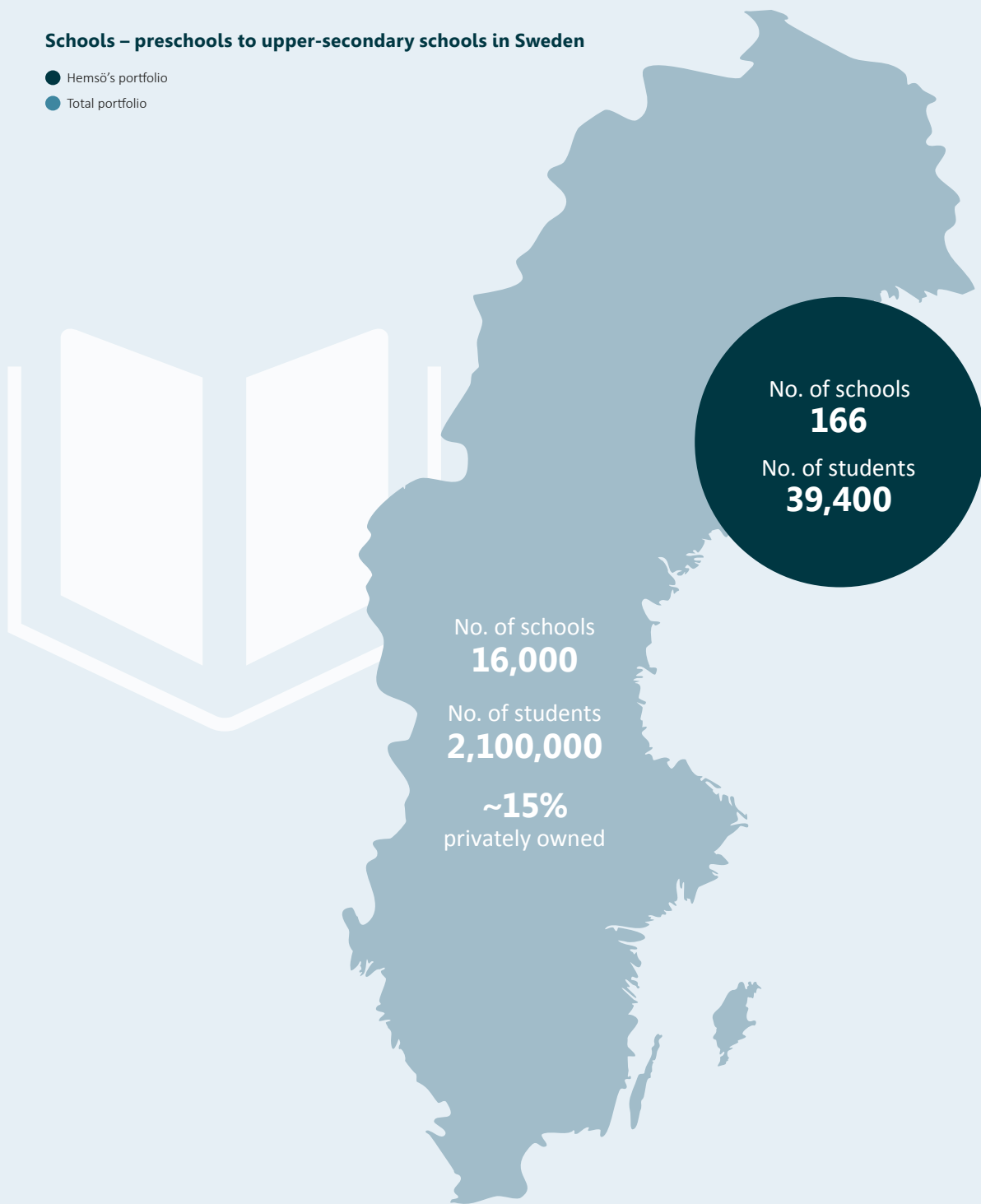


### Economic occupancy rate, %

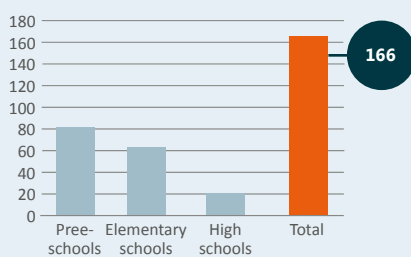


## Schools – preschools to upper-secondary schools in Sweden

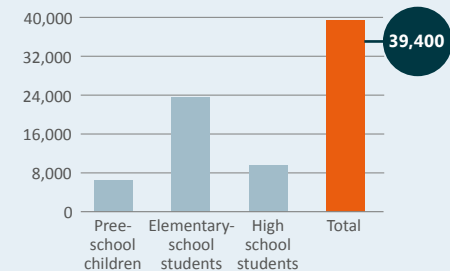
- Hemsö's portfolio
- Total portfolio



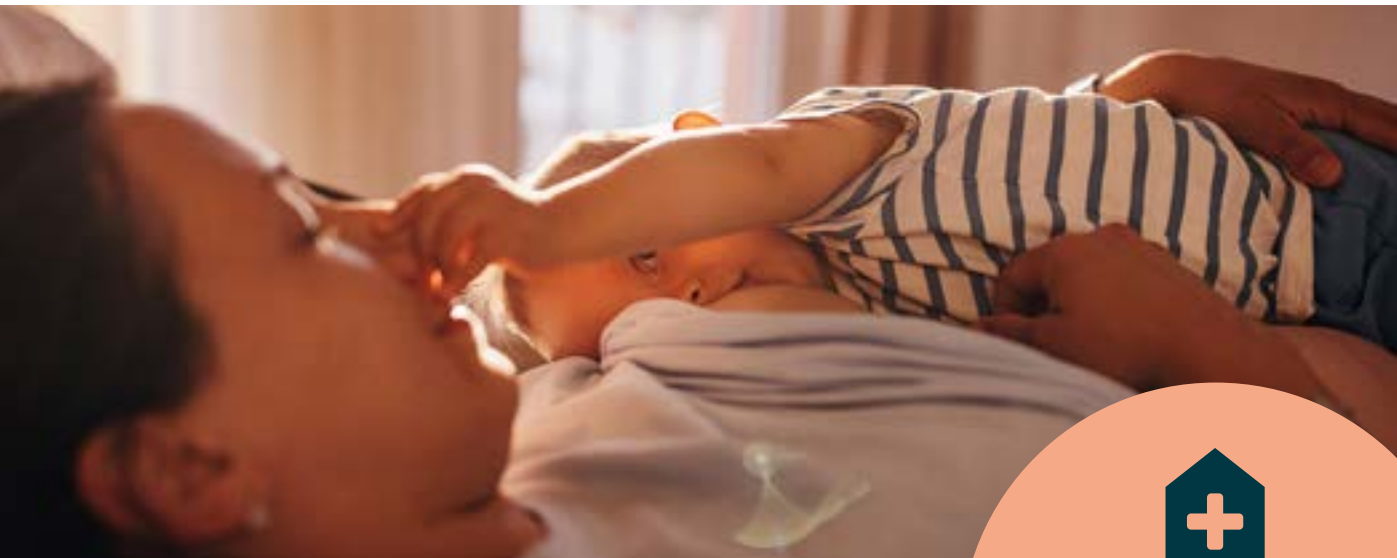
No. of schools per category, Sweden



No. of students per category, Sweden



Source: Hemsö.  
The statistics pertain to actual schools, not number of properties.  
Schools under construction and colleges/universities have been excluded.



No. of properties **63**  
 Market value of properties SEK**12,506** million  
 Lettable area **326** tsqm  
 Rental duration **8.2** years  
 Rental income SEK**666** million  
 Property yield **3.9** %

## Property portfolio – Health care

### Portfolio and tenants

At year-end, health care properties accounted for 15 per cent of Hemsö's total property value. We develop and manage our health care properties with a focus on the operations conducted on the premises.

The buildings should feel safe and accessible for both care receivers and employees. Hemsö owns 63 health care

properties, of which 52 are in Sweden and 11 in Finland. The premises accommodate a range of operations, including:

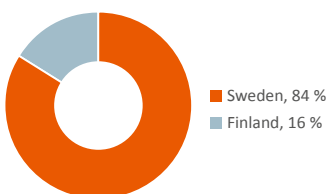
- hospitals
- local hospitals
- medical centres
- dental practices
- pharmacies
- palliative care
- rehab clinics
- child health clinics
- maternity centres
- child and adolescent psychiatry
- emergency centres

Of the contracted annual rent, public-sector tenants accounted for 83 per cent, and private taxpayer-funded operators for 17 per cent.

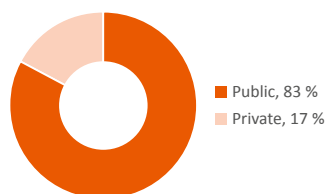
In Sweden, public-sector tenants accounted for 80 per cent, and private operators for 20 per cent, of the contracted annual rent. In Finland, public operators accounted for 94 per cent, and private operators for 6 per cent, of contracted annual rent.

The three largest tenants in the category are Region Stockholm, the Wellbeing Services County of Southwest Finland and the Karolinska Institute.

### Market value per country



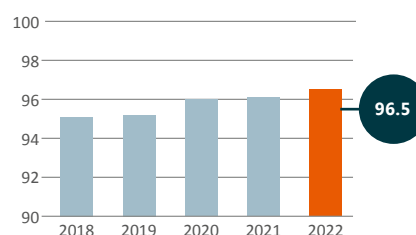
### Annual rent per customer category



### Share of property value



### Economic occupancy rate, %







Arvi Kariston katu 5, Hämeenlinna, Finland.



No. of properties **28**  
 Market value of properties SEK**9,323** million  
 Lettable area **231** tsqm  
 Rental duration **8.0** years  
 Rental income SEK**514** million  
 Property yield **4.5** %

## Property portfolio – Justice system

### Portfolio and tenants

At year-end, justice system properties accounted for 11 per cent of Hemsö's total property value. This property category is one of the pillars of a well-functioning and sustainable society.

The properties are characterised by a large proportion of purpose-built areas with high security requirements. The tenants often choose to co-locate in legal centres, which can accommodate police stations, prisons and courts.

Hemsö owns 28 justice system properties, of which 15 are in Sweden, eight in Finland and five in Germany.

In addition to adapting the properties to the specific activities, strict security requirements apply for those who work, visit or use the properties. We strive to create a pleasant and secure environment.

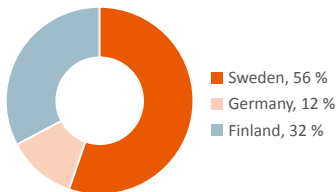
The premises accommodate:

- police stations
- prisons
- courts
- prosecutors
- fire and rescue stations

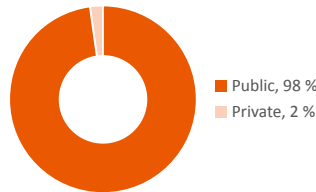
Of the contracted annual rent, public-sector tenants accounted for nearly 100 per cent in Sweden, Finland and Germany.

The three largest tenants in the category are the Swedish Police, the Ministry of Justice in Finland and the Swedish Courts.

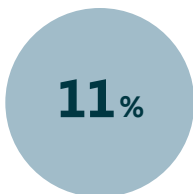
### Market value per country



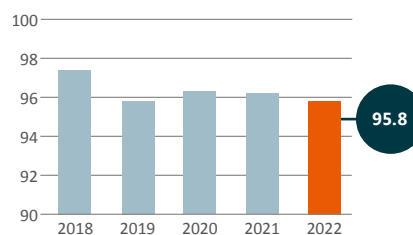
### Annual rent per customer category



### Share of property value



### Economic occupancy rate, %





Inauguration of Vittra School's new premises in Norrköping.



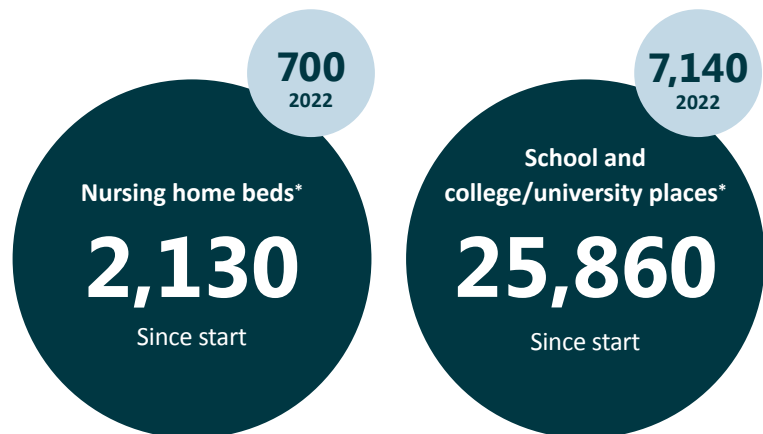
Havsbris – completed nursing home and ICA store in Malmö.

## Completed and ongoing development projects

In addition to new development, re-development and extensions are continuously taking place in Hemsö's existing portfolio to meet tenants' ongoing needs. Older properties are converted to modern premises for new purposes.

During the year, Hemsö completed 29 development projects, comprising 11 in the nursing home category, 15 in education, two in health care and one in the justice system. These included the combined elementary school and nursing home in Gothenburg, the Sköndalsvillan care facility in Tyresö, a family centre in Espoo, Arkadiaskolan in Helsinki and the Lauritsala fire and rescue station in Lappeenranta, Finland.

In 2022, Hemsö initiated development projects that will contribute 700 new nursing home beds and 7,140 new school places. Since its inception in 2009, Hemsö has completed 2,130 nursing home beds, 18,910 school places and 6,950 college/university places.



\*Number of beds/places that Hemsö has added through completed development projects from 2009 until 31 December 2022.

## Completed development projects

### Sköndalsvillan, Tyresö

Hemsö developed a nursing home and a short-stay care facility in central Tyresö. The project started in autumn 2020 and was completed in the third quarter of 2022. The focus was on emissions reduction and energy use, and solutions with CLT/concrete hybrid frames. The project included solar panels combined with geothermal energy and water-saving measures, as well as re-used brick façades.



**Property category:** Nursing homes  
**Country:** Sweden  
**Project type:** New construction  
**Project area:** 6,900 sqm  
**Environmental certification:** Miljöbyggnad Gold, NollCO2 Certification  
**Pre-let:** 100 %  
**Tenant:** Stora Sköndal Foundation



### Family centre in Espoo

In March 2021, Hemsö acquired a property in Espoo outside Helsinki. The property has undergone extensive refurbishment and a ten-year rental agreement has been signed with the City of Espoo. The family centre is run by the City of Espoo and gathers all types of support and assistance for families with children under one roof. The services include maternity care, family counselling, paediatric rehabilitation and family social work.



**Property category:** Health care  
**Country:** Finland  
**Project type:** Re-development  
**Project area:** 4,900 sqm  
**Pre-let:** 100 %  
**Tenant:** City of Espoo

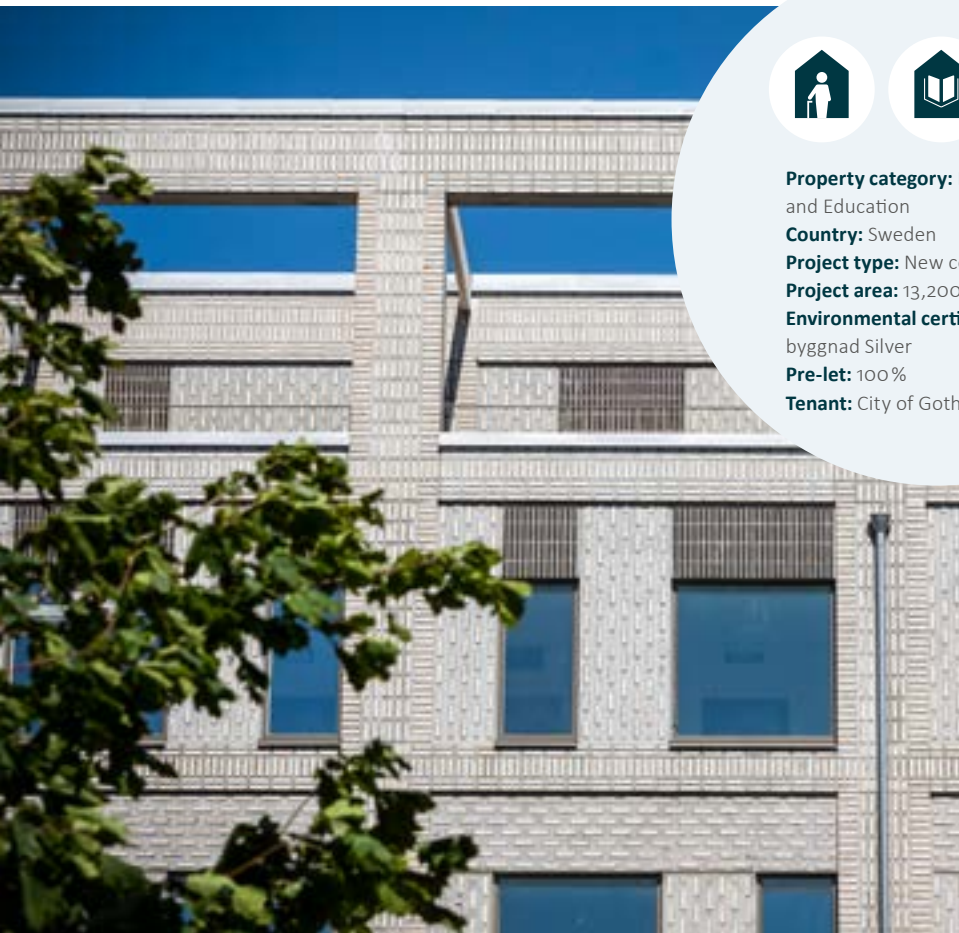


### Lauritsala fire and rescue station in Lappeenranta

Hemsö has developed a modern facility adapted to the Fire and Rescue Authority's requirements for leadership skills. All of the necessary equipment is also available indoors. The new fire and rescue station was completed at the end of 2022 and became operational in early 2023.



**Property category:** Justice system  
**Country:** Finland  
**Project type:** New construction  
**Project area:** 3,100 sqm  
**Pre-let:** 100 %  
**Tenant:** Wellbeing Services County of South Karelia



**Property category:** Nursing homes and Education

**Country:** Sweden

**Project type:** New construction

**Project area:** 13,200 sqm

**Environmental certification:** Miljöbyggnad Silver

**Pre-let:** 100%

**Tenant:** City of Gothenburg

### Elementary school and nursing home in Gothenburg

Hemsö has developed a multi-generational building, with an elementary school and nursing home combined in the same building. The school will have places for 400 students from preschool to Year 6, and the nursing home will have 100 beds. The design is expected to generate benefits by enabling interaction between the nursing home's residents and the school students.



**Property category:** Nursing homes and Education

**Country:** Sweden

**Project type:** New construction

**Project area:** 6,200 sqm

**Environmental certification:** Nordic Swan

**Pre-let:** 100%

**Tenant:** Stockholms Sjukhem Foundation, Raoul Wallenberg School

### Multi-generational building in Upplands Väsby

Hemsö developed a multi-generational building with a preschool and a residential care facility in the Fyrklövern area of Upplands Väsby. The new multi-generational building will accommodate 80 children and 80 elderly people, and has been designed to promote interaction between children and the elderly. There are common meeting places both indoors and in the garden.



**Property category:** Education

**Country:** Finland

**Project type:** Re-development

**Project area:** 5,800 sqm

**Environmental certification:** BREEAM

**Pre-let:** 100%

**Tenant:** City of Helsinki

### Arkadia, Helsinki

Hemsö has developed a new elementary school for 700 students in the Arkadia 24 property in central Helsinki. The property has undergone extensive refurbishment and a 15-year rental agreement has been signed with the City of Helsinki. The Hanken School of Economics has relocated to the Arkadia 28 property.



## Ongoing development projects



### Stavsborgsskolan, Nacka

Construction of the new school started in summer 2021, with 1,200 places for children from Years 1–9. The new school will replace Stavsborgsskolan's current premises. A 25-year rental agreement has been signed with Nacka Municipality. The school is scheduled for completion by the autumn school term of 2023.



**Property category:** Education  
**Country:** Sweden  
**Project type:** New construction  
**Project area:** 13,000 sqm  
**Construction start:** 2021  
**Pre-let:** 100 %  
**Tenant:** Nacka Municipality



### Paavola Campus in Lahti

Approximately 2,500 children and young people will be educated on the Paavola Campus in the City of Lahti. The buildings are undergoing extensive re-development, and new construction is also under way on the campus grounds. The projects will be completed in stages from 2021–2023. The City of Lahti is the tenant and has signed a 20-year rental agreement.



**Property category:** Education  
**Country:** Finland  
**Project type:** Re-development and new construction  
**Project area:** 30,000 sqm  
**Construction start:** 2021  
**Pre-let:** 100 %  
**Tenant:** City of Lahti



### Nursing home in Büttelborn

Hemsö is continuing to grow in the nursing home segment in Germany, and is developing its first nursing home in Büttelborn outside Frankfurt. The nursing home will have 94 beds, 33 senior apartments and one adult day care centre. A 25-year rental agreement for the nursing home and adult day care centre has been signed with Altenheim Victoria GmbH.



**Property category:** Nursing homes  
**Country:** Germany  
**Project type:** New construction  
**Project area:** 6,500 sqm  
**Construction start:** 2021  
**Pre-let:** 100 %  
**Tenant:** Altenheim Victoria GmbH



### Raksila fire and rescue station in Oulu

Raksila fire and rescue station is being adapted for its purpose, with a major focus on sustainability, and health and safety. A 25-year rental agreement has been signed with the City of Oulu. The station will be run by the Oulu-Koillismaa fire and rescue services.



**Property category:** Justice system  
**Country:** Finland  
**Project type:** New construction  
**Project area:** 2,300 sqm  
**Construction start:** 2022  
**Pre-let:** 100 %  
**Tenant:** City of Oulu

## Campus, Uppsala

In 2021, Hemsö acquired a university campus in central Uppsala for conversion into a school campus. The Kronåsen 1:15 property consists of 20 buildings and comprises most of the Information Technology Centre (ITC) area of Campus Polacksbacken. The Campus will offer places for approximately 2,400 students. The new municipal upper secondary school will have modern teaching facilities for 1,400 students. The project will be developed in two phases – the first phase for 800 students will be completed in summer 2023, and the second phase for 600 students will be completed in summer 2024.



**Property category:** Education

**Country:** Sweden

**Project type:** Re-development

**Project area:** 16,200 sqm

**Construction start:** 2022

**Pre-let:** 100 %

**Tenant:** Uppsala Municipality

# Directors' Report

The Board of Directors and Chief Executive Officer of Hemsö Fastighets AB, Corp. Reg. No. 556779-8169 hereby present the 2022 Annual Report for the Group and the Parent Company.

## About the operations

Hemsö is the largest private owners of public properties in Sweden. Hemsö owns, manages and develops properties for nursing homes, education, health care and the justice system. The operations are characterised by a long-term and sustainable approach. Due to its size and geographic presence, Hemsö is well-positioned to meet the changing needs of its tenants over time. Hemsö has a credit rating of A+ from Fitch Ratings and A- from Standard & Poor's.

At 31 December 2022, Hemsö owned 480 properties with a market value of SEK 84.9 billion. The properties are located in Sweden, Finland and Germany. Tenants are mostly state, municipal and regional operators. In addition, Hemsö also has tenants that are private operators but provide taxpayer-funded services. The Third Swedish National Pension Fund is the majority owner and holds, directly and indirectly, 85 per cent of Hemsö.

Hemsö presents some performance measures in the Annual Report that are not IFRS-defined measures. Calculations and definitions of these alternative performance measures (APMs) can be found on pages 131–133.

## Profit from property management

SEK million	2022	2021	Δ%
Rental income	4,073	3,614	12.7
Other income	23	24	-4.0
Property costs	-1,065	-896	18.8
<b>Net operating income</b>	<b>3,032</b>	<b>2,742</b>	<b>10.6</b>
Central administrative expenses	-183	-156	-17.7
Profit/loss from joint ventures	82	177	-53.9
<b>Operating profit</b>	<b>2,931</b>	<b>2,764</b>	<b>6.0</b>
Net interest income	-613	-486	-26.2
<b>Profit after net interest income</b>	<b>2,317</b>	<b>2,278</b>	<b>1.7</b>
<b>- of which Profit from property management</b>	<b>2,309</b>	<b>2,145</b>	<b>7.6</b>
Operating cash flow	2,160	1,944	11.1
NOI margin	74.0%	75.4%	-1.4
Operating margin	71.5%	76.0%	

## Income

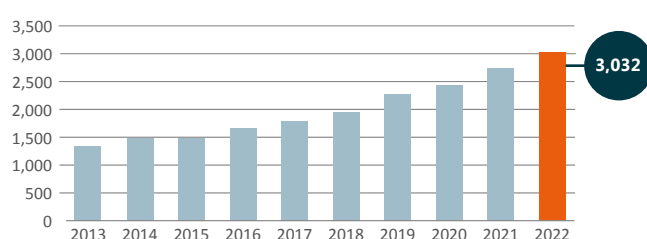
In 2022, rental income amounted to SEK 4,073 million (3,614), up 13 per cent. The increase was a result of implemented acquisitions, completed development projects and investments in the existing portfolio. Rental income in the comparable portfolio rose SEK 178 million (-2), corresponding to 5 per cent (-0.1). Exchange rate fluctuations had a positive impact of SEK 58 million on rental income in the comparable portfolio. At year-end, the economic occupancy rate remained unchanged at 97.9 per cent (97.9) and economic vacancies amounted to SEK 98 million (83). At period-end, contracted annual rent amounted to SEK 4,620 million

(3,815) before rent reductions. Hemsö's rental agreements typically include a Consumer Price Index (CPI) clause, enabling inflation-related adjustments. The rental duration was 9.6 years (9.6). The high credit scores of tenants reduce the risk of credit losses.

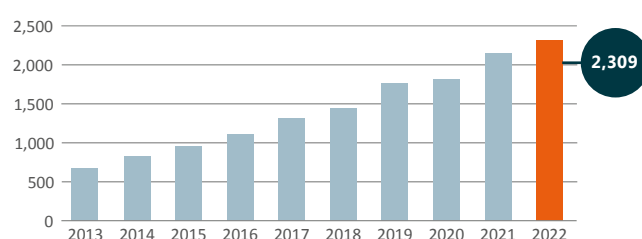
## Costs

Hemsö's property costs largely comprise operating costs such as maintenance, heating, electricity and water, and the cost of routine and planned maintenance. Property costs amounted to SEK 1,065 million (896), up SEK 168 million or 19 per cent. The increase was due to a larger property portfolio and increased operating costs due to higher energy costs.

## Net operating income, SEK million



## Profit from property management, SEK million



Costs in the comparable portfolio increased SEK 104 million, or 13 per cent, mainly due to higher energy costs.

### Net operating income

Net operating income rose SEK 290 million to SEK 3,032 million (2,742), up 11 per cent. The increase was primarily attributable to acquisitions and completed development projects. The NOI margin was 74.0 per cent (75.4), down 1.4 percentage points year-on-year, primarily the result of higher energy costs.

In 2022, net operating income in the comparable portfolio increased to SEK 2,563 million (2,493) due to higher rental income and a positive impact from exchange rate fluctuations.

### Net interest income

Net interest income amounted to an expense of SEK -613 million (-486). The change in net interest income was attributable to higher market rates and margin requirements for new loans, and an increase in interest-bearing liabilities. At year-end, the average interest rate was 1.8 per cent (1.1), an effect of the increase in borrowing costs. The fixed-rate period was 5.6 years (6.3) and interest-bearing liabilities increased to SEK 49,567 million (42,498). Net interest income comprised interest expense of SEK -546 million (-450), other financial expenses of SEK -53 million (-52), interest income of SEK 6 million (1), other financial income of SEK 12 million (43) and interest expense of SEK -31 million (-28) on ground leases and leasehold properties.

### Profit from property management

Profit from property management totalled SEK 2,309 million (2,145), up 8 per cent. The increase was mainly attributable to a larger property portfolio. Exchange-rate fluctuations had a positive impact of SEK 40 million on profit from property management.

### Change in value of properties

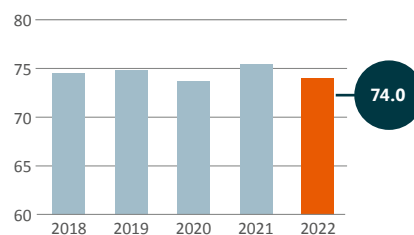
During the year, changes in the value of investment properties amounted to SEK 589 million (7,587), of which unrealised changes amounted to SEK 603 million (7,579). This corresponds to an increase

of 1 per cent (12). Value change attributable to property management and development projects was SEK 4,336 million (2,732), or 6 per cent (4). Value change from property management was positively impacted by high inflation in 2022. Value change related to market factors amounted to SEK -3,733 million (4,847), or -5 per cent (8), due to an upward adjustment of yield requirements in the second half of 2022.

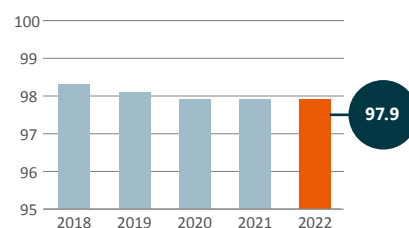
At year-end, high inflation and soaring interest rates had a major impact on the transaction market. While few transactions were completed, they are expected to support higher yield requirements in all segments compared with the first half of 2022. The uncertainty is greater than normal, however.

The weighted yield used in the valuation of Hemsö's property portfolio was 4.5 per cent (4.3). The valuation yield was 4.4 per cent (4.2) in Sweden, 4.2 per cent (4.1) in Germany and 5.2 per cent (4.9) in Finland.

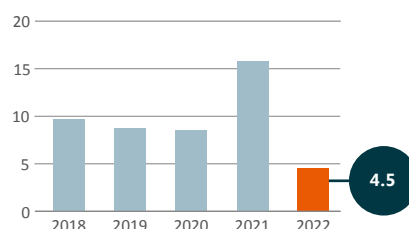
### NOI margin, %



### Economic occupancy rate, %



### Total yield, %



### Net operating income per geographic market

	Sweden	Finland	Germany	Total
Property income, SEK million	2,574	827	697	4,097
Property costs, SEK million	-754	-219	-91	-1,065
<b>Net operating income, SEK million</b>	<b>1,819</b>	<b>607</b>	<b>606</b>	<b>3,032</b>

#### Key ratios

Share of NOI, %	60	20	20	100
NOI margin, %	70.7	73.4	87.0	74.0

### Comparable portfolio

	31 Dec 2022	31 Dec 2021	Change
No. of properties	347	347	-
Market value of properties, SEK million	64,356	61,586	4.5
Property yield, %	4.1	4.1	0.0

Amounts in SEK million	Jan-Dec 2022	Jan-Dec 2021	Change, %
Rental income	3,457	3,279	5.4
Other income	18	21	-15.5
Operating costs	-616	-526	17.3
Maintenance costs	-219	-207	6.1
Other costs	-75	-75	0.8
<b>Net operating income</b>	<b>2,563</b>	<b>2,493</b>	<b>2.8</b>



## Change in value of financial instruments

Changes in the value of financial instruments had a positive impact of SEK 251 million (209) on profit. Changes in the value of interest-rate derivatives had a positive impact of SEK 27 million (200) on profit. Derivatives attributable to currency risk management had a positive impact of SEK 224 million (9) on profit.

## Tax

Recognised tax for the year amounted to SEK -594 million (-1,885), of which current tax accounted for SEK -190 million (-107), and deferred tax for SEK -403 million (-1,779).

## Profit for the year

Profit for the year before tax totalled SEK 3,157 million (10,075) and profit for the year after tax to SEK 2,563 million (8,189), down SEK 5,626 million year-on-year. The decline was mainly attributable to lower changes in the value of investment properties.

## Profitability

Return on equity was 8.8 per cent (33.8). The total yield was 4.5 per cent (15.8).

## Investments

Investments pertains to new development and investments in existing properties. Investments in existing properties usually take place in conjunction with new lettings, with the aim of adapting and modernising the premises and thus increasing the rental value. During the year SEK 3,809 million (4,133) was invested, of which SEK 2,998 million (3,294) pertained to new construction, extension and re-development, and SEK 811 million (839) to improvements and new lettings.

For all ongoing new construction projects with volumes of more than SEK 100 million, the remaining investment volume totalled SEK 1,476 million (2,631).

## Cash flow

Hemsö's operating cash flow rose 11 per cent to SEK 2,160 million (1,944). The increase was mainly attributable to higher profit from property management and lower tax paid. Cash flow from operating activities before changes in working capital was SEK 2,154 million (1,917). The change in working capital was SEK 335 million (597). Investing activities had a negative impact of SEK -6,446 million (-6,099) on cash flow, while borrowings, loan repayments and dividends had a positive

impact of SEK 3,816 million (3,367) on cash flow from financing activities. The overall change in cash and cash equivalents was SEK -142 million (-218).

## Parent Company

Parent Company sales amounted to SEK 118 million (106) and consisted of fees for services to the subsidiaries. Administrative expenses increased to SEK -223 million (-203), mainly attributable to higher personnel costs due to more employees, but also to increased consultancy costs in relation to digitisation projects. Financial items amounted to an expense of SEK -267 million (345). Financial items include interest income of SEK 722 million (671), interest expense of SEK -623 million (-520), profit of SEK 423 million (290) from participations in Group companies, and exchange-rate differences of SEK -714 million (-281). Impairment/reversal of past impairment losses on derivatives amounted to SEK -75 million (185) and profit for the year totalled SEK 518 million (570).

## Employees

At year-end, Hemsö had 158 (153) employees of whom 74 (72) were women. Of all employees, 132 (131) were employed in Sweden, 10 (8) in Germany and 16 (14) in Finland.

## Balance sheet

SEK million	2022	2021	2020	2019	2018
Investment properties	84,879	75,737	62,240	55,027	46,236
Right-of-use assets	932	759	605	582	–
Derivatives	247	161	–	–	–
Other assets	2,864	2,164	1,457	1,348	720
Cash	526	687	891	988	450
<b>Assets</b>	<b>89,447</b>	<b>79,508</b>	<b>65,193</b>	<b>57,945</b>	<b>47,406</b>
Equity	30,028	28,350	20,082	16,714	13,199
Interest-bearing liabilities	49,567	42,498	38,652	35,542	29,728
Lease liabilities	932	759	605	582	–
Derivatives	–	–	231	211	281
Deferred tax	6,557	6,082	4,270	3,600	3,067
Other liabilities	2,363	1,819	1,353	1,296	1,131
<b>Equity and liabilities</b>	<b>89,447</b>	<b>79,508</b>	<b>65,193</b>	<b>57,945</b>	<b>47,406</b>
<b>Payment to shareholders</b>					
Dividend, SEK million	1,072	905	860	721	657
<b>Financial resilience</b>					
Equity, SEK million	30,028	28,350	20,082	16,714	13,199
Equity/assets ratio, %	33.6	35.7	30.8	28.8	27.8
Net asset value, SEK million <sup>1)</sup>	36,586	34,466	24,608	20,525	16,547
Adjusted equity/assets ratio, %	40.9	43.3	37.7	35.4	34.9

<sup>1)</sup> The definitions of net asset value and adjusted equity/assets ratio were updated in 2021 and now include interest-rate derivatives only. The figures for 2020 have been restated.

## Sustainability performance

In accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, Hemsö Fastighets AB has elected to prepare the mandatory Sustainability Report separately from the Annual Report. The Sustainability Report was submitted to the auditor together with the Annual Report. The Sustainability Report is available at [www.hemso.se](http://www.hemso.se)

## Future trends

Despite the strong interest in investing in public properties, investment properties in this segment are still in short supply. Tenant demand for premises in public properties is high and the supply of new premises is limited. Nursing

homes and school premises account for the greatest need, driven by the demographic trend.

## Statement by the Board of Directors regarding the proposed dividend

Due to the Board's proposed dividend, the Board and the CEO hereby issue the following statement, based on the Swedish Companies Act, Chapter 18, Section 4.

The proposed dividend is based on the annual accounts for 2022, which were presented to the Annual General Meeting for adoption on 27 April 2023, with consideration for the company's investment and liquidity requirements.

After the dividend, the equity/assets ratio would be considered satisfactory in light of the continued profitability of the operations conducted by the Parent Company and the Group. Access to liquidity for both the Parent Company and the Group is expected to remain favourable. The Board's view is that the proposed dividend will not prevent the company, or any other Group companies, from meeting their short-term or long-term obligations, or from completing any necessary investments.

The proposed dividend can thereby be justified by reference to the provisions of the Swedish Companies Act, Chapter 17, Section 3, items 2–3 (the prudence concept).

## Proposed appropriation of profits

### Unappropriated earnings available for distribution by the Annual General Meeting, SEK:

Retained earnings	3,425,230,972
Share premium reserve	1,000,000,000
Profit for the year	517,973,853
<b>Total</b>	<b>4,943,204,825</b>

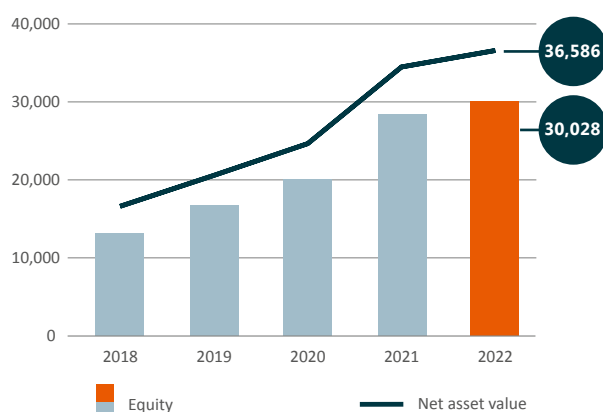
### The Board proposes that the profits be appropriated as follows, SEK:

To shareholders	1,155,000,000
<b>To be carried forward:</b>	
Share premium reserve	1,000,000,000
Retained earnings	2,788,204,825
<b>Total</b>	<b>4,943,204,825</b>

## Dividend Policy

Hemsö's dividend policy is that dividends shall amount to half of the total profit from property management. When determining the dividend proposal, the Board accounts for such factors as the company's investment plans, consolidation needs and financial position in general.

## Development of equity, SEK million



## Major completed development projects, 2022

Municipality	Project	Category	Certification	Area, sqm	Investment, SEK million	Rental duration, years	Rental value increase, SEK million	Occupancy rate, %
Helsinki	Kuparitie 2	Nursing homes	–	3,000	82	12	7	99
Stockholm	Campus Vasastan	Education	–	11,400	279	12	38	100
Lahti	Paavola Campus	Education	–	7,900	165	20	18	100
Västerås	Södra Källtorp Assisted living facility	Nursing homes	Miljöbyggnad	2,300	106	25	5	70 <sup>1)</sup>
Espoo	Espoo family centre	Health care	–	4,900	124	10	17	100
Tyresö	Sköndalsvillan	Nursing homes	Miljöbyggnad	6,900	344	20	15	100
Trelleborg	IES Trelleborg	Education	Miljöbyggnad	11,200	351	20	27	100
Växjö	IES Telestadshöjden	Education	LEED	7,200	306	20	15	100
Helsinki	Arkadiaskolan	Education	BREEAM	5,800	196	15	17	100
Staffanstorps	Vikhem sports centre	Education	Miljöbyggnad	4,300	97	10	7	100
Norrköping	Nordic International School	Education	–	5,100	67	10	16	100
Kungälv	Nordtag preschool	Education	Nordic Swan	2,100	66	15	4	100
Mäntsälä	Hoivamme	Nursing homes	–	1,200	54	12	3	100
Gothenburg	S:t Jörgen	Nursing homes	–	9,000	48	10	12	100
Bjuv	Brogårda assisted living	Nursing homes	Miljöbyggnad	1,000	31	25	2	100
Lund	S:t Lars Park, Building 82	Health care	BREEAM	1,800	27	5	2	100
Lahti	Paavola Campus	Education	–	1,800	31	20	4	100
Ystad	Nordic International School (Vemmenhög <sup>1)</sup> )	Education	–	2,800	19	15	7	100
Gothenburg	Silverkällan	Nursing homes	Miljöbyggnad	13,200	525	12	38	100
Staffanstorps	IES Staffanstorps	Education	Miljöbyggnad	7,000	303	20	17	100
Upplands Väsby	Vågen Vilunda	Nursing homes	Nordic Swan	6,200	223	20	17	100
Täby	Bylegård	Nursing homes	Miljöbyggnad	5,600	156	20	14	100
Lappeenranta	Lauritsala fire and rescue station	Justice system	–	3,100	118	20	8	100
Västerås	Södra Källtorp preschool	Education	Miljöbyggnad	2,700	66	23	3	100
Kuopio	Hoivamme	Nursing homes	–	1,200	52	15	3	100
Kungälv	Tjuvkil preschool	Education	Nordic Swan	1,300	47	15	3	100
<b>Total</b>				<b>130,000</b>	<b>3,885</b>	<b>16</b>	<b>318</b>	

<sup>1)</sup>The vacancy is attributable to housing. Letting is in progress.

	Public-sector tenant
	Private-sector tenant

## Hemsö's five largest ongoing development projects

Municipality	Project	Certification	Type of inv.	Category	Area, sqm	Investment, SEK million	Remaining investment, SEK million	Rental value increase, SEK million	Occupancy rate, %	Completion, year
Västerås	Kristiansborg, school and housing	Miljöbyggnad	N	Education	9,900	498	455	24	61	2024
Huddinge	Nya Novum	–	R	Health care	38,700	390	185	0	87	2024
Stockholm	Lilla Tensta	–	R	Education	16,800	367	251	30	0	2023–2026
Nacka	Stavsborgsskolan	Miljöbyggnad	N	Education	13,000	327	100	33	100	2023
Uppsala	Campus Kronåsen, Uppsala Municipality	–	R	Education	16,200	250	194	37	100	2023
Potsdam-Mittelmark	Kleinmachnow	–	N	Nursing homes	7,600	218	6	11	100	2023
Groß-Gerau	Büttelborn	–	N	Nursing homes	6,200	184	50	12	100	2023
Lahti	Paavola Campus <sup>1)</sup>	–	R	Education	6,500	177	61	17	100	2023
Lund	Växthusets sports centre	Miljöbyggnad	N	Education	4,700	123	35	8	100	2023
Västerås	Kristiansborgsbadet	–	R	Education	5,100	116	34	4	100	2023
Oulu	Raksila fire and rescue station	BREEAM	N	Justice system	2,300	105	104	7	100	2023
<b>Total</b>					<b>127,000</b>	<b>2,756</b>	<b>1,476</b>	<b>181</b>		

Type of investment: N=New construction, R=Re-development

<sup>1)</sup> In total, 4 of 5 development projects were completed by Q4 2022.

	Public-sector tenant
	Private-sector tenant



# Financing

Hemsö's financing aims to maintain a stable capital structure and low financing costs over time. Despite an occasionally turbulent financial market, Hemsö experienced good access to capital during the year. Hemsö continued to diversify its financing by taking out a 20-year bond loan in JPY. Hemsö also worked pro-actively to maintain the company's loan maturity and fixed-rate periods in order to reduce risk and secure stable cash flows.

## Debt management

Hemsö's Treasury Department is responsible for ensuring the company's long-term financing and for minimising costs based on identified risk constraints. To achieve this goal, Hemsö works actively to broaden the company's financing to reduce the need for single creditors and markets. Hemsö owns properties in Sweden, Finland and Germany, which means that the company has an underlying need for financing in both SEK and EUR.

## Good access to capital

The fixed-income market has been volatile in recent years due to high inflation and the war in Ukraine. This was particularly noticeable towards the end

of the year, which was characterised by rate hikes linked to high inflation outcomes. Despite the turbulence, Hemsö had good access to finance during the year and did not therefore need to draw on its existing credit facilities. In 2022, Hemsö issued bonds with a value of SEK 6,726 million and an average maturity of 5.5 years, where the average credit spread was 90 basis points.

## Higher proportion of sustainable finance

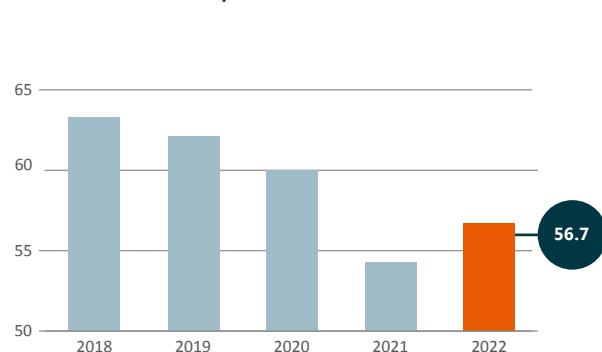
Sustainable finance is becoming increasingly important in Hemsö's borrowing. In 2022, Hemsö issued an amount corresponding to SEK 4,411 million under its sustainability bond framework. In addition, Hemsö utilised

a previously signed loan agreement for SEK 1,000 million with the European Investment Bank (EIB). The total amount of Hemsö's outstanding sustainable finance is SEK 13,097 million.

## Hemsö's credit rating

Hemsö has a long-term credit rating of 'A+' from Fitch Ratings and 'A-' from Standard and Poor's, with a stable outlook affirmed by both agencies. To increase transparency and comply with the capital market's requests, Hemsö is currently evaluated by two credit rating agencies. This helps to create a better understanding of the company's business model and financial risk profile.

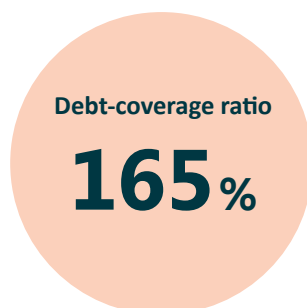
Loan-to-value ratio, %



Capital structure

SEK million	2022	2021
Interest-bearing liabilities	49,567	42,498
Cash and cash equivalents	526	687
<b>Net debt</b>	<b>49,041</b>	<b>41,811</b>
Market value of properties	84,879	75,737
Joint ventures	1,665	1,271
<b>Property assets</b>	<b>86,544</b>	<b>77,008</b>
Loan-to-value ratio, %	56.7	54.3
Secured debt, %	0.0	0.0

## Capital structure



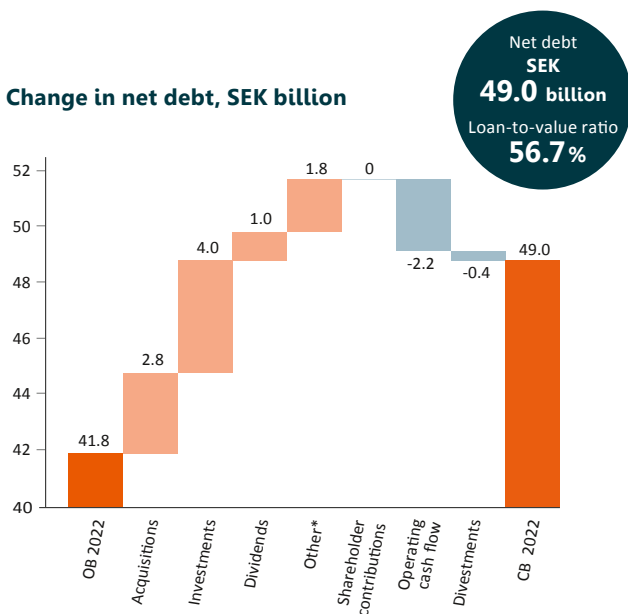
### Sources of funding

SEK million	2022	2021
Bonds, SEK	14,938	12,617
Bonds, EUR	19,404	17,514
Bonds, NOK	2,072	2,010
Bonds, USD	1,252	1,085
Bonds, JPY	792	–
Bonds, AUD	354	328
<b>Total bonds</b>	<b>38,813</b>	<b>33,555</b>
<i>Of which sustainability bonds</i>	<i>8,173</i>	<i>3,712</i>
Commercial papers	4,996	4,490
European Investment Bank	4,123	2,887
Nordic Investment Bank	800	800
Schuldschein	835	767
Secured loans	–	–
<b>Interest-bearing liabilities</b>	<b>49,567</b>	<b>42,498</b>
<i>Of which sustainable finance</i>	<i>13,097</i>	<i>7,400</i>

### Committed credit facilities and underwriting commitments

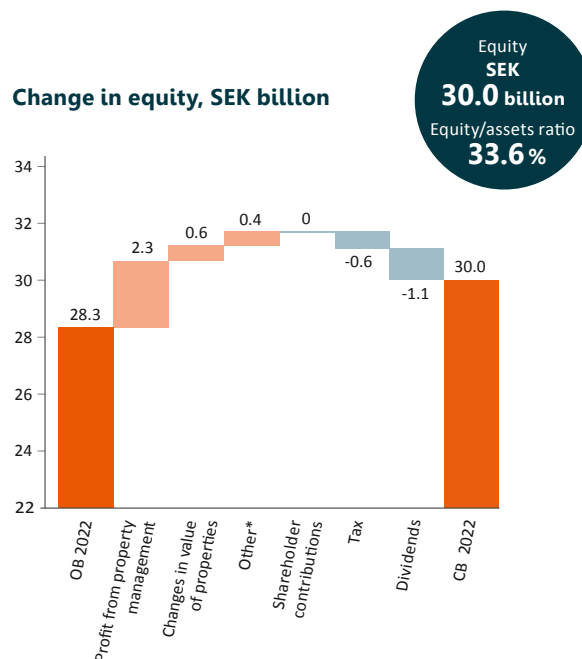
SEK million	2022	2021
Banks	7,500	6,500
Third Swedish National Pension Fund	6,000	5,000
European Investment Bank	–	1,000
<b>Total</b>	<b>13,500</b>	<b>12,500</b>
Cash and cash equivalents	526	687
<b>Available liquidity</b>	<b>14,026</b>	<b>13,187</b>
Short-term borrowings	8,503	7,600
Debt-coverage ratio, %	165	174

### Change in net debt, SEK billion



\* Exchange differences, derivatives, capital gains and changes in working capital.

### Change in equity, SEK billion



\* Translation reserve, minority share, adjustment of joint ventures and derivatives.



**Secure borrower with credit ratings from Standard & Poor's and Fitch Ratings**

Hemsö was assigned a credit rating from Standard and Poor's in 2015, and from Fitch in 2020. The rating from S&P is 'A-' with a stable outlook and 'A+' from Fitch since March 2021. The official credit ratings meet the needs of more investors and increase the number of potential buyers of the company's bonds, which has helped to attract new foreign investors in recent years.

**S&P Global Ratings**

**Fitch Ratings**

**Capital structure**

At year-end, assets totalled SEK 89,447 million (79,508). Hemsö financed its operations with equity of SEK 30,028 million (28,350), interest-bearing liabilities of SEK 49,567 million (42,498), deferred tax liabilities of SEK 6,557 million (6,082) and other liabilities of SEK 2,363 million (1,819). The interest-bearing liabilities comprised uncovered bonds of SEK 38,813 million (33,555), Schuldschein of SEK 835 million (767), commercial papers of SEK 4,996 million (4,490), and unsecured loans of SEK 4,923 million (3,687) from EIB and NIB. At year-end, Hemsö's loan-to-value ratio was 56.7 per cent (54.3).

**Diversified funding sources**

Hemsö is an established issuer in the Swedish and European bond markets. At year-end, Hemsö had outstanding bonds of SEK 14,938 million (12,617) in the Swedish capital market, making the com-

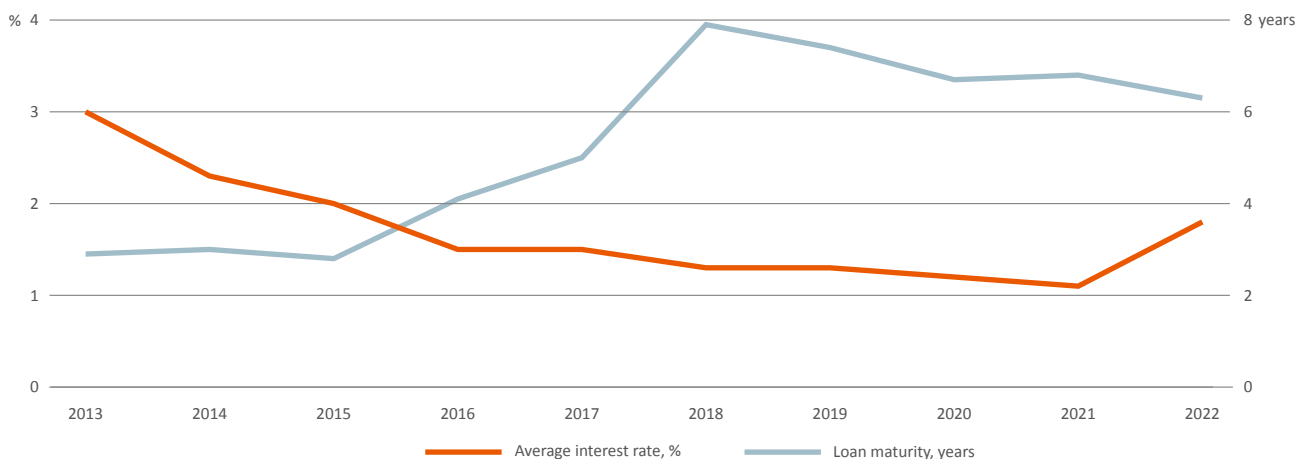
pany one of the largest corporate bond issuers in Sweden. Hemsö has been issuing bonds in the European market since September 2016 and at year-end, the total issuance of outstanding EUR-denominated bonds corresponded to SEK 19,404 million (17,514), making Hemsö an established name among European investors.

In recent years, Hemsö has continued to diversify its funding with bond loans from Asian investors and by raising loans in the German Schuldschein market. Hemsö has previously issued bonds in AUD, NOK and USD and at year-end, had the equivalent of SEK 354 million (328) in Australian bonds, SEK 2,072 million (2,010) in Norwegian bonds and SEK 1,252 million (1,085) in US bonds. In 2022, Hemsö also issued bonds in JPY and at year-end, had an amount corresponding to SEK 792 million (-) in Japanese bonds.

**Hemsö's credit rating**

Credit rating agency	Long-term	Short-term	Outlook	Date
Fitch Ratings	A+	F1+	Stable	30 Mar 2022
Standard & Poor's	A-	A-2	Stable	6 Sep 2022

**Average interest rate and loan maturity**



### Focus on stable cash flows

Hemsö works pro-actively to secure stable and predictable cash flows for the company. Through access to European capital markets and a well-planned borrowing strategy, the company had a long fixed-rate period of 5.6 years (6.3) at year-end. The loan maturity remained long at 6.3 years (6.8). At year-end, Hemsö's average interest rate was 1.8 per cent (1.1).

### Focus on "unsecured" capital market financing

Hemsö's strategy to focus on unsecured capital market financing will continue. Hemsö had already repaid all remaining secured debt in 2018, and has no outstanding secured debt. This reduces the risk associated with the company's bonds and commercial papers.

### Interest-bearing liabilities

At year-end, Hemsö had interest-bearing liabilities of SEK 49,567 million (42,498), representing a loan-to-value ratio of 56.7 per cent (54.3). Of Hemsö's interest-bearing liabilities, SEK 43,117 million (35,602) carries fixed rates and SEK 6,450 million (6,897) variable rates. Of Hemsö's liabilities, 71 per cent had a fixed-rate period of more than one year.

### Bonds

Hemsö has an EMTN programme with a ceiling of EUR 6,000 million. In 2022, Hemsö issued bonds with a total nominal value of SEK 6,726 million. At 31 December 2022, the bond volume amounted to SEK 38,813 million (33,555), of which SEK 8,173 million (3,712) consisted of 16 sustainability bonds. The EMTN bonds are traded on Euronext Dublin.

### Commercial papers

Hemsö has a commercial paper programme with a ceiling of SEK 8,000 million. At 31 December 2022, Hemsö had SEK 4,996 million (4,490) in commercial paper outstanding.

### Committed credit facilities and liquidity

To reduce the company's liquidity and refinancing risk, Hemsö has committed credit facilities. Committed credit facilities can be drawn to refinance bonds, commercial papers or other debts due. They can also be used to finance the operations. At 31 December 2022, Hemsö's undrawn committed credit facilities totalled SEK 13,500 million (12,500), comprising an underwriting commitment of SEK 6,000 million (5,000) from the Third Swedish National Pension Fund and committed credit facilities of SEK 7,500 million (7,500) from banks. At year-end, cash and cash equivalents amounted to SEK 526 million (687), bringing available liquidity to SEK 14,026 million (13,187).

Average interest rate

**1.8%**

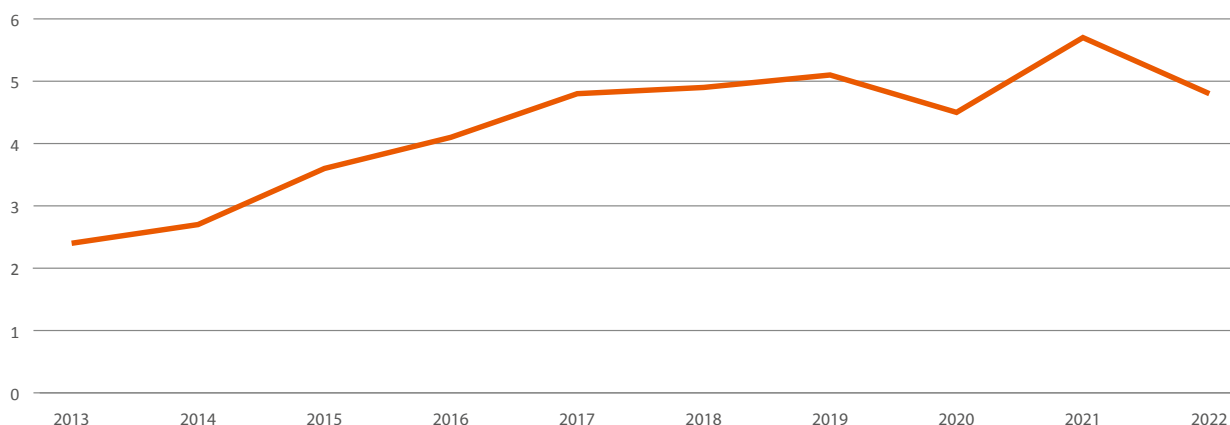
Share of secured debt

**0.0%**

Committed credit facilities

**SEK 13.5 billion**

### Interest-coverage ratio, times



4.8



## Interest-rate derivatives and foreign exchange swaps

Hemsö uses interest-rate derivatives and foreign exchange and cross currency swaps to manage interest rate and currency risk. Interest-rate derivatives are used to manage the length of the fixed-rate period and thereby adjust the interest-rate risk to the desired level. Foreign exchange and cross currency swaps are used to manage and reduce the currency risk. At year-end, the surplus value of Hemsö's derivatives portfolio was SEK 247 million (161). In early 2022, all interest-rate derivatives were settled in advance and at year-end, the value of the interest-rate derivatives was SEK 0 million (4,800). The value of cross currency swaps corresponded to SEK 8,020 million (3,187).

## Value changes

Changes in the value of financial instruments had a positive impact of SEK 251 million (209) on profit. Changes in the value of interest-rate derivatives had a positive impact of SEK 27 million (200) on profit. Derivatives attributable to currency risk management had a positive impact of SEK 224 million (9) on profit.

## Currency exposure

Exposure in currency is defined as the difference between the value of the company's assets in EUR (property value and cash and cash equivalents) and liabilities in the same currency. To minimise currency risk, Hemsö's assets in EUR will largely be financed with liabilities in EUR. Hemsö can also use foreign

exchange and cross currency swaps to manage the currency exposure. At 31 December 2022, net exposure defined as property assets and cash including currency hedging less interest-bearing liabilities amounted to EUR 20.3 million, corresponding to SEK 226 million. The amount represents 0.8 per cent of consolidated equity.

### Currency exposure

SEK million	31 Dec 2022	31 Dec 2021
Properties, EUR	29,684	25,227
Joint ventures, EUR	1,463	1,059
Cash, EUR	665	-6
<b>Assets, EUR</b>	<b>31,812</b>	<b>26,280</b>
Debt, EUR	23,562	20,368
Currency swaps, EUR	8,020	3,187
<b>Exposure, EUR</b>	<b>230</b>	<b>2,725</b>
Debt, NOK, USD, JPY and AUD	8,071	3,423
Currency swaps, NOK, USD, JPY and AUD	-8,071	-3,423
<b>Exposure NOK, USD, JPY and AUD</b>	<b>0</b>	<b>0</b>
Currency hedging	-	-
<b>Currency exposure</b>	<b>230</b>	<b>2,725</b>
Equity	30,028	28,350
<b>Currency exposure, %</b>	<b>0.8</b>	<b>9.6</b>



## Financial Policy

Hemsö's Financial Policy is decided annually by the Board and provides frameworks for financing activities. The policy describes the company's approach to financial risk management by regulating the distribution of responsibilities and risk management mandates, and establishing reporting, monitoring and control principles. The overall objective is to secure a stable, long-term and cost-efficient capital structure within the risk management mandates set by the Board.

## Summary of Financial Policy

Financing risk	Policy	Outcome
Loan-to-value ratio	Max. 60%	56.7%
Loan maturity	At least 3 years	6.3 years
Debt-coverage ratio	At least 125%	165%
Share of secured debt	Max. 20%	0.0%
<b>Interest-rate risk</b>		
Interest-coverage ratio	At least 3.0 times	4.8 times
Fixed-rate period	3–8 years	5.6 years
Fixed-rate maturity	Max. 40% < 1 year	29%
<b>Counterparty risk</b>		
Financial instruments	A- (S&P)	Fulfilled
<b>Currency risk</b>		
Currency exposure	Max. 20%	0.8%



## Loan maturity and fixed-rate period

Maturity year	Loan maturity			Fixed-rate period	
	Credit agreements, SEK million	Drawn, SEK million	Share, %	SEK million	Share, %
2023	3,501	3,501	7.1	14,234	28.7
2024	15,033	4,533	9.1	1,597	3.2
2025	5,408	3,408	6.9	2,058	4.2
2026	7,918	6,918	14.0	6,118	12.3
2027	2,196	2,196	4.4	1,696	3.4
2028	5,631	5,631	11.4	5,531	11.2
2029	4,516	4,516	9.1	4,516	9.1
2030	2,315	2,315	4.7	2,315	4.7
2031	1,097	1,097	2.2	1,097	2.2
2032	1,158	1,158	2.3	1,158	2.3
2033	1,689	1,689	3.4	1,689	3.4
2034	1,113	1,113	2.2	1,113	2.2
2035	1,501	1,501	3.0	1,501	3.0
2036	–	–	–	–	–
2037-	4,995	4,995	10.1	4,945	10.0
<b>Total</b>	<b>58,071</b>	<b>44,571</b>	<b>89.9</b>	<b>49,567</b>	<b>100.0</b>
Commercial papers		4,996	10.1		
<b>Total</b>		<b>49,567</b>	<b>100.0</b>		

# Risk management

Hemsö is exposed to various risks that may affect the company's future operations, costs and results. Risks and opportunities are continuously identified and managed within the operations. The Board is ultimately responsible for the company's risk management. Hemsö defines risk as a conceivable future event that could affect the company's achievement of its targets. Risks and uncertainties do not necessarily have a negative impact. They may also have the potential to become a business opportunity.

The pandemic and the war in Ukraine have had a negative impact on the global economy. Higher interest rates and inflation are creating major challenges for many municipalities and regions in Hemsö's markets.

Despite a fragile market, Hemsö maintained continuous good access to capital markets, albeit at higher borrowing costs.

Hemsö a long loan maturity and fixed-rate period, which creates stability. At 31 December 2022, 71 per cent of the loan portfolio was hedged against rising rates and 29 per cent carried variable interest rates, which means that net interest income was impacted by changes in market rates. Access to building materials, increased costs and delayed deliveries also affected Hemsö's project activities.



Kornellen nursing home in Örebro.

## Strategic risks



### Changes in value properties

#### Risk

Hemsö recognises properties at fair value, which is equal to their market value. Changes in value affect Hemsö's income statement, financial position and loan-to-value ratio. Changes in value may arise due to macroeconomic changes, but also for market or property-specific reasons.

The value of properties is also affected by Hemsö's contract and tenant structure, and by Hemsö's ability to optimise and develop the properties. There is also a risk that individual properties are incorrectly valued.

#### Management

Hemsö's portfolio of public properties with stable cash flows are mainly con-

centrated to geographic markets with population growth, economic growth and a highly liquid market for transaction settlements.

Hemsö's Board has adopted a valuation policy that governs Hemsö's valuation process.

The property portfolio has a wide geographical spread in three countries, which balances the risk profile. Hemsö performs continuous market analyses and assessments of the property portfolio's value. The market value of all properties is determined each quarter. The market values are established using externally procured valuations and Hemsö's internal calculation model.



### Income and vacancy risk

#### Risk

Risk factors for Hemsö's rental income and vacancy rate include cyclical fluctuations and the market's need for public properties which, in turn, depends on the demographic trend.

#### Management

Most of Hemsö's tenants conduct operations that are directly or indirectly publicly funded, have long-term rental agreements and high creditworthiness. Income-loss risk and vacancy risk are therefore considered low. The risk of bad debt loss is limited because Hemsö

always performs credit assessments before signing new rental agreements, and continuously monitors the creditworthiness of its tenants. The vast majority of Hemsö's tenants are state, municipal and regional operators with high creditworthiness, which also limits the risk. The occupancy rate is high and will remain stable over time.

In 2022, the occupancy rate was 97.9 per cent. Hemsö's target is an average remaining rental duration of at least five years. In 2022, it was 9.6 years.



### Political and macroeconomic risk

#### Risk

Macroeconomic risks are risks related to overall economic demand, inflation and a general lack of access to financing. Political risk is risk associated with changed conditions due to policy decisions that affect Hemsö.

#### Management

Hemsö performs ongoing macroeconomic monitoring and analysis

to update the risk register. Hemsö also maintains ongoing dialogue with shareholders and other stakeholders. Macroeconomic factors, credit markets and Hemsö's other markets, as well as transactions, are regularly monitored by Hemsö's business council and finance council.

## Strategic risks, cont.



### Property portfolio composition

#### Risk

When acquiring existing properties or land on which Hemsö intends to construct new buildings (through development projects), there is a risk that the property is situated in a sub-market, city or location that may be unfavourable in relation to future growth and the need for premises.

There is also a risk that Hemsö holds obsolete properties, meaning properties that do not meet technical standards, or customer requirements and expectations.

#### Management

As one of Sweden's largest public property owners, Hemsö develops economies of scale and expertise in order to provide purpose-built premises for its tenants. Hemsö works continuously with macroanalyses and analyses of its sub-markets' conditions, including demographic trends, the rental market and so forth.

Hemsö regularly reviews the portfolio and its exposure in various sub-markets and segments. Hemsö also maintains regular contact and dialogue with stakeholders, including municipalities, and ongoing dialogue with customers to achieve a better understanding of their current and future needs.

## Operational risks



### Property costs

#### Risk

Hemsö's property costs are mainly derived from operating costs related to heating, electricity, maintenance, property tax and ground rent. Unless offset by higher rental income, increased or unexpected property costs could have a negative impact on Hemsö's earnings.

#### Management

Hemsö works intentionally to reduce property costs by maintaining an efficient organisation with specialised expertise, a structured purchasing process and procurements in order

to limit costs and seek economies of scale wherever possible. Hemsö works continuously to reduce its energy use by conducting energy projects and operational optimisation.

Hemsö hedges most of the electricity consumed. In most cases, tenants are charged for costs related to electricity and heating. Unforeseen damage and repairs could have a negative impact on earnings and are prevented through proactive and long-term maintenance.



### Liability risk

#### Risk

Liability risk is primarily risk related to damages on Hemsö's properties, and accidents or incidents that cause personal injury or damage to property for which Hemsö is held liable.

#### Management

The risks are limited through Hemsö's full value insurance for all properties. Hemsö is also covered by property damage liability insurance. Hemsö also reduces this risk by performing self-assessments and working preventively to prevent injuries, and by specifying requirements in supplier contracts. Prior to acquisitions, and within the due diligence framework, an environmental

inventory is carried out to identify any interior or exterior environmental liabilities and rectify environmental risks if necessary, and a technical investigation is carried out to identify any maintenance liabilities.

The risk of human rights violations in the supply chain is prevented through central governing documents such as Hemsö's purchasing process and by specifying supplier requirements through, for example, Hemsö's Code of Conduct for Suppliers.

## Operational risks, cont.



### Property acquisitions

#### Risk

Risks associated with acquisitions mainly comprise misjudgements of market yield requirements, rental levels, vacancies, the ability of tenants to pay, the acquired company's obligations, environmental conditions and technical liability.

#### Management

Acquisition risk is reduced by quality-assured and standardised internal processes and tools. Hemsö always

performs a prior due diligence and analysis of the micro-market (such as the geographical location), economics, agreements and the property's technical conditions and appropriateness with the assistance of internal and external specialists. All acquisitions are carried out with the intention of long-term ownership and management. Completed acquisitions are followed up internally.



### Tax

#### Risk

Changes in the rules for corporate tax, property tax and VAT could have either a positive or negative effect on Hemsö's earnings. The regulations have also become more complex with enhanced disclosure requirements. One risk is that Hemsö does not comply with current tax legislation.

#### Management

To ensure that Hemsö manages tax in accordance with applicable laws and regulations, Hemsö has procedures for effective internal control. Correct management is ensured through both

internal and external quality assurance, established procedures and regular training for employees. Hemsö's Board has adopted a Tax Policy for Hemsö's tax management.

Hemsö maintains a commercial approach to tax expense, but also applies the prudence concept in line with Hemsö's core values of acting sustainably and reliably. Hemsö continually monitors proposed legal and regulatory changes in order to respond early, establish procedures and thereby adapt the operations.



### Project risk

#### Risk

New construction, extension and re-development entails a risk that customer needs and expectations are not met, that regulatory permits are not granted, or that the cost of a project increases due to delays or project failure.

#### Management

The risks are limited by only investing in projects in markets where Hemsö has good market knowledge, and where demand is favourable for Hemsö's premises. Hemsö focuses on growth

areas in all countries. The risk is also limited by using turnkey contracts for most development projects and, in general, by not starting construction until the property is fully let.

Hemsö quality-assures its development projects with standardised internal processes, a high level of internal project competence and creditworthy contractors and partners.



## Crises

### Risk

Crises can include external events including terrorist and cyber attacks, extreme weather events, pandemics, environmental disasters and serious accidents, information leaks, negative branding and business disruptions.

Crises can also arise internally, such as non-compliance with procurement directives, bribery and embezzlement, unethical conduct and leaks of inside information. Outages or errors in critical systems can have a negative impact on Hemsö, primarily in relation to business continuity and financial reporting.

### Management

Hemsö works actively with crisis prevention. Hemsö has an established crisis organisation, guidelines for crisis management and an IT continuity plan. Hemsö also works continuously to improve internal processes and procedures to prevent crises from arising, and to reduce any damage that may arise.



## Environment and climate

### Risk

Environmental and climate-related risks refer to the company's impacts on the environment and the surrounding community, and the risk that climate change could impact the company. Environmental impacts occur from both construction and the daily operation of properties.

Changed legislation, regulatory requirements and growing customer demands may entail a risk of higher costs and financial losses. Climate change entails transition, political and regulatory risks, as well as physical risks such as rising sea levels and increased precipitation.

### Management

Hemsö works systematically with preventive measures to achieve a good indoor environment, energy efficiencies and renewable energy, sustainable material choices and safe handling of chemicals and waste in the company's properties. This includes environmental certification of all newly developed buildings. Large existing properties are also certified.

For new development, Hemsö chooses materials based on SundaHus Material Data assessments to protect

human health and the environment. Environmental and climate-change due diligence is carried out prior to acquisitions.

Hemsö has clear procedures for following the applicable regulations regarding property owner responsibility for emissions from property operations.

In 2019, Hemsö adopted a climate strategy focused on managing climate-related risk for the operations. Based on the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), risks and opportunities are identified and documented in order to improve resilience to climate change.

The focus for systematic sustainability initiatives is determined in agreement with stakeholders and is reviewed annually to capture any changes in needs or requirements. These efforts are followed-up and communicated to stakeholders in the annual sustainability report. Management is based on a Sustainability Policy and sustainability guidelines.

## Operational risks, cont.



### Employees

#### Risk

Employee risk mainly relates to Hemsö's inability to meet its own needs for competence, and the risks associated with employee health. If Hemsö is unable to attract competent and qualified staff, or if key employees leave Hemsö, this could have a negative impact on the operations.

Risks related to employee health are problems associated with sick leave which, in addition to the problems these cause for individuals, may also cause problems related to the handling of tasks and continuity.

#### Management

Hemsö has a structured method for working preventively with both competence development and health. Hemsö works actively to be a reliable employer and strives for an open and transparent work environment based on Hemsö's values.

Hemsö has an OHS management system that governs how Hemsö works. Employee surveys are conducted every year to monitor the results, and one metric is the Net Promoter Score (NPS). In 2022, Hemsö's score increased from 74 to 81, which is higher than the benchmark (54).

Hemsö works continuously to maintain a pipeline of talented employees through internal training programmes via Hemsö's Social School, and through trainee and work placement programmes. All managers at Hemsö undergo a leadership development programme. Succession planning is in place for key people and senior positions.

Hemsö works systematically with health and safety by setting targets that are monitored annually. Hemsö works preventively with employee wellness, which includes regular health checks and wellness activities for all employees.

## Changed regulations and regulatory compliance



### Changed regulations

#### Risk

Changes in laws, rules and regulations can impact Hemsö in the form of higher costs and impairment of Hemsö's reputation and brand.

Most of Hemsö's tenants conduct taxpayer-funded operations on behalf of the state, a municipality or a region. These activities are largely dependent on state policy and regulatory requirements in regard to property ownership, letting, rent levels and premise requirements.

New or amended laws and regulations could have an adverse effect on Hemsö's operations and financial results.

#### Management

Hemsö continually monitors proposed legal and regulatory changes in order to respond early and adapt the operations. Hemsö participates actively in matters of public debate that affect Hemsö and in such cases, submits responses to proposed legislative changes.



## Changed regulations and regulatory compliance, cont.



### Regulatory compliance

#### Risk

Failure to comply with regulations, as well as fraud and corruption, could lead to economic loss and sanctions, as well as impairment of Hemsö's reputation and brand.

#### Management

Hemsö has effective, continuous internal control and quality assurance at several levels, and well-documented processes. Third-party auditors

perform annual audits. To reduce corruption risk, Hemsö has a central policy and process for purchasing and authorisation. Hemsö has an internal Code of Conduct for the company, and one for suppliers. Hemsö also has a whistleblowing system for internal use as well as for suppliers and external stakeholders.

## Financial risks



### Financing

#### Risk

Financing risk is the risk of not being able to access the capital required by Hemsö's operations, or that financing can only be obtained at a significantly higher cost. A large proportion of Hemsö's capital is raised on capital markets, mainly supplied by bonds and commercial papers. As these loans mature, they must be repaid or refinanced.

#### Management

Hemsö has diversified sources of funding, a well-balanced maturity spread and a long-term loan maturity. At year-end, the loan maturity was 6.3 years.

Short-term debt mainly comprises commercial papers, but also maturing bonds. To further reduce financing risk and manage its short-term debt, Hemsö has undrawn committed credit facilities. At 31 December 2022, these amounted to SEK 13,500 million and were issued by several Nordic banks and Hemsö's owner.

Hemsö's Financial Policy regulates the distribution of responsibilities and risk mandates, and establishes principles for reporting, monitoring and internal control.



### Interest

#### Risk

Interest-rate risk is the risk that market-rate fluctuations and credit margins will have a negative impact on Hemsö's cash flow, or on the fair value of financial assets and liabilities. Interest expense is Hemsö's single largest cost item.

#### Management

To manage its interest-rate risk, Hemsö issues fixed-rate bonds or extends

variable-rate loans using interest-rate derivatives with different maturities. Hemsö's average fixed-rate period should range from three to eight years, and no more than 40 per cent of the interest should be due within 12 months.

At 31 December 2022, Hemsö's average fixed-rate period was 5.6 years, and 29 per cent was due within 12 months.

## Financial risks, cont.



### Counterparty

#### Risk

Derivatives, long and short-term credit agreements and investments of temporary surplus liquidity entail the risk that a financial counterparty is unable to fulfil all or some of their obligations.

#### Management

Hemsö only enters into financial transactions with counterparties with high credit ratings. Derivatives are only contracted with bank counterparties with a minimum credit rating of A-/A3 (S&P/Moody's), or if collateral can be provided. Excess liquidity is only invested in instruments with a rating equal to or higher than Investment Grade.



### Currency

#### Risk

In addition to Hemsö's property portfolio in Sweden, Hemsö owns properties in Finland and Germany. Hemsö therefore has income, expenses, assets and liabilities in EUR. Hemsö is therefore exposed to the risk of exchange-rate fluctuations affecting Hemsö's income statement and balance sheet.

#### Management

Hemsö's currency risk is limited to EUR. The foreign properties are financed with external financing in EUR, which minimises risk. Currency exposures must not exceed 20 per cent of consolidated equity without currency hedging.

At 31 December 2022, Hemsö's currency exposure in EUR corresponded to SEK 230 million, representing 1 per cent of consolidated equity.



### Liquidity

#### Risk

Liquidity risk is the risk of not having access to cash and cash equivalents. Hemsö's payment commitments mainly comprise the ongoing costs of operation and maintenance, investments and interest expense. Loan maturities account for the largest payment obligations.

#### Management

Hemsö's business model is based on a stable and predictable cash flow. Hemsö makes regular liquidity forecasts to increase predictability and ensure sufficient funds to meet loan maturities and other major payment commitments.

Hemsö should also maintain an adequate liquidity buffer. The debt/equity ratio (available liquidity in relation to short-term borrowings) should be at least 125 per cent. At year-end, the ratio was 165 per cent.

## Sensitivity analysis

### Sensitivity analysis

	Change	Earnings effect before tax, SEK million
Rental income	+/- 1%	+/- 41
Economic occupancy rate	+/- 1 percentage point	+/- 47
Property costs	+/- 1%	+/- 11
Interest rates, market	+/- 1 percentage point	-124/+112
Valuation yield, change in value of properties	+/- 0.5 percentage point	-10,028/+13,130
EUR/SEK (effect on profit from property management)	+/- 10%	+/- 83

# Corporate governance

Corporate governance refers to the rules and structure established to efficiently and systematically control and direct the operations of a limited company. Corporate governance in Hemsö is based on the Swedish Companies Act, the Articles of Association, the rule book for issuers of interest-bearing instruments in the marketplaces where Hemsö is listed, policies, internal regulations and guidelines.

The Swedish Corporate Governance Code ("the Code") is applied by all companies whose shares or depositary receipts are traded on a regulated market. With only bonds listed on Nasdaq Stockholm, Hemsö is not required to apply the Code.

## Shares and ownership

At year-end, Hemsö's share capital was SEK 1,000,010, divided between a total of 100,001,000 shares. The company's shares carry one vote per share and entitle the holder to a corresponding proportion of the company's assets and dividends. The Annual General Meeting resolves on dividends.

Hemsö's owners are the Third Swedish National Pension Fund (70 per cent of the share capital and votes) and Hemsö Intressenter AB (30 per cent of the share capital and votes). Hemsö Intressenter AB is 50 per cent owned by both the Third Swedish National Pension Fund and AB Sagax.

## Annual General Meeting

The Annual General Meeting (AGM) is the company's highest decision-making body. All shareholders registered in the share register by the record date and who have notified their participation in time are entitled to participate in

the Meeting. Decisions at the AGM are normally made by simple majority. Under the Swedish Companies Act, some decisions, such as amendment of the Articles of Association, require a qualified majority. The AGM is to be held within six months of the end of the financial year. Issues addressed at the AGM include dividends, adoption of the income statement and balance sheet, discharge from liability for Board members and the CEO, the election of Board members, Board Chairman and auditors, and fees to Board members and auditors. The Articles of Association contain no restrictions on the number of votes any one shareholder may cast at the AGM.

## 2022 Annual General Meeting

The 2022 AGM was held on 28 April 2022 in Stockholm. All shares were represented. The 2022 financial statements were adopted and the Board members and CEO were granted discharge from liability. Decisions were also made regarding the election of Board members, Chairman of the Board and auditors, the fees paid to Board and Committee members and auditors.

The AGM did not grant the Board authorisation to issue new shares or repurchase own shares.

## Extraordinary General Meetings

An Extraordinary General Meeting (EGM) was held on 1 July 2022. All shares were represented. A decision was made to appoint a new Board member, Johanna Skogestig.

## Board of Directors

The duties of the Board of Directors include determination of the company's overall objectives and strategies, business plan and budget, to submit interim



reports and financial statements and to adopt policies. The Board is also to monitor the financial performance, assure the quality of the financial reporting and internal control and evaluate the company's operations based on the objectives and policies adopted by the Board. Finally, the Board also makes decisions on major investments, and on organisational and operational changes in the company.

The Board's work is regulated by the Swedish Companies Act, the Articles of Association and Board terms of reference. The Board's overall responsibilities cannot be delegated, but the Board may appoint a committee to prepare and evaluate matters for decision by the Board.

Every year, the Board adopts terms of reference for its work to ensure that the company's operational processes and the company's financial circumstances are controlled in a satisfactory manner. The Board's terms of reference and instructions for the division of duties between the Board and the CEO are reviewed and adopted at least once per year.

### Board work

Board work mainly follows an annual cycle of regular meetings on specific dates, adapted to the Board's assignment of assuring the financial reporting.

At regular meetings, the CEO also provides general information about the business operations, such as important events in the operations, business plan follow-ups, the Group's economic and financial position, major ongoing development projects and transactions and, if necessary, the Group's financing. In addition to regular Board meetings, extra meetings are also held when needed, such as when a business decision requires the Board's approval. In 2022, seven scheduled Board meetings, including the statutory Board meeting, and four extra Board meetings were held.

### Chairman of the Board

The Chairman of the Board is to work closely with the CEO to monitor the company's performance, and to chair Board meetings. The Chairman is responsible for ensuring that other members receive sufficient information to carry out their duties efficiently. The Chairman is also responsible for evalu-

ating the performance of both the Board and the CEO.

### The Board's evaluation

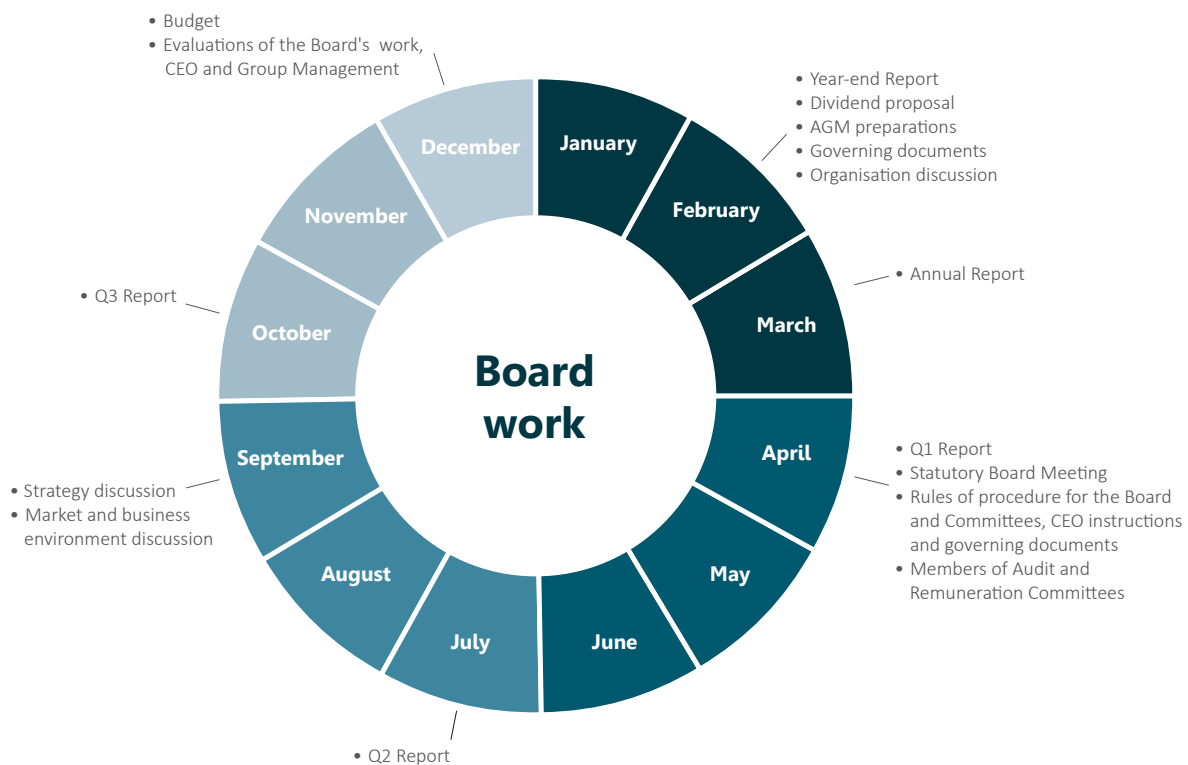
The performance of the Board and the CEO is evaluated annually in a systematic and structured process. This is conducted with the assistance of an external consultant and the results are presented to the Board.

### Committees

The Board has established a preparatory committee from within its own ranks, the Audit Committee. The committee has no independent decision-making authority. In 2022, the Board decided to discontinue the Remuneration Committee and incorporate the committee's duties into regular Board work.

### Audit Committee

The Audit Committee has been assigned by the Board to continuously monitor and evaluate the auditors' work. The Audit Committee is also to make recommendations to the Board on the election of auditors and fees, the company's accounts and internal control, risk management, external audit and financial information.



## Composition of the Board

Name	Year of election	Independent of the company	Independent of major shareholders	Meeting attendance in 2022		
				Board of Directors	Audit Committee	Remuneration Committee
Pär Nuder	2013	Yes	Yes	11/11		1/1
Johan Thorell	2013	Yes	Yes	11/11	3/3	
David Mindus	2009	Yes	No	11/11	3/3	1/1
Kerstin Hessius	2009	Yes	No	11/11		1/1
Åsa Bergström*	2017	Yes	Yes	4/11	2/3	
Johanna Skogestig	2022	Yes	Yes	4/11		
Maria Björklund	2021	Yes	No	11/11	3/3	

\* Åsa Bergström resigned on 28 April 2022

The Audit Committee held three meetings during the year. The Committee members are Johan Thorell (Chair), Maria Björklund and David Mindus (Åsa Bergström attended the Committee's first two meetings).

## Composition of the Board

According to the Articles of Association, Hemsö's Board is to consist of at least three and at most eight AGM-elected members for a term extending until the end of the next AGM. The 2022 AGM elected five ordinary Board members. At the EGM in 2022, an additional ordinary Board member was elected. There is no representative of Group Management on the Board and no employee representatives or deputies have been appointed to the Board. The Board is presented on page 85.

## Remuneration of the Board

The AGM resolves on remuneration of the Board. No Board or Committee fees are paid to members who are employed by any of the company's owners. Kerstin Hessius and Maria Björklund are employed by the Third Swedish National Pension Fund, and David Mindus is employed by AB Sagax. The 2022 AGM resolved that fees of SEK 525,000 (unchanged) would be paid to the Chairman of the Board, and SEK 250,000 (unchanged) to each of the other Board members. In addition, the AGM resolved that remuneration of SEK 40,000 (unchanged) for committee work would be paid to the Chairman of the Remuneration Committee and SEK 30,000 (unchanged) to each of the Committee's other members, and SEK 125,000 (unchanged) to the Chairman of the Audit Committee and SEK 65,000 (unchanged) to each of the Committee's other members.

The Remuneration Committee held one meeting during the year. The Committee was disbanded in summer 2022, whereby it was decided that matters previously addressed by the Committee would instead be addressed by the entire Board.

## CEO and Group Management

The CEO is responsible for the company's ongoing management and daily operations. The division of work between the Board and the CEO is set out in the Board's terms of reference the CEO's instructions. The CEO is also responsible for preparing reports and compiling information from management prior to Board meetings, and for presenting the material at Board meetings.

According to the financial reporting instructions, the CEO is responsible for Hemsö's financial reporting and must therefore ensure that the Board regularly receives enough information to make an assessment of the Group's financial situation. The CEO should also ensure that the Board remains continuously informed about Hemsö's operations, earnings and financial position. The CEO is also to ensure that the Board receives information about important operational matters, including acquisitions and divestments, approved investments, marketing activities and other strategic initiatives. The CEO and other senior executives are presented on pages 86–87.

## Auditors

The auditor's task is to review the company's annual report and accounts, and the management of the Board and the CEO. The auditor participates in the Board meeting that addresses the annu-

al accounts and consolidated financial statements. At the Board meeting, the auditor presents the financial information and discusses the audit with Board members without the attendance of the CEO and other senior executives. The company's auditor performs an annual review of the internal control relevant to the company's presentation of its financial statements. In addition, an in-depth review of significant areas is conducted. The 2022 AGM elected KPMG AB as auditor, with Peter Dahllöf as Auditor-In-Charge. The company's current auditors attended one Board meeting, and two Audit Committee meetings. The previous auditors, Ernst & Young AB with Magnus Fredmer as Auditor-In-Charge, attended one Board meetings and one Audit Committee meeting.

## Internal control

Under the Swedish Companies Act, the Board is responsible for the company's internal control. The objective of internal control is to achieve operational effectiveness and efficiency, and to ensure the reliability of financial reporting and information about the operations, and compliance with applicable laws, regulations, policy and guidelines. Hemsö's organisation consists of 158 employees in three countries. All of these people are employed in the Parent Company, except for 28 employees in Hemsö Development AB, ten employees in Germany and 16 in Finland. All property operations are conducted in six segments (East, West, North and South in Sweden, and Germany and Finland) and through the property-owning subsidiaries. Financing activities are conducted by the Parent Company. This means that the finance function serves

as the controller function for Property Management in Sweden, Germany and Finland, and for the Treasury Department. The CFO and Director of Finance also report directly to the Audit Committee in matters related to observations and measures related to regulatory compliance. Against this background, the Board does not consider there is any need to establish a separate internal audit function.

### Control environment

The Board has appointed an Audit Committee to present recommendations in regard to internal control over financial reporting. The internal control system is based on documented policies, guidelines, process descriptions, delegation of responsibilities and duties including the Board's terms of reference, the CEO's instructions with related delegation lists and authorisation instructions, Finance Policy and financial reporting instructions.

Compliance is continuously monitored and evaluated. The risk of errors in financial reporting is continuously identified, analysed and eliminated through

new or revised guidelines for internal control.

### Risk management

Risk assessment and management is an integral part of the company's processes. Various methods are used to evaluate risks and to ensure that the relevant risks for Hemsö are managed in accordance with established policies and guidelines.

### Control activities

The Board monitors and evaluates the effectiveness of internal control over financial reporting through the CEO's instructions, and by addressing the Audit Committee's reports, recommendations and proposals for decisions and actions. The Audit Committee receives regular status reports of the Group's internal control over financial reporting and accounting policies.

### Information and communication

Hemsö's Information Policy sets out the framework for how Hemsö's communication activities should be conducted, and the overall delegation of respon-

sibilities in regard to the company's internal and external information. The Information Policy is designed to comply with Swedish legislation, Nasdaq Stockholm's Rule Book for Issuers and Euronext Dublin.

### Management and monitoring

Continuous monitoring of activities and results takes place at several levels of the company, both property and Group level. The results are analysed by the people responsible within property management and staff functions. These results are reported to the CEO, management and Board.

In connection with interim reports, the Board monitors the financial trend in relation to the business plan and budget and whether approved investments are progressing as planned.



Havoteket in Helsingborg – a sustainable and urban venue for meetings and education that was open to visitors during the summer and the international H22 City Expo in Helsingborg.

## Board of Directors



**Johanna Skogestig** born 1974

Board member since 2022.

**Education and professional experience:**

Master of Science degree. Active in several property companies in roles within the framework of property transactions, including head of property investments at AP-fastigheter, Sveafastigheter, Areim and Vasakronan.

**Other current assignments:**

CEO of Vasakronan.



**Maria Björklund** born 1970

Board member since 2021.

Member of the Audit Committee.

**Education and professional experience:**

Master of Economics. Head of Alternative Investments at the Third Swedish National Pension Fund, Portfolio Manager AMF alternative investments, Portfolio Manager for private equity, real estate and infrastructure at Postens Pensionsstiftelse.

**Other current assignments:**

Board member of Fastighets AB Regio, Trophi Fastighets AB, Polhem Infra AB, 4 to 1 Investments AB and Hemsö Intressenter AB.



**Johan Thorell** born 1970

Board member since 2013.

Chairman of the Audit Committee.

**Education and professional experience:**

MBA. Active in property companies since 1997.

**Other current assignments:**

CEO and Board member of Gryningskust Holding AB. Chairman of the Board of Kallebäck Property Invest AB. Board member of AB Sagax, Nicoccino Holding AB, K2A Knaust & Andersson Fastigheter AB and Storskogen Group AB.



**David Mindus** born 1972

Board member since 2009.

Member of the Audit Committee.

**Education and professional experience:**

MBA. Analyst and business developer.

**Other current assignments:**

CEO and Board member of AB Sagax. Board member of Söderport Holding AB, Mindustri AB and Torslanda Property Investment AB. Chairman of the Board of Hemsö Intressenter AB.



**Kerstin Hessius** born 1958

Board member since 2009.

**Education and professional experience:**

MBA. CEO of the Third Swedish National Pension Fund, President and Chief Executive Officer of the Stockholm Stock Exchange, Deputy Governor of the Swedish Riksbank.

**Other current assignments:**

Board member of Svenska Handelsbanken AB.



**Pär Nuder** born 1963

Chairman of the Board since 2013.

**Education and professional experience:**

Master of Laws. Served as Minister for Finance, Minister for Policy Coordination, Member of Parliament and State Secretary to the Swedish Prime Minister.

**Other current assignments:**

Chairman of the Board of Aimo Holding AB. Board member of TPPG The Perimeter Production AB and Azelio AB. Senior Counsellor at Albright Stonebridge Group.



Jens Nagel, Mats Wilborg, Åsa Thoft, Nils Styf, Kristina Rosqvist.

## Senior executives

### Jens Nagel

Head of Region, Germany since 2011.  
Born 1971.

**Education:** Property economist, Chamber of Commerce and Industry, Berlin.

**Most recent position:** Own consulting business in the property industry.

### Nils Styf

President and CEO since 2016.  
Born 1976.

**Education:** MBA, Stockholm School of Economics.

**Most recent position:** Chief Investment Officer, Citycon Oyj.

### Mats Wilborg

Chief legal counsel since 2014.  
Born 1969.

**Education:** Master of Laws, Stockholm University.

**Most recent position:** Corporate lawyer Vasakronan.

### Kristina Rosqvist

Head of Region East since 2016.  
Born 1960.

**Education:** MSc in Civil Engineering, Royal Institute of Technology.

**Most recent position:** Head of Asset Management, Aberdeen Asset Management.

### Åsa Thoft

Head of Communications since 2020.  
Born 1977.

**Education:** Master's Degree in Social and Cultural Analysis, Linköping University.

**Most recent position:** Head of Communications, If Försäkring.





Anna Marand, Staffan Arwidi, Anna Oom Lindroos, Rutger Källén, Jarkko Leinonen.

### **Anna Marand**

Head of Project Development since 2017, at Hemsö since 2009.  
Born 1980.

**Education:** Master of Science degree, Land Surveying, Royal Swedish Institute of Technology.

**Most recent position:** Project Developer, Hemsö.

### **Rutger Källén**

CFO since 2016 and Deputy CEO since 2018, at Hemsö since 2009.  
Born 1972.

**Education:** Studies in Economics, Uppsala University.

**Most recent position:** Head of Finance, Kungsleden.

### **Staffan Arwidi**

Head of Transactions since 2020.  
Born 1967.

**Education:** MSc, Royal Institute of Technology in Stockholm.

**Most recent position:** Senior Investment Manager, Vasakronan.

### **Jarkko Leinonen**

Head of Region, Finland since 2014.  
Born 1971.

**Education:** Construction engineer, Helsinki University of Technology.

**Most recent position:** Head of Asset Management Aalto University.

### **Anna Oom Lindroos**

Chief Human Resources Officer (CHRO) since 2023.  
Born 1979.

**Education:** Master's Degree in Human Resource Management and Working Life, Uppsala University.

**Most recent position:** Chief People Officer, Puzzel.



## Multi-year overview

Amounts in SEK million	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Income statement</b>										
Property income	4,097	3,639	3,293	3,046	2,618	2,375	2,204	2,000	2,063	1,887
Property costs	-1,065	-896	-867	-770	-668	-587	-552	-524	-577	-547
<b>Net operating income</b>	<b>3,032</b>	<b>2,742</b>	<b>2,425</b>	<b>2,276</b>	<b>1,950</b>	<b>1,788</b>	<b>1,652</b>	<b>1,476</b>	<b>1,486</b>	<b>1,340</b>
Central administrative expenses	-183	-156	-158	-135	-146	-130	-182	-154	-173	-173
Profit/loss from participations in joint ventures	82	177	1	-2	11	1	-	-	-	-
<b>Operating profit</b>	<b>2,931</b>	<b>2,764</b>	<b>2,268</b>	<b>2,139</b>	<b>1,815</b>	<b>1,659</b>	<b>1,470</b>	<b>1,322</b>	<b>1,313</b>	<b>1,167</b>
Net interest income	-613	-486	-500	-419	-372	-345	-359	-363	-480	-493
Interest on shareholder loans	-	-	-	-	-	-	-	-53	-210	-210
<b>Profit after net interest income</b>	<b>2,317</b>	<b>2,278</b>	<b>1,768</b>	<b>1,720</b>	<b>1,443</b>	<b>1,314</b>	<b>1,111</b>	<b>906</b>	<b>623</b>	<b>464</b>
<i>- of which Profit from property management <sup>1)</sup></i>	<i>2,309</i>	<i>2,145</i>	<i>1,810</i>	<i>1,760</i>	<i>1,439</i>	<i>1,314</i>	<i>1,111</i>	<i>959</i>	<i>833</i>	<i>674</i>
Value change, properties	589	7,587	2,441	2,037	2,060	1,682	2,072	581	-261	-125
Value change, derivatives	251	209	-72	-25	91	135	-208	140	-760	297
Current tax	-190	-107	-115	-78	-36	-63	-49	-46	-89	-9
Deferred tax	-403	-1,779	-688	-543	-466	-477	-583	-231	127	-99
<b>Profit/loss for the year</b>	<b>2,563</b>	<b>8,189</b>	<b>3,333</b>	<b>3,111</b>	<b>3,092</b>	<b>2,591</b>	<b>2,343</b>	<b>1,350</b>	<b>-360</b>	<b>528</b>
Other comprehensive income	187	58	-88	-87	22	31	81	-50	42	16
<b>Comprehensive income for the year</b>	<b>2,750</b>	<b>8,247</b>	<b>3,245</b>	<b>3,198</b>	<b>3,114</b>	<b>2,622</b>	<b>2,424</b>	<b>1,300</b>	<b>-318</b>	<b>544</b>
<b>Balance sheet</b>										
Investment properties	84,879	75,737	62,240	55,027	46,236	38,883	33,629	26,502	24,668	22,637
Right-of-use assets	932	759	605	582	-	-	-	-	-	-
Participations in joint ventures	1,655	1,271	698	635	112	101	-	-	-	-
Derivatives	247	161	-	-	-	-	-	-	-	-
Other assets	1,209	892	758	713	608	559	392	443	209	156
Cash and bank balances	526	687	891	988	450	1,134	932	157	107	13
<b>Total assets</b>	<b>89,447</b>	<b>79,508</b>	<b>65,193</b>	<b>57,945</b>	<b>47,406</b>	<b>40,677</b>	<b>34,953</b>	<b>27,102</b>	<b>24,984</b>	<b>22,806</b>
Equity	30,028	28,350	20,082	16,714	13,199	10,795	8,672	6,764	2,682	3,061
Deferred tax liabilities	6,557	6,082	4,270	3,600	3,067	2,591	2,103	1,518	1,289	1,416
Derivatives	-	-	231	211	281	544	723	679	826	66
Shareholder loans	-	-	-	-	-	-	-	-	3,000	3,000
Interest-bearing liabilities	49,567	42,498	38,652	35,542	29,728	25,575	22,483	17,454	16,507	14,699
Lease liabilities	932	759	605	582	-	-	-	-	-	-
Non-interest-bearing liabilities	2,363	1,819	1,353	1,296	1,131	1,172	972	687	680	564
<b>Total equity and liabilities</b>	<b>89,447</b>	<b>79,508</b>	<b>65,193</b>	<b>57,945</b>	<b>47,406</b>	<b>40,677</b>	<b>34,953</b>	<b>27,102</b>	<b>24,984</b>	<b>22,806</b>
<b>Key ratios<sup>1)</sup></b>										
<b>Financial ratios</b>										
Loan-to-value ratio, % <sup>2)</sup>	56.7	54.3	60.0	62.1	63.1	62.6	64.0	65.2	66.5	64.9
Interest-coverage ratio, times	4.8	5.7	4.5	5.1	4.9	4.8	4.1	3.6	2.7	2.4
Secured debt, %	0.0	0.0	0.0	0.0	0.0	3.1	7.7	15.4	29.2	40.6
Equity/assets ratio, %	33.6	35.7	30.8	28.8	27.8	26.5	24.8	25.0	22.7	26.6
Average interest rate, %	1.8	1.1	1.2	1.3	1.3	1.5	1.5	1.9	2.3	3.0
Total yield, %	4.5	15.8	8.5	8.7	9.7	9.8	12.8	8.1	5.2	5.3
Net asset value, SEK million <sup>3)</sup>	36,586	34,466	24,608	20,525	16,547	13,930	11,498	8,961	7,797	7,543
<b>Property-related key ratios</b>										
Market value of properties, SEK million	84,879	75,737	62,240	55,027	46,236	38,883	33,629	26,502	24,668	22,637
Property yield, %	4.1	4.0	4.5	4.7	4.9	5.2	5.7	6.0	6.0	6.1
NOI margin, %	74.0	75.4	73.7	74.8	74.5	75.3	75.0	73.8	72.0	71.0
Economic occupancy rate, %	97.9	97.9	97.9	98.1	98.3	98.3	97.5	97.3	97.0	96.9
Market value of properties, SEK/sqm	35,371	35,759	31,042	29,208	26,695	23,763	20,528	17,686	16,186	13,956
No. of properties	480	441	392	370	365	346	356	317	313	348
Lettable area, tsqm	2,400	2,118	2,005	1,884	1,732	1,636	1,638	1,499	1,524	1,622

<sup>1)</sup> Calculation of Profit from property management and key ratios can be found on page 131 Key ratio calculations.

<sup>2)</sup> The definition of loan-to-value ratio was updated in 2019 and now includes investments in joint ventures. 2017 and 2018 have been restated.

<sup>3)</sup> The definition of net asset value was updated in 2021 and now includes interest-rate derivatives only. The figures for 2020 have been restated.

## Consolidated statement of comprehensive income

Amounts in SEK million	Note	2022	2021
<b>Property income</b>			
Rental income		4,073	3,614
Other income		23	24
<b>Total property income</b>	3–4	<b>4,097</b>	<b>3,639</b>
<b>Property costs</b>			
Operating costs	5	-734	-595
Maintenance costs		-242	-226
Other property costs		-89	-75
<b>Total property costs</b>		<b>-1,065</b>	<b>-896</b>
<b>Net operating income</b>	3	<b>3,032</b>	<b>2,742</b>
Central administrative expenses	6–8	-183	-156
Profit from participations in joint ventures	17	82	177
<b>Operating profit</b>		<b>2,931</b>	<b>2,764</b>
<b>Net interest income</b>			
Interest income and similar profit items	10	17	43
Interest expense and similar loss items	10	-631	-529
<b>Total net interest income</b>		<b>-613</b>	<b>-486</b>
<b>Profit after net interest income</b>		<b>2,317</b>	<b>2,278</b>
- of which Profit from property management <sup>1)</sup>		<b>2,309</b>	<b>2,145</b>
<b>Changes in value</b>			
Properties, realised	14	-14	8
Properties, unrealised	14	603	7,579
Financial instruments, realised	10	-20	-19
Financial instruments, unrealised	10	271	229
<b>Total changes in value</b>	11	<b>840</b>	<b>7,797</b>
<b>Profit before tax</b>		<b>3,157</b>	<b>10,075</b>
Current tax	12	-190	-107
Deferred tax	12	-403	-1,779
<b>PROFIT FOR THE YEAR</b>		<b>2,563</b>	<b>8,189</b>
<b>Other comprehensive income, items that may be reclassified to profit or loss</b>			
Translation difference for the year, including tax effect		187	58
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>2,750</b>	<b>8,247</b>
<b>Profit for the year attributable to</b>			
Parent Company shareholders		2,466	7,953
Non-controlling interests		98	236
<b>Comprehensive income for the year attributable to</b>			
Parent Company shareholders		2,648	8,011
Non-controlling interests		103	236
<b>Data per share</b> (no dilutive effect, since there are no potentially dilutive shares)			
Average no. of shares, 000s		100,001	100,001
Earnings per share for the year, SEK		25.6	81.9

Comments on the Statement of comprehensive income are provided in the Directors' Report on pages 61–80.

<sup>1)</sup> For the calculation of Profit from property management, refer to Key ratio calculations on page 131.

## Consolidated statement of financial position

Amounts in SEK million	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Capitalised development costs	13	5	2
<b>Total intangible assets</b>		<b>5</b>	<b>2</b>
<b>Tangible assets</b>			
Investment properties	14	84,879	75,737
Right-of-use assets	4	932	759
Machinery and equipment	15	5	6
<b>Total tangible assets</b>		<b>85,816</b>	<b>76,501</b>
<b>Financial assets</b>			
Participations in joint ventures	17	1,655	1,271
Derivatives	22	247	161
Other long-term assets		34	31
<b>Total financial assets</b>		<b>1,936</b>	<b>1,464</b>
<b>Total non-current assets</b>		<b>87,757</b>	<b>77,967</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Rent and accounts receivable	18	64	28
Tax assets		132	64
Other current receivables		832	628
Prepaid expenses and accrued income		136	134
<b>Total current receivables</b>	22	<b>1,165</b>	<b>853</b>
Cash and cash equivalents	25	526	687
<b>Total current assets</b>		<b>1,691</b>	<b>1,541</b>
<b>TOTAL ASSETS</b>		<b>89,447</b>	<b>79,508</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		1	1
Other capital contributions		7,835	7,835
Reserves		388	206
Retained earnings including profit for the year		20,932	19,538
<b>Equity attributable to Parent Company owners</b>		<b>29,156</b>	<b>27,581</b>
Non-controlling interests		872	769
<b>Total equity</b>		<b>30,028</b>	<b>28,350</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	6,557	6,082
Interest-bearing liabilities	21, 22	41,064	34,898
Lease liabilities		932	759
<b>Total non-current liabilities</b>		<b>48,553</b>	<b>41,738</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	21, 22	8,503	7,600
Accounts payable		468	482
Current tax liabilities		9	13
Other current liabilities		854	526
Accrued expenses and deferred income	27	1,033	798
<b>Total current liabilities</b>		<b>10,866</b>	<b>9,419</b>
<b>Total liabilities</b>	22	<b>59,419</b>	<b>51,158</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>89,447</b>	<b>79,508</b>

Comments on the statement of financial position are provided in the Directors' Report under Financing on pages 67–72.

## Consolidated statement of changes in equity

Amounts in SEK million	Share capital	Other capital contributions	Translation reserve	Retained earnings	Non-controlling interests	Total equity
Opening equity, 1 Jan 2021	1	7,535	148	11,790	608	20,082
Dividends	–	-700	–	-205	–	-905
Shareholder contributions received	–	1,000	–	–	–	1,000
Contributions from non-controlling interests	–	–	–	–	5	5
Acquisitions from non-controlling interests	–	–	–	–	-4	-4
Divestment of non-controlling interests	–	–	–	–	-76	-76
Comprehensive income	–	–	58	7,953	236	8,247
<b>Closing equity, 31 Dec 2021</b>	<b>1</b>	<b>7,835</b>	<b>206</b>	<b>19,538</b>	<b>769</b>	<b>28,350</b>
Opening equity, 1 Jan 2022	1	7,835	206	19,538	769	28,350
Dividends	–	–	–	-1,072	–	-1,072
Contributions to non-controlling interests repaid	–	–	–	–	-3	-3
Contributions from non-controlling interests	–	–	–	–	3	3
Comprehensive income	–	–	182	2,466	103	2,750
<b>Closing equity, 31 Dec 2022</b>	<b>1</b>	<b>7,835</b>	<b>388</b>	<b>20,932</b>	<b>872</b>	<b>30,028</b>

The total number of shares was 100,001,000 with a par value of SEK 0.01.

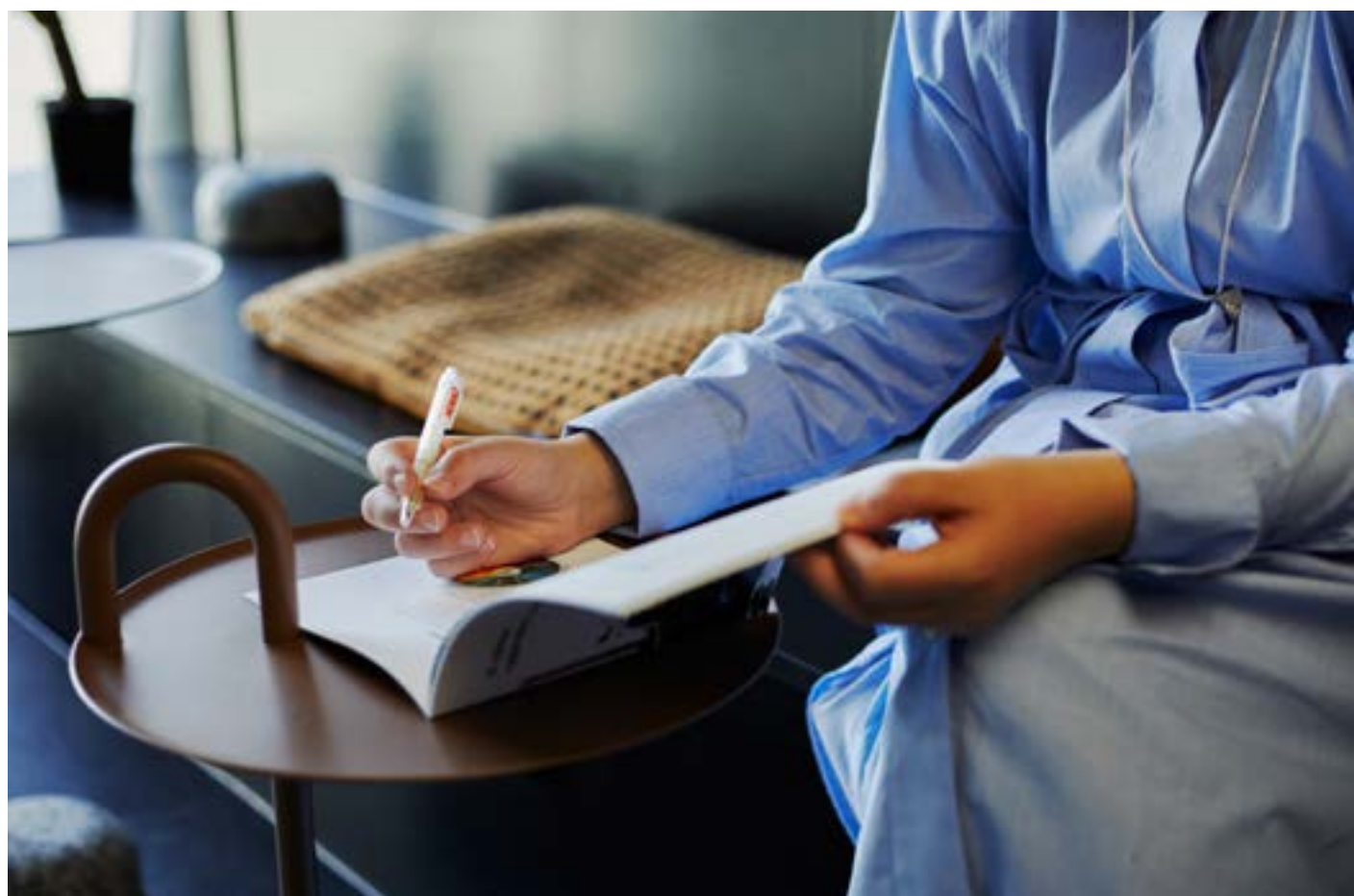
## Consolidated statement of cash flows

Amounts in SEK million	Note	2022	2021
<b>Operating activities</b>			
Profit from property management <sup>1)</sup>		2,309	2,145
Adjusted for non-cash items in profit from property management	25	-57	-30
Adjustment for non-cash items	25	15	-9
Tax paid		-113	-189
<b>Cash flow before changes in working capital</b>		<b>2,154</b>	<b>1,917</b>
<b>Changes in working capital</b>			
Increase (-)/decrease (+) in operating receivables		-219	-65
Increase (+)/decrease (-) in operating liabilities		554	661
<b>Cash flow from operating activities</b>		<b>2,489</b>	<b>2,514</b>
<b>Investing activities</b>			
Acquisition of properties	25	-2,867	-3,456
Investment in new construction, extension and re-development		-3,809	-4,133
Divestment of properties	14	427	1,878
Investments in financial assets		-215	-400
Dividends from joint ventures		21	17
Other non-current assets		-3	-4
<b>Cash flow from investing activities</b>		<b>-6,446</b>	<b>-6,099</b>
<b>Financing activities</b>			
Interest-bearing loans raised	25	10,752	10,626
Repayment of interest-bearing liabilities		-5,844	-7,340
Redemption of financial instruments		-20	-19
Shareholder contributions received		–	1,000
Contributions from non-controlling interests		3	5
Contributions from non-controlling interests repaid		-3	–
Dividends paid		-1,072	-905
<b>Cash flow from financing activities</b>		<b>3,816</b>	<b>3,367</b>
Cash flow for the year		-142	-218
Opening cash and cash equivalents		687	891
Exchange-rate differences in cash and cash equivalents		-19	14
<b>Cash and cash equivalents, closing balance</b>		<b>526</b>	<b>687</b>

<sup>1)</sup> For the calculation of Profit from property management, refer to Key ratio calculations on page 131.

## Parent Company income statement

Amounts in SEK million	Note	2022	2021
Net sales		118	106
Central administrative expenses	7–8	-223	-203
Other operating income		129	0
<b>Operating profit/loss</b>		<b>24</b>	<b>-96</b>
<b>Income from financial items</b>			
Profit from participations in Group companies	9	423	290
Interest income and similar profit items	10	722	671
Interest expense and similar loss items	10	-1,338	-802
Impairment/reversal of impaired derivatives	10	-75	185
<b>Profit/loss from property management</b>		<b>-243</b>	<b>249</b>
<b>Appropriations</b>			
Group contributions received		681	361
Provision to tax allocation reserve		43	0
<b>Profit before tax</b>		<b>481</b>	<b>610</b>
Current tax	12	0	0
Deferred tax	12	37	-40
<b>PROFIT FOR THE YEAR</b>		<b>518</b>	<b>570</b>



## Parent Company balance sheet

Amounts in SEK million	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Capitalised development costs	13	5	2
<b>Total intangible assets</b>		<b>5</b>	<b>2</b>
<b>Tangible assets</b>			
Equipment	15	3	3
<b>Total tangible assets</b>		<b>3</b>	<b>3</b>
<b>Financial assets</b>			
Participations in Group companies	16	16,582	7,962
Deferred tax assets	12	54	19
Other non-current receivables from Group companies		16,527	33,862
<b>Total financial assets</b>		<b>33,162</b>	<b>41,843</b>
<b>Total non-current assets</b>		<b>33,170</b>	<b>41,849</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies		21,877	6,496
Tax assets		89	30
Other receivables		567	296
Prepaid expenses and accrued income		60	79
<b>Total current receivables</b>		<b>22,592</b>	<b>6,901</b>
Cash and cash equivalents		0	0
<b>Total current assets</b>		<b>22,592</b>	<b>6,901</b>
<b>TOTAL ASSETS</b>		<b>55,762</b>	<b>48,749</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital <sup>1)</sup>		1	1
<b>Total restricted equity</b>		<b>1</b>	<b>1</b>
<b>Non-restricted equity</b>			
Share premium reserve		1,000	1,000
Retained earnings		3,425	3,927
Profit for the year		518	570
<b>Total non-restricted equity</b>		<b>4,943</b>	<b>5,497</b>
<b>Total equity</b>		<b>4,944</b>	<b>5,498</b>
<b>Untaxed reserves</b>			
Tax allocation reserves	20	–	43
<b>Provisions</b>			
Deferred tax liabilities	12	27	29
<b>Total provisions</b>		<b>27</b>	<b>29</b>
<b>Non-current liabilities</b>			
Derivatives		168	93
Interest-bearing liabilities		35,533	29,821
Non-current liabilities, Group companies		5,501	5,056
<b>Total non-current liabilities</b>		<b>41,202</b>	<b>34,969</b>
<b>Current liabilities</b>			
Interest-bearing liabilities		8,503	7,600
Accounts payable		8	9
Other current liabilities		813	423
Accrued expenses and deferred income	27	264	178
<b>Total current liabilities</b>		<b>9,589</b>	<b>8,210</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>55,762</b>	<b>48,749</b>

<sup>1)</sup> The share capital amounted to 1,000,001,000 shares at SEK 0.01 per share



## Parent Company statement of changes in equity

Amounts in SEK million	Restricted equity		Non-restricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings including profit for the year		
Opening equity, 1 Jan 2021	1	1,700	3,132		4,833
Dividends	–	-700	-205		-905
Shareholder contributions received	–	–	1,000		1,000
Profit for the year	–	–	570		570
<b>Closing equity, 31 Dec 2021</b>	<b>1</b>	<b>1,000</b>	<b>4,497</b>		<b>5,498</b>
Opening equity, 1 Jan 2022	1	1,000	4,497		5,498
Dividends	–	–	-1,072		-1,072
Profit for the year	–	–	518		518
<b>Closing equity, 31 Dec 2022</b>	<b>1</b>	<b>1,000</b>	<b>3,943</b>		<b>4,944</b>

## Parent Company statement of cash flows

Amounts in SEK million	Note	2022	2021
<b>Operating activities</b>			
Profit/loss from property management		-243	249
Adjustment for non-cash items	25	689	111
Dividends received, and withdrawals from limited partnerships		–	591
Tax paid		-59	-88
<b>Cash flow from operations before change in working capital</b>		<b>387</b>	<b>863</b>
<b>Changes in working capital</b>			
Increase (-)/decrease (+) in operating receivables		-252	-158
Increase (+)/decrease (-) in operating liabilities		486	355
<b>Cash flow from operating activities</b>		<b>621</b>	<b>1,060</b>
<b>Investing activities</b>			
Shareholder contributions paid and contributed capital		-8,633	-527
Acquisition of shares and participations in subsidiaries		-45	–
Divestment of shares and participations in subsidiaries		159	–
Acquisition of other non-current assets		-3	-3
<b>Cash flow from investing activities</b>		<b>-8,522</b>	<b>-530</b>
<b>Financing activities</b>			
External borrowings	25	10,752	5,590
Repayment of external borrowings		-5,844	-7,340
Shareholder contributions received		–	1,000
Intra-Group lending		4,066	-3,880
Intra-Group borrowing		–	5,006
Dividends paid		-1,072	-905
<b>Cash flow from financing activities</b>		<b>7,901</b>	<b>-530</b>
Cash flow for the year		0	0
Opening cash and cash equivalents		0	0
<b>Cash and cash equivalents, closing balance</b>		<b>0</b>	<b>0</b>

## Note 1 Accounting policies

### GROUP

#### Applied standards and legislation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC), as adopted by the EU. In addition, the consolidated financial statements have been prepared in accordance with Swedish law, and with application of the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups. Unless otherwise stated, the accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements. The new policies applied in 2022 are set out below. On 27 March 2023, the Board approved these annual accounts and consolidated financial statements which will be presented to the Annual General Meeting for adoption on 27 April 2023.

#### New policies applied in 2022

A number of changes in IFRS standards became effective during the year. These changes did not have any material effect on the Group's financial statements.

#### New or revised IFRSs effective on or after 1 January 2023

A number of new and revised IFRSs are in issue but not yet effective, and have not been applied in advance in the preparation of Hemsö's financial statements. The new standards and interpretations effective from 1 January 2022 are not expected to have a material effect on the current or future periods' consolidated financial statements, or on future transactions.

#### Basis of preparation of financial statements

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Group. Unless otherwise stated, all amounts are presented in millions of SEK and pertain to the 1 January–31 December period of 2022 (2021) for profit/loss items, and 31 December 2022 (2021) for balance-sheet items. Due to rounding, some totals may not correspond with the sum of notes and tables.

Assets and liabilities are recognised at their historical cost, except for investment properties and some financial instruments that are measured at fair value. Changes in fair value are recognised in profit or loss. Preparation of the financial statements in compliance with IFRS requires that management make estimates and assumptions that affect the application of accounting policies and the market values of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and other various factors deemed reasonable under the current circumstances. The results of these estimates and assumptions are then used to determine the carrying amounts of assets and liabilities that are not clear from other sources. Actual results may differ from these estimates.

#### Estimates and assumptions

The judgements made by management when applying IFRS that can significantly impact the company's financial statements and each estimate are described in Note 2.

#### Consolidated financial statements

The consolidated financial statements include the Parent Company and subsidiaries. Subsidiaries are entities over which the Parent Company has a controlling interest. An investor controls an investee when the investor is exposed to, or has rights to, variable returns from their involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements were prepared in accordance with the acquisition method.

The income and expenses of acquired companies are included in the consolidated financial statements from the transfer date. The income statements of divested companies are included until the date of transfer. Intra-Group receivables and liabilities, income and expenses and unrealised gains or losses arising from transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

The share of equity from non-controlling interests is recognised as a separate component of equity, separately from Parent Company owners' portion of equity. The share of net profit allocated to non-controlling interests is presented separately.

Hemsö owns 50 per cent of the participations in Hemsö Norden KB. Since Hemsö has unlimited liability for the company's obligations and, by agreement, is individually entitled to manage the company's affairs, Hemsö Norden KB is included with subsidiaries in the consolidated financial statements.

#### Joint ventures

Holdings in joint ventures are recognised using the equity method, which means that the consolidated carrying amount of the holding is adjusted by Hemsö's share of net profit and by any dividends received. The owner company's income statement therefore includes its share of net profit from the joint venture company.

#### Related-party transactions

The delivery of services between Group companies and other related companies and individuals is based on commercial terms and market prices.

#### Acquisitions and divestments

Acquisitions and divestments of properties and companies are recognised at the transfer date.

#### Asset acquisitions

Indirect property transactions often taken place with companies holding properties, and not through direct property transactions.

When an asset is acquired through a company transaction, the acquisition is treated as a direct property transaction. This type of acquired company normally has no employees, organisation or activities other than those directly attributable to the property holding. Deferred tax is not recognised as a liability on initial temporary differences attributable to the acquisition. Any deductions for deferred tax (discounts) obtained in addition to the recognised tax in acquired companies reduces the property's cost instead. In the subsequent valuation, the value changes are thus affected by the tax discounts. In 2022 and 2021, all acquisitions were classified as asset acquisitions.

#### Business combinations

In acquisitions where Hemsö obtains control over one or more, basically autonomous, businesses, the acquisition method is applied in accordance with IFRS 3 Business Combinations. The identifiable assets, liabilities and contingent liabilities of the acquired entity are measured at fair value on the acquisition date, and the profit attributable to the acquired business is included from the transfer date. Deferred tax on any surplus value, except goodwill, attributable to the acquisition is recognised as a liability based on the nominal tax rate.

The difference between deferred taxes at the nominal tax rate, and the temporary value difference in the acquisition analysis is recognised as goodwill. Deferred tax is not recognised as goodwill. No acquisitions were classified as business combinations in 2022 or 2021.

#### Income

Rental agreements are classified as operating leases on the basis that the property remains in Hemsö's ownership, even when the term of the agreement is 25 years or more. All rental income is notified in advance and accrued in profit or loss on a straight-line basis, based on the terms of the rental agreements. Rental income includes additions such as water consumption, invoiced property tax and heating costs. Advance rent is recognised as deferred rental income.

#### Financial income and expenses

Interest income is recognised in the accounting period to which it relates. Derivatives are used to achieve the desired fixed-rate period. Income and expenses relating to derivatives are recognised on a continuous basis. Income and expenses deriving from redemption and renegotiation of derivatives, as well as lost-interest compensation, are recognised when they occur. Interest income and expense on financial instruments is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash inflows and outflows over the expected life of the financial instrument at the recognised net value of the asset or liability.

#### Income taxes

The income statement includes current and deferred income tax for Swedish and foreign Group units, unless the underlying transaction is recognised in other comprehensive income or directly in equity, whereby the associated tax effect is recognised in other comprehensive income or in equity. The Group's companies are taxable under the applicable laws of each country. In 2022, the tax rate in Sweden was 20.6 per cent, and is calculated on nominal recognised income adding non-deductible items and deducting non-taxable income. The tax rate in Finland was 20 per cent and 16 per cent in Germany.

Income tax is recognised using the balance-sheet method, implying that deferred tax is calculated on the closing date's identified temporary differences between assets and liabilities for tax purposes and their carrying amounts. Temporary differences are primarily related to property, financial instruments and tax allocation reserves.

Deferred tax is recognised for loss carryforwards and for temporary differences. Temporary differences are measured at the nominal tax rate and the change from the previous closing date is recognised as deferred tax through profit or loss. Deferred tax assets for deductible temporary differences and loss carryforwards are only recognised to the extent it is probable they will be utilised. The value of deferred tax assets is reduced when it is no longer considered likely they will be utilised.

### Employee benefits

Employee benefits, such as salaries and payroll overheads, holidays and paid sick leave, are recognised as the employees render services. Commitments to employees are secured through defined-contribution plans or ITP. Defined-contribution plans are plans in which the company's obligation is limited to the contributions the company has undertaken to pay. In such cases, the size of the employee's pension depends on the contributions the company pays into the plan or to an insurance company, and the investment earnings on the contributions. Consequently, it is the employee who bears the actuarial risk (that benefits will be lower than expected) and investment risk (that the invested assets will be insufficient to provide the expected benefits). The company's obligations for contributions to defined-contribution plans are recognised as an expense in net profit as they are earned by the employees' services to the company during a period.

The Group's ITP pension plan is secured through insurance with Alecta, which according to a statement from the Swedish Financial Reporting Board, UFR 10, is considered a defined-benefit plan covered by many employers. However, the plan has been treated as a defined-contribution plan, since Alecta has not been able to produce the values required to recognise the plan as a defined-benefit plan.

An expense for remuneration in connection with the termination of employees is only recognised if the company is demonstrably committed, without realistic possibility of withdrawal, by a formally detailed plan to terminate employment before the normal time. When remuneration is paid as an offer to encourage voluntary redundancy, a cost is recognised if it is probable that the offer will be accepted, and if the number of employees who will accept the offer can be reliably estimated.

### Leases

Hemsö applies IFRS 16 Leases. Hemsö is a major lessor. Rental agreements are classified as operating leases since all of the risks and rewards of owning the properties are not substantially transferred to the tenants. Refer also to the section on Income above.

As lessee, Hemsö initially recognises a right-of-use asset and a lease liability on the commencement date of the lease. The majority of Hemsö's right-of-use assets are ground leases. These are considered a perpetual contract and are measured at fair value, which means that the ground rent is discounted using the average interest rate implicit in the lease. The starting point has been the 3 per cent interest rate implicit in 10-year ground leases, which is applied by the Land and Environmental Courts and the Supreme Court. Since Hemsö's average ground lease term is 30 years, the interest rate used to obtain the value of the right-of-use assets was adjusted for the longer term and set at 4 per cent. Ground leases are not depreciated, the value remains unchanged until the ground rent is renegotiated. The lease liability associated with the ground leases is not depreciated since the contract, and therefore the liability, is perpetual. Ground rent is recognised as an interest expense on the income statement. Other leases that are not ground leases are initially measured at cost and then depreciated on a straight-line basis from the date of commencement until their expiry date. The value of leases with a term of 12 months or less, or an underlying asset of low value, was insignificant in the Hemsö Group, and no right-of-use asset was recognised for these leases.

### Investment properties

Properties are initially recognised at cost. Within the Group, properties are measured at fair value in accordance with the method stated below. Costs incurred for new construction, extension or re-development of properties are recognised as investment properties. Work related to routine maintenance, maintenance measures in connection with re-development and tenant adaptations are activated when they are considered value enhancements. Value-added means that the measure will generate a future economic benefit, compared with earlier measures, and thus affect the market value.

IAS 40 is applied and the holding is measured at fair value. The market value of each property is assessed individually each quarter. Hemsö determines the market values using external valuations and Hemsö's internal calculation model. For a description of valuation methods, refer to Note 14. For considerations etc., regarding property valuations, refer also to Note 2. Any deductions for deferred tax (discounts) received on the purchase of properties via companies (asset acquisitions) are recognised as a reduction of

the cost of the property. In the subsequent valuation, the value changes are thus affected by the tax discounts.

Buildings under construction for future use as investment properties are recognised at fair value in accordance with IAS 40 with consideration for project risk and deductions for remaining investments.

Interest expense related to the specific financing of major new construction, extension and re-development of properties is expensed as incurred. The basis of valuation is estimates of future cash flows, and the price level expected to be achieved in a transaction between knowledgeable, willing parties on market terms. However, non-completed properties are slightly more difficult to value than existing properties, because the final cost and process until the property is functional/let can only be estimated.

### Machinery and equipment

Machinery and equipment are recognised at cost less accumulated depreciation according to plan and any impairment. Machinery and equipment are depreciated on a straight-line basis over five years.

### Financial instruments

Financial instruments are any form of agreement that gives rise to a financial asset in one company and a financial liability or equity instrument in another company. Financial instruments recognised on the assets side of the balance sheet include cash and cash equivalents, accounts receivable, other long-term receivables, other receivables and derivatives.

Liabilities include accounts payable, bond loans, commercial papers, bank loans, minority shareholder loans, other liabilities and derivatives. Recognition depends on how the financial instruments have been classified.

### Recognition and derecognition

A financial asset or financial liability is recognised on the balance sheet when the company becomes party to the instrument's contractual terms. Accounts receivable are recognised on the balance sheet when an invoice has been sent and the company's right to consideration is unconditional. Liabilities are recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not been received. Accounts payable are recognised when an invoice has been received.

A financial asset and financial liability are only offset and recognised in a net amount on the balance sheet when there is a legal enforceable right to offset the amounts and an intention to settle the items with a net amount or to simultaneously realise the asset and settle the liability. A financial asset is derecognised from the balance sheet when the contractual rights are realised, expire or the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognised from the balance sheet when the contractual obligation is fulfilled or otherwise extinguished. The same applies to part of a financial liability. At each reporting date, the company assesses whether there is any objective evidence that a financial asset or group of financial assets may be impaired.

Gains and losses from balance sheet derecognition and modification are recognised in profit or loss.

### Classification and measurement

#### Financial assets

Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and its contractual cash flow characteristics:

Instruments are classified as:

- amortised cost
- fair value through other comprehensive income, or
- fair value through profit or loss

The Group's debt instruments are classified as amortised cost.

Financial assets classified as amortised cost are initially measured at fair value plus transaction costs.

Accounts and rent receivable are initially measured at invoiced value. After initial recognition, the assets are measured using the effective interest method. Assets classified as amortised cost are held, according to the business model, to collect contractual cash flows that are solely payments of principal, and interest on the principal amounts outstanding. The assets are covered by a loss allowance for expected credit losses.

Equity instruments: are classified and measured at fair value through profit or loss unless they are not held for trading, since an entity can make an irrevocable election to measure them at fair value through other comprehensive income without subsequent reclassification to profit or loss. The Group does not hold any such equity instruments at present.

Derivatives: are classified and measured at fair value through profit or loss unless they are classified as hedging instruments and the effective portion of

the hedge is recognised in "Other comprehensive income."

Fair value is determined according to the following description.

#### **Classification and measurement of financial liabilities**

Financial liabilities are classified as amortised cost except for derivatives. Financial liabilities measured at amortised cost are initially measured at fair value including transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method.

Derivatives: are classified and measured at fair value through profit or loss unless they are classified as hedging instruments and the effective portion of the hedge is recognised in "Other comprehensive income."

To determine the fair value of interest-rate derivatives, market rates are used for each term listed on the closing date and generally accepted calculation methods, which means that their fair value measurement is a level 2 input according to IFRS 13. The carrying amount is based on measurements from bank counterparties and verified against an internal measurement based on observable market data. Closing date exchange rates are used to determine the fair value of foreign exchange swaps.

#### **Impairment of financial assets**

The Group's financial assets, except those measured at fair value through profit or loss or equity instruments not measured at fair value through other comprehensive income, are subject to impairment on expected credit losses. Impairment based on credit losses under IFRS 9 is forward-looking and a loss allowance is made for credit risk exposure, usually at initial recognition. Expected credit losses reflect the present value of all cash flow deficits resulting from default events that are possible within the next 12 months or for the expected remaining term of the financial instruments, depending on the asset class and extent of credit deterioration since initial recognition. Expected credit losses reflect an objective, probability-weighted outcome using multiple scenarios based on reasonable and supportable forecasts.

The simplified approach is applied for accounts receivable, contract assets and rent receivable. Under the simplified approach, a loss allowance is recognised for the expected remaining term of the receivable or asset.

For other items covered by expected credit losses, a three-stage impairment model is applied. Initially, and at each closing date, a loss allowance is recognised for the next 12 months, alternatively for a shorter period depending on the remaining term (stage 1). If a significant increase in credit risk has occurred since initial recognition, resulting in a credit rating below investment grade, a loss allowance is recognised for the asset's remaining term (stage 2). For assets considered credit-impaired, a loss allowance is also made for expected credit losses for the remaining term (stage 3). For credit-impaired assets and receivables, interest income is calculated based on the carrying amount of the asset, less the loss allowance, in contrast to the gross carrying amount in preceding stages.

Different approaches are applied for measuring expected credit loss. The approach for accounts receivable, contract assets and rent receivable is based on historical bad debt losses combined with forward-looking factors. Other receivables and assets are depreciated using a ratings-based approach based on external credit ratings. Expected credit losses are measured using the product of probability of default, loss given default and exposure at default. For credit-impaired assets and receivables, an individual assessment is made using historical, current and forward-looking information. The measurement of expected credit losses includes any collateral and other credit enhancements in the form of guarantees.

The financial assets are measured at amortised cost on the balance sheet (that is, the gross carrying amount less the loss allowance). Changes in the loss allowance are recognised in profit or loss.

The calculations of expected credit losses at 31 December 2021 did not add up to any material amounts for the Group. The Group has not therefore recognised any provisions for expected credit losses.

#### **Hedge accounting**

The Group applies hedge accounting for financial instruments in accordance with IAS 39, with the aim of hedging financial risks arising from net investments in foreign operations.

Hemsö is exposed to currency risk through the company's investments in Finland and Germany. This currency risk is managed by financing assets in EUR with external loans in EUR. To reflect this in accounting, Hemsö has chosen to apply hedge accounting for net investments in foreign operations in the consolidated financial statements. The effective portion of the hedging relationship is recognised in other comprehensive income as a translation difference. The ineffective portion is recognised in net profit or loss. The amount recognised in other comprehensive income attributable to the hedging relationship is reclassified to profit or loss when Hemsö has completely or partially divested the hedged entity so that Hemsö is no longer required to consolidate the subsidiary comprising the hedged entity under IFRS.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash funds and immediately available balances from banks and similar financial institutions and short-term liquid investments with a maturity of less than three months from the acquisition date. Cash and cash equivalents are subject to a loss allowance requirement for expected credit losses.

#### **Provisions**

A provision differs from other liabilities because there is an uncertainty about the timing or the amount required to settle the obligation.

A provision is recognised in the statement of financial position when there is a present legal or constructive obligation due to a past event, and it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made in the amount that is the best estimate of the expenditure required to settle the present obligation at the closing date. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### **Contingent liabilities**

A contingent liability is recognised when the existence of a possible obligation is confirmed only by one or more uncertain future events, or when there is a commitment that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

#### **Transactions in foreign currency**

Transactions in foreign currency are translated using the exchange rate at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate, and exchange differences are recognised in profit or loss. Exchange differences relating to operating receivables and liabilities are recognised in operating profit, while differences attributable to financial assets and liabilities are recognised in net financial items. Non-monetary assets and liabilities recognised at historical cost are translated using the exchange rate at the transaction date.

Assets and liabilities of foreign operations are translated to SEK using the current exchange rate at the closing date. Income and expenses of foreign operations are translated to SEK using an average rate that approximates the exchange rates prevailing at the transaction date. Translation differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve under equity.

#### **Statement of cash flows**

The statement of cash flows has been prepared using the indirect method. Cash flows from realised value changes in connection with sales of properties are recognised together with other sales proceeds under investing activities. Purchase or sale of properties via companies that are asset acquisitions are recognised on a separate line as acquisition of properties or divestment of properties. Selling expenses are recognised under investing activities as a deduction from the sales proceeds of the year in which the cash flow occurs. Acquisition costs are recognised in the same way under investing activities.

### **PARENT COMPANY**

#### **Applied standards and legislation**

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. Statements issued by the Swedish Financial Reporting Board have also been applied.

The accounting policies applied are presented in the relevant parts of the Group's accounting policies, with the following additions for the Parent Company.

#### **Income**

Income from services to the subsidiaries is recognised in the period in which the service is provided.

#### **Group contributions and shareholder contributions**

Shareholder contributions are recognised directly in equity of the recipient, and capitalised in shares and participations of the contributor, to the extent that impairment is not required. Hemsö recognises Group contributions both paid and received as appropriations.

#### **Participations in subsidiaries**

Participations in subsidiaries are recognised in the Parent Company using the cost method, less any impairment.

### Financial instruments

Due to the relationship between accounting and taxation, the requirements for financial instruments under IFRS 9 are not applied in the Parent Company as a legal entity. The Parent Company applies the cost method in accordance with the Swedish Annual Accounts Act. Accordingly, financial assets in the Parent Company are measured at amortised cost and current assets according to the lowest value principle, with the application of impairment for expected credit losses according to IFRS 9 for assets that are debt instruments. For all other financial assets, impairment is based on the asset's market value. Derivative instruments with negative fair value are recognised as a liability at their negative fair value with the value change in profit or loss.

The Parent Company's financial guarantees consist of guarantees on behalf of Group companies. The Parent Company applies the exception of not recognising financial guarantee contracts on behalf of subsidiaries and joint ventures under the requirements of IFRS 9, but recognises financial guarantee contracts as provisions on the balance sheet when the company has an obligation for which payment is probable, otherwise the obligation is recognised as a contingent liability.

### Leases

The rules for recognising leases under IFRS 16 are not applied in the Parent Company. This means that lease payments are recognised as an expense on a straight-line basis over the lease term, and that right-of-use assets and lease liabilities are not included on the Parent Company balance sheet.

However, leases are identified in accordance with IFRS 16, i.e. a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

### Group information

Hemsö Fastighets AB has its registered office in Stockholm and the address of the Head Office is Linnégatan 2. Hemsö is 85-per cent owned, directly and indirectly, by the Third Swedish National Pension Fund, Corp. Reg. No. 802014-4120, with its registered office in Stockholm, Sweden, and 15-per cent owned, indirectly, by Sagax AB, Corp. Reg. No. 556520-0028, with its registered office in Stockholm, Sweden.

## Note 2 Special considerations and judgements

The presentation of financial statements in accordance with IFRS and generally accepted accounting principles requires making judgements and assumptions that affect the assets, liabilities, income, expenses and other information recognised in the annual accounts. These judgements and assumptions are based on historical experience and other factors considered reasonable under the circumstances. Actual results may differ from these judgements under different assumptions or conditions.

The financial statements are particularly sensitive to the judgements and assumptions used in the valuation of investment properties. Property values are assessed individually per property throughout the year, based on a number of judgements and estimates of future cash flows and yield requirements in a potential transaction. The range of values between the appraised value and selling price in a well-functioning market is normally (+/-) 5–10 per cent. For more information about this and the assumptions and judgements made, refer to Note 14.

Most of Hemsö's property acquisitions are made via acquisition transactions. A key area of accounting judgement is whether properties acquired indirectly through an acquisition transaction should be classified as a business combination or an asset acquisition. For asset acquisitions, no deferred tax asset is recognised for the acquisition, but any discounts reduce the cost of the property. This means that the tax discounts will affect the value changes on subsequent measurement. Every acquisition transaction is assessed separately to determine whether the acquisition is a business combination or an asset acquisition.

## Note 3 Segment information

The identification of reportable segments is based on internal reporting. The CEO primarily uses net operating income per segment for performance analysis. Administrative expenses, financial income and expenses and income tax are managed at Group level.

The Group is managed and reported in the following six operating segments: East, Central, North, South, Germany and Finland.

2022	East	Central	North	South	Germany	Finland	Unallocated items	Group
Rental income	965	501	661	425	695	827	–	4,073
Other income	13	4	2	3	1	0	–	23
Property income	978	506	663	427	697	827	–	4,097
Property costs	-257	-170	-178	-150	-91	-219	–	-1,065
<b>Net operating income</b>	<b>721</b>	<b>336</b>	<b>484</b>	<b>278</b>	<b>606</b>	<b>607</b>	–	<b>3,032</b>
Administrative expenses	–	–	–	–	–	–	-183	-183
Profit from participations in joint ventures	–	–	–	–	–	–	82	82
Net interest income	–	–	–	–	–	–	-613	-613
<b>Profit/loss after financial items</b>	<b>721</b>	<b>336</b>	<b>484</b>	<b>278</b>	<b>606</b>	<b>607</b>	<b>-715</b>	<b>2,317</b>
<b>Changes in value</b>								
Properties, realised	-1	-45	–	32	–	–	–	-14
Properties, unrealised	960	201	-181	-313	298	-363	–	603
Financial instruments, realised	–	–	–	–	–	–	-20	-20
Financial instruments, unrealised	–	–	–	–	–	–	271	271
<b>Total changes in value</b>	<b>959</b>	<b>157</b>	<b>-181</b>	<b>-281</b>	<b>298</b>	<b>-363</b>	<b>251</b>	<b>840</b>
Current tax	–	–	–	–	–	–	-190	-190
Deferred tax	–	–	–	–	–	–	-403	-403
<b>Profit/loss for the year</b>	<b>1,680</b>	<b>493</b>	<b>304</b>	<b>-4</b>	<b>904</b>	<b>244</b>	<b>-1,058</b>	<b>2,563</b>
<b>Investment properties – investments, acquisitions, divestments per segment</b>								
Investments, new construction, extension and re-developments	1,106	650	355	654	337	707	–	3,809
Acquisitions	259	138	1,000	301	860	309	–	2,867
Divestments	–	-428	-3	-14	–	–	–	-445
<b>Total</b>	<b>1,365</b>	<b>360</b>	<b>1,352</b>	<b>940</b>	<b>1,197</b>	<b>1,017</b>	–	<b>6,231</b>
<b>Assets per segment at period-end</b>								
Investment properties	23,249	9,568	13,544	8,833	15,426	14,258	–	84,879
Unallocated corporate assets	–	–	–	–	–	–	4,569	4,569
<b>Total assets</b>	<b>23,249</b>	<b>9,568</b>	<b>13,544</b>	<b>8,833</b>	<b>15,426</b>	<b>14,258</b>	<b>4,569</b>	<b>89,447</b>
<b>2021</b>	<b>East</b>	<b>Central</b>	<b>North</b>	<b>South</b>	<b>Germany</b>	<b>Finland</b>	<b>Unallocated items</b>	<b>Group</b>
Rental income	920	471	604	366	580	672	–	3,614
Other income	10	3	2	2	–	6	–	24
Property income	931	475	606	368	581	678	–	3,639
Property costs	-222	-158	-147	-127	-60	-182	–	-896
<b>Net operating income</b>	<b>709</b>	<b>317</b>	<b>459</b>	<b>241</b>	<b>520</b>	<b>496</b>	–	<b>2,742</b>
Administrative expenses	–	–	–	–	–	–	-156	-156
Profit from participations in joint ventures	–	–	–	–	–	–	177	177
Net interest income	–	–	–	–	–	–	-486	-486
<b>Profit/loss after financial items</b>	<b>709</b>	<b>317</b>	<b>459</b>	<b>241</b>	<b>520</b>	<b>496</b>	<b>-464</b>	<b>2,278</b>
<b>Changes in value</b>								
Properties, realised	0	–	9	-1	–	–	–	8
Properties, unrealised	2,298	1,184	1,644	1,034	810	610	–	7,579
Financial instruments, realised	–	–	–	–	–	–	-19	-19
Financial instruments, unrealised	–	–	–	–	–	–	229	229
<b>Total changes in value</b>	<b>2,298</b>	<b>1,184</b>	<b>1,653</b>	<b>1,033</b>	<b>810</b>	<b>610</b>	<b>209</b>	<b>7,797</b>
Current tax	–	–	–	–	–	–	-107	-107
Deferred tax	–	–	–	–	–	–	-1,779	-1,779
<b>Profit/loss for the year</b>	<b>3,007</b>	<b>1,501</b>	<b>2,113</b>	<b>1,274</b>	<b>1,330</b>	<b>1,106</b>	<b>-2,140</b>	<b>8,189</b>
<b>Investment properties – investments, acquisitions, divestments per segment</b>								
Investments, new construction, extension and re-developments	1,618	609	301	714	223	669	–	4,133
Acquisitions	61	8	712	391	1,328	956	–	3,456
Divestments	-1,885	-1	-103	-41	–	–	–	-2,030
<b>Total</b>	<b>-206</b>	<b>617</b>	<b>909</b>	<b>1,065</b>	<b>1,551</b>	<b>1,625</b>	–	<b>5,559</b>
<b>Assets per segment at period-end</b>								
Investment properties	20,924	9,006	12,374	8,205	12,742	12,486	–	75,737
Unallocated corporate assets	–	–	–	–	–	–	3,771	3,771
<b>Total assets</b>	<b>20,924</b>	<b>9,006</b>	<b>12,374</b>	<b>8,205</b>	<b>12,742</b>	<b>12,486</b>	<b>3,771</b>	<b>79,508</b>

## Note 4 Leases

### Lessor

Future minimum lease payments for non-cancellable leases amounted to:

Group	31 Dec 2022	31 Dec 2021
Contracted rental income within 12 months	4,514	3,732
Contracted rental income within 1–5 years	16,206	13,659
Contracted rental income later than 5 years	27,191	23,576
<b>Total</b>	<b>47,911</b>	<b>40,967</b>

For accounting purposes, rental agreements are considered operating leases when Hemsö is the lessor. The table shows rental income based on rental agreements signed.

The rent is usually indexed. In most cases, property tax is payable in addition to base rent. Additional amounts are based on the actual costs incurred by the landlord.

### Lessee

As a lessee, a number of leases have been signed for ground leases, company vehicles and premises. Company vehicles and premises are grouped in the 'other' category. Total cash flow for leases was SEK 47 million (42).

Group	Ground leases	Other leases	Total Right-of-use assets
<b>Opening balance, 1 Jan 2022</b>	<b>717</b>	<b>42</b>	<b>759</b>
Depreciation for the year	–	-16	-16
Currency effects	52	1	54
Additional	126	8	135
<b>Closing balance, 31 Dec 2022</b>	<b>896</b>	<b>36</b>	<b>932</b>

Amounts recognised in profit or loss	2022	2021
Depreciation	-16	-14
Interest expense	-31	-28
Leases of 12 months or less	-2	-1

### Maturity analysis of lease liabilities\*

Group	31 Dec 2022	31 Dec 2021
Due within 1 year	18	15
Due within 1–5 years	18	25
Due later than 5 years	0	2
<b>Total</b>	<b>36</b>	<b>42</b>

\* Excluding ground leases, which are considered perpetual.

## Note 5 Operating costs

Group	2022	2021
Media usage	355	269
Supervision	332	290
Other operating costs	47	36
<b>Total</b>	<b>734</b>	<b>595</b>

## Note 6 Central administrative expenses

Group	2022	2021
Personnel costs	229	207
Premises and office expenses	20	22
Services purchased	83	64
Depreciation	1	1
Other operating expenses	13	8
Less re-invoicing	-163	-146
<b>Total</b>	<b>183</b>	<b>156</b>

## Note 7 Employees, personnel costs and remuneration of senior executives

Group	2022			2021		
	Total	Women	Men	Total	Women	Men
Average no. of employees	155	72	83	146	66	80
No. of Group Management	9	3	6	10	4	6
No. of Board of Directors	6	3	3	6	3	3

At year-end, Hemsö had 158 employees (153), of whom 104 (105) in the Parent Company, 28 (26) in Hemsö Development AB, 10 (8) in Germany and 16 (14) in Finland.

Group	2022		2021		Group	2022		2021		
	Salaries and remuneration, SEK 000s	Salaries and fees	Variable remuneration	Salaries and fees		Variable remuneration	Payroll overheads, incl. special employer's contribution, SEK 000s	Pension costs	Payroll overheads, incl. special employer's contribution	Pension costs
Board	1,170	–	–	1,267	–	Board	368	–	398	–
CEO	5,787	–	–	5,330	–	CEO	2,247	1,626	2,139	1,626
Deputy CEO	2,277	–	–	2,050	–	Deputy CEO	897	665	843	762
Other senior executives	8,462	–	–	8,247	27	Other senior executives	3,366	2,601	3,290	2,906
Other employees	84,771	5,958	–	77,014	6,219	Other employees	33,397	15,041	28,922	15,677
<b>Total Sweden</b>	<b>102,467</b>	<b>5,958</b>	<b>–</b>	<b>93,908</b>	<b>6,246</b>	<b>Total Sweden</b>	<b>40,275</b>	<b>19,933</b>	<b>35,592</b>	<b>20,971</b>
Other senior executives	4,273	–	–	3,742	–	Other senior executives	213	521	216	445
Other employees	19,394	291	–	14,664	244	Other employees	1,803	2,280	1,169	1,698
<b>Total Foreign</b>	<b>23,667</b>	<b>291</b>	<b>–</b>	<b>18,406</b>	<b>244</b>	<b>Total Foreign</b>	<b>2,016</b>	<b>2,801</b>	<b>1,385</b>	<b>2,143</b>
<b>Total Group</b>	<b>126,134</b>	<b>6,249</b>	<b>–</b>	<b>112,314</b>	<b>6,490</b>	<b>Total Group</b>	<b>42,291</b>	<b>22,734</b>	<b>36,977</b>	<b>23,114</b>

Parent Company	2022			2021		
	Total	Women	Men	Total	Women	Men
Average no. of employees	104	48	56	103	47	56
No. of Group Management, 31 Dec	6	2	4	7	3	4
Board members, 31 Dec	6	3	3	6	3	3

Parent Company	2022		2021		Parent Company	2022		2021		
	Salaries and remuneration, SEK 000s	Salaries and fees	Variable remuneration	Salaries and fees		Variable remuneration	Payroll overheads, incl. special employer's contribution, SEK 000s	Pension costs	Payroll overheads, incl. special employer's contribution	Pension costs
Board	1,170	–	–	1,267	–	Board	368	–	398	–
CEO	5,787	–	–	5,330	–	CEO	2,247	1,626	2,139	1,626
Deputy CEO	2,277	–	–	2,050	–	Deputy CEO	897	665	843	762
Other senior executives	6,806	–	–	6,653	27	Other senior executives	2,710	2,151	2,663	2,468
Other employees	63,561	4,281	–	59,359	4,828	Other employees	24,776	10,728	24,154	10,901
<b>Total Sweden</b>	<b>79,601</b>	<b>4,281</b>	<b>–</b>	<b>74,659</b>	<b>4,855</b>	<b>Total Sweden</b>	<b>30,998</b>	<b>15,170</b>	<b>30,197</b>	<b>15,757</b>
<b>Total Foreign</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>Total Foreign</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Parent Company</b>	<b>79,601</b>	<b>4,281</b>	<b>–</b>	<b>74,659</b>	<b>4,855</b>	<b>Total Parent Company</b>	<b>30,998</b>	<b>15,170</b>	<b>30,197</b>	<b>15,757</b>

### Remuneration of the Board

The Chairman and other members of the Board of Hemsö Fastighets AB are remunerated in accordance with a resolution adopted by the Annual General Meeting (AGM). Remuneration of the Chairman amounts to SEK 525,000, while each of the other Board members are paid an amount of SEK 250,000. The Chairman of the Board's Audit Committee is paid remuneration of SEK 125,000 and other members are paid SEK 65,000. The Chairman of the Board's Remuneration Committee is paid remuneration of SEK 40,000 and other members are paid SEK 30,000. Members of the Board who are employed by the owners receive no remuneration.

### Variable remuneration

Hemsö's variable remuneration scheme for 2022 includes all permanent employees except for senior executives. Under the scheme, most employees can receive up to one monthly salary in variable remuneration, while a smaller number of employees can receive up to two monthly salaries subject to the achievement of predefined targets.

The targets are 50-per-cent based on the company's financial performance, and 50-per-cent based on individual, team or department performance, depending on the employee's role. The variable remuneration scheme is determined annually by the Board.

### Pensions

Under the CEO's contract, Hemsö is required to pay premiums for occupational pension and health insurance amounting to 30 per cent of gross salary. Senior executives and other employees are covered by the ITP plan. The age of retirement is 65 for the CEO, and 67 for other senior executives. 65 employees (68) have defined-benefit ITP plans with continuous payments to Alecta. The year's contributions for defined-benefit pension plans with Alecta amounted to SEK 8,436,000 (9,110,000). Alecta's surplus can be distributed to the policyholders and/or insured. At December 2022, Alecta's surplus in the form of the collective funding ratio was 172 per cent (December 2021: 172 per cent). The collective funding ratio is the market value of Alecta's assets as a percentage of the insurance commitments calculated using Alecta's actuarial assumptions, which are not consistent with IAS 19.

### Severance pay

An agreement has been reached whereby the CEO will be eligible for severance pay in the event of termination by the company. The severance pay corresponds to 12 months' fixed salary, in addition to the mutual six-month notice period. The severance pay is not pensionable, is fully deductible and not payable upon retirement. Other senior executives have a mutual notice period of six months.



## Note 8 Auditor fees and remuneration

	Group		Parent Company	
	2022	2021	2022	2021
Audit engagement				
KPMG (Ernst & Young)	3	3	2	2
Audit activities in addition to the audit engagement	0	0	0	0
Other assignments	1	1	0	1
<b>Total</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>3</b>

The audit engagement refers to the statutory audit of the annual accounts and of the administration of the Board and the CEO. The Annual General Meeting in 2022 elected KPMG as new auditors. Audit activities in addition to the audit engagement refer to reviews of the administration or financial statements pursuant to statute. Tax consultancy refers to consultation on fiscal issues. Other assignments refer to consultation that cannot be linked to any of the other categories.

## Note 9 Profit/loss from participations in Group companies

Parent Company	2022	2021
Dividends	451	303
Profit/loss from unlimited and limited partnerships	-4	8
Impairment	-24	-21
<b>Total</b>	<b>423</b>	<b>290</b>

Some of the subsidiaries received shareholder contributions during the year due to equity depletion. These shareholder contributions were recognised in the Parent Company as an increase in the value of the shares in the subsidiaries, which was not matched by an equally large increase in the value of the shares. This explains most of the impairments made during the year.

## Note 10 Income from financial items

Financial income and expenses recognised in profit/loss	Group	
	2022	2021
<b>SEK million</b>		
<i>Assets and liabilities required to be measured at fair value through profit or loss:</i>		
Interest received, derivatives that do not qualify for hedge accounting	1,118	628
Interest paid, derivatives that do not qualify for hedge accounting	-1,052	-661
<b>Total</b>	<b>66</b>	<b>-33</b>
<i>Assets and liabilities measured at amortised cost:</i>		
Interest income from rent and accounts receivable	1	0
Interest income, other financial assets	17	12
<b>Total interest income, effective interest method</b>	<b>17</b>	<b>11</b>
Interest expense, loans	-612	-417
Interest expense, other financial liabilities	0	0
<b>Total interest expense, effective interest method</b>	<b>-612</b>	<b>-417</b>
Exchange-rate differences, financial items	0	0
Remuneration for guarantee commitments	-	32
Commitment fees	-25	-24
Other financial expenses	-60	-55
<b>Total</b>	<b>-84</b>	<b>-48</b>
<b>Total recognised in net interest income</b>	<b>-613</b>	<b>-486</b>
<i>Assets and liabilities required to be measured at fair value through profit or loss:</i>		
Gains from the change in value of derivatives that do not qualify for hedge accounting	271	243
Loss from the change in value of derivatives that do not qualify for hedge accounting	-20	-33
<b>Total</b>	<b>251</b>	<b>209</b>
<b>Total recognised in profit/loss</b>	<b>-362</b>	<b>-277</b>

## Financial income and expenses recognised in profit/loss

SEK million	Parent Company	
	2022	2021
Interest income	722	671
Interest expense, loans	-573	-471
Other financial expenses	-51	-50
Profit from participations in Group companies	423	290
Impairment/reversal of impaired derivatives	-75	185
Exchange-rate differences	-714	-281
<b>Total</b>	<b>-267</b>	<b>345</b>

## Note 11 Value changes

### Investment properties

The value changes attributable to investment properties amounted to SEK 589 million (7,587). The value changes were SEK -14 million (8) in realised changes and SEK 603 million (7,579) in unrealised changes.

The realised value change was mainly attributable to disposals and sales of properties in 2022.

Unrealised value changes were mainly attributable to high inflation in 2022. The value changes were also attributable to development projects primarily in Sweden, but also in Finland and Germany, and to revised estimates of net operating income as a result of new lettings, terminated rental agreements and renegotiations. Unrealised value changes were adversely impacted by raised yield requirements in all countries and categories in the second half of 2022.

Unrealised value changes, SEK million	2022	2021
Property management and development-related value change	3,678	2,375
General market value change	-3,010	3,784
<b>Subtotal Sweden</b>	<b>668</b>	<b>6,160</b>
Property management and development-related value change	658	357
General market value change	-722	1,063
<b>Subtotal Foreign</b>	<b>-65</b>	<b>1,419</b>
<b>Total unrealised value changes</b>	<b>603</b>	<b>7,579</b>

### Change in value of derivatives

Hemsö uses interest-rate derivatives to manage and adjust the Group's interest-rate risk and foreign exchange swaps to manage and adjust the Group's currency risk. If the agreed interest rate deviates from the market rate, a surplus or deficit arises on the interest-rate derivatives, whereby the value changes are recognised in the statement of comprehensive income. If the agreed exchange rate deviates from the market rate, a surplus or deficit value arises on the foreign exchange swaps.

Since Hemsö is increasingly raising loans with a fixed rate, Hemsö redeemed all remaining interest-rate derivatives in the first quarter of 2022. At period-end, the nominal value of the interest-rate derivatives portfolio was SEK - million (4,800). Derivatives attributable to currency risk management comprise cross currency swaps, which corresponded to SEK 8,020 million (3,187). The value of the interest-rate derivatives was SEK - million (35), and the surplus value of the cross currency swaps was SEK 247 million (196).

Changes in the value of financial instruments had a positive impact of SEK 251 million (209) on profit. Changes in the value of interest-rate derivatives had a positive impact of SEK 27 million (200) on profit, of which the unrealised value change was SEK 35 million (221). Changes in the value of cross currency swaps had a positive impact of SEK 224 million (9) on profit, of which the unrealised value change amounted to SEK 236 million (7).

At year-end, the Swedish 10-year swap rate was 3.1 per cent (1.0).

## Note 12 Tax

	Group		Parent Company	
	2022	2021	2022	2021
<b>Recognised profit before tax</b>	<b>3,157</b>	<b>10,075</b>	<b>481</b>	<b>610</b>
Current tax	-189	-106	0	0
Deferred tax	-403	-1,779	37	-40
Tax attributable to prior years	-1	-1	-	-
<b>Total tax recognised in profit or loss</b>	<b>-594</b>	<b>-1,885</b>	<b>37</b>	<b>-40</b>
	Group		Parent Company	
Tax expense analysis	2022	2021	2022	2021
Recognised profit before tax	3,157	10,075	481	610
Reversal of profit/loss from joint ventures	-82	-177	-	-
Profit before tax excluding profit/loss from joint ventures	3,076	9,898	481	610
Expected tax expense at Swedish rate	-634	-2,038	-99	-126
Difference in foreign tax rates	54	107	-	-
Tax attributable to prior years	-1	-1	0	-
<b>Tax effect of</b>				
Impairment of capitalised tax losses	-	-17	-	-
Capitalisation of previously uncapitalised tax losses	1	-	-	-
Uncapitalised tax losses	-4	-3	-	-
Non-taxable sales	34	57	27	-
Tax exempt income	0	3	-	-
Non-deductible expenses	-5	-2	-6	-5
Other tax adjustments	-39	9	25	28
Dividends	-	-	93	62
Profit/loss from unlimited/limited partnerships	-	-	-3	1
<b>Recognised tax expense</b>	<b>-594</b>	<b>-1,885</b>	<b>37</b>	<b>-40</b>
<i>Effective tax rate</i>	<i>19%</i>	<i>19%</i>	<i>-8%</i>	<i>6%</i>

Expected tax expense at the current rate refers to the tax that would be payable if tax was calculated on recognised profit without tax adjustments. The Group's effective tax expense accounts for 19 per cent (19) of consolidated profit before tax. Current tax is calculated using the current tax rate, which is 20.6 per cent in Sweden, 20 per cent in Finland and 16 per cent in Germany.

	Group		Parent Company	
	2022	2021	2022	2021
<b>Deferred tax recognised on the income statement</b>				
Derivatives	-56	-47	15	-38
Investment properties	-403	-1,717	2	-1
Untaxed reserves	29	2	-	-
Tax deficit	26	-17	19	-
<b>Total deferred tax recognised on the income statement</b>	<b>-403</b>	<b>-1,779</b>	<b>37</b>	<b>-40</b>

	Group		Parent Company	
	2022	2021	2022	2021
<b>Deferred tax recognised on the balance sheet</b>				
Derivatives	51	33	-35	-19
Investment properties	6,539	6,025	27	29
Untaxed reserves	2	31	-	-
Tax deficit	-34	-7	-19	-
<b>Total deferred tax recognised on the balance sheet</b>	<b>6,557</b>	<b>6,082</b>	<b>-27</b>	<b>10</b>

Deferred tax assets on tax loss carryforwards in the Group that are considered likely to be used after more than 12 months amounted to SEK 34 million (7) in the Group, and SEK 19 million (-) in the Parent Company. Deferred tax liabilities considered likely to be offset after more than 12 months amounted to SEK 6,592 million (6,089) in the Group and SEK 27 million (29) in the Parent Company. Unrecognised tax assets on tax loss carryforwards and non-deductible net interest income amounted to SEK 44 million (30). Of these, tax loss carryforwards and non-deductible net interest income corresponding to a tax asset of SEK 35 million (25) had an indefinite life. Of the tax assets recognised, SEK 34 million (7) had an indefinite life.

## Note 13 Capitalised development costs

	Group		Parent Company	
	2022	2021	2022	2021
Accumulated cost, opening balance	7	5	7	5
Cost for the year	3	2	3	2
<b>Total</b>	<b>10</b>	<b>7</b>	<b>10</b>	<b>7</b>
Accumulated amortisation, opening balance	-5	-5	-5	-5
Depreciation for the year	0	-	0	-
<b>Total</b>	<b>-5</b>	<b>-5</b>	<b>-5</b>	<b>-5</b>
<b>Carrying amount, closing balance</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>2</b>

## Note 14 Investment properties

Group	31 Dec 2022	31 Dec 2021
Market value of properties, opening balance	75,737	62,240
Acquisitions	2,867	3,456
Investments in new construction, extension and re-development	3,809	4,133
Divestments	-414	-2,030
Disposals	-31	-60
Exchange-rate fluctuations	2,308	417
Unrealised value changes	603	7,579
<b>Market value of properties, closing balance</b>	<b>84,879</b>	<b>75,737</b>
of which recognised in profit or loss	589	7,587

At 31 December 2022, the estimated market value, corresponding to the carrying amount, totalled SEK 84,879 million (75,737). Of investments for the year, SEK - million (32) pertained to capitalised interest expense. Total value change amounted to SEK 9,142 million (13,496), corresponding to 12.1 per cent (21.7). The table below shows the estimated market value per property category and segment.

### Significant obligations

Hemsö has the following significant obligations in relation to the acquisition and divestment of investment properties: The company acquired one property in Germany for SEK 33 million that will be transferred in the fourth quarter of 2023. In Sweden, Hemsö acquired seven properties for SEK 296 million, which will be transferred in 2023. The total volume of ongoing new construction and re-development projects amounted to SEK 4,434 million (5,931), of which the remaining investment amount was SEK 2,084 million (3,532).

### Valuation method

In accordance with the company's valuation policy, the market value of each property is assessed individually each quarter. Hemsö determines the market values using external valuations and Hemsö's internal calculation model. The valuation method is mainly based on 10–20 year cash flow analyses using the property's net operating income. Opening value-impacting factors, such as yield requirement, are assessed using the location-based pricing method. The location's market rental level, long-term vacancy rate and potential for development rights are also assessed. Each property is assessed using property-specific value-impacting events, such as newly signed and renegotiated rental agreements, terminated rental agreements and investments. Market value refers to the price that would probably be received if the property was put up for sale in a free and open market, without party relations and undue pressure. The valuations have accounted for the best use of the properties.

The measurements are categorised within Level 3 of the fair value hierarchy in IFRS 13. No properties have been transferred to other fair value hierarchies. The same valuation method is applied for all of Hemsö's properties. Hemsö recognises its investment properties at an estimated fair value in accordance with IAS 40, and at 31 December 2022, all properties had been assessed.

Buildings under construction for future use as investment properties are recognised at fair value in accordance with IAS 40 with consideration for project risk and deductions for remaining investments.

The valuation yield and future earnings capacity of the property have been determined in a coherent manner and applied consistently in the valuations.

### Market value of properties per property category and segment at 31 December 2022, SEK million

	Market value of properties, SEK million	No. of properties	Rental value, SEK million	Occupancy rate, %	Lettable area, tsqm	Valuation yield, %	Average valuation yield, %
Nursing homes	4,576	21	187	94.5	118	3,7–6,3	4.1
Education	7,953	43	307	99.0	165	3,6–6,0	4.1
Health care	8,268	16	371	95.8	139	3,8–5,2	4.2
Justice system	2,452	2	114	95.6	43	4,1–4,1	4.1
<b>Sweden, Region East</b>	<b>23,249</b>	<b>82</b>	<b>978</b>	<b>96.5</b>	<b>466</b>	<b>3,6–6,3</b>	<b>4.1</b>
Nursing homes	2,583	27	138	99.4	93	4,0–6,0	4.4
Education	4,376	30	191	97.4	139	3,9–6,0	4.6
Health care	1,805	26	124	95.5	82	4,5–5,9	5.2
Justice system	804	4	53	100.0	33	4,6–5,8	4.7
<b>Sweden, Region West</b>	<b>9,568</b>	<b>87</b>	<b>506</b>	<b>97.7</b>	<b>347</b>	<b>3,9–6,0</b>	<b>4.7</b>
Nursing homes	6,408	46	310	99.6	213	3,6–6,5	4.4
Education	5,389	21	232	99.8	143	3,5–6,3	4.4
Health care	196	3	14	90.5	9	5,0–6,3	5.3
Justice system	1,551	5	106	99.9	39	4,3–5,0	4.6
<b>Sweden, Region Central/North</b>	<b>13,544</b>	<b>75</b>	<b>663</b>	<b>99.5</b>	<b>405</b>	<b>3,5–6,5</b>	<b>4.4</b>
Nursing homes	2,722	23	152	97.1	97	4,2–6,0	4.5
Education	5,465	35	236	96.0	171	4,3–7,2	4.7
Health care	269	7	17	93.5	16	4,7–6,9	5.7
Justice system	377	4	22	98.2	12	4,5–6,4	5.0
<b>Sweden, Region South</b>	<b>8,833</b>	<b>69</b>	<b>427</b>	<b>96.3</b>	<b>296</b>	<b>4,2–7,2</b>	<b>4.7</b>
Nursing homes	12,223	78	537	100.0	397	3,4–5,3	4.3
Education	2,085	4	98	100.0	38	4,1–5,4	4.3
Justice system	1,117	5	62	100.0	34	2,9–5,2	3.4
<b>Germany</b>	<b>15,426</b>	<b>87</b>	<b>697</b>	<b>100.0</b>	<b>470</b>	<b>2,9–5,4</b>	<b>4.2</b>
Nursing homes	3,959	43	234	99.4	118	4,5–10,0	5.4
Education	5,310	18	280	99.7	149	4,0–6,0	4.9
Health care	1,969	11	150	100.0	79	5,0–6,5	5.5
Justice system	3,020	8	162	90.7	69	5,0–6,8	5.3
<b>Finland</b>	<b>14,258</b>	<b>80</b>	<b>827</b>	<b>97.8</b>	<b>416</b>	<b>4,0–10,0</b>	<b>5.2</b>
Nursing homes	32,470	238	1,559	98.7	1,037	3,4–10,0	4.5
Education	30,579	151	1,344	98.5	806	3,5–7,2	4.5
Health care	12,506	63	677	96.5	326	3,8–6,9	4.6
Justice system	9,323	28	519	95.8	231	2,9–6,8	4.6
<b>Total</b>	<b>84,879</b>	<b>480</b>	<b>4,098</b>	<b>97.9</b>	<b>2,400</b>	<b>2,9–10,0</b>	<b>4.5</b>

### Yield requirement assumptions

The yield requirement is individually assessed for each property and based on underlying assumptions of real interest rates, inflation and risk premiums. The yield requirement is individual for each property and based on the location of the property, the characteristics of the location and the intended use of the property. Additional parameters that are taken into account include the appropriateness and design of the premises, the standard and condition of the property, the rental term and type of tenant.

The yield requirements applied have been determined on the basis of Hemsö's knowledge of completed transactions in the markets in which Hemsö operates, and in bidding processes in which Hemsö has participated. The yield requirement is used to discount the estimated 10–20 year future cash flow. The residual value is discounted using the yield requirement less growth corresponding to inflation.

### Valuation yield assumptions

The valuation yield is individual for each property and based on the location of the property, the characteristics of the location and the intended use of the property. Additional parameters that are taken into account include the appropriateness and design of the premises, the standard and condition of the property, the rental term and type of tenant. The yield requirements applied have been determined on the basis of knowledge of completed transactions in the markets in which Hemsö operates.

#### Average cash flow assumptions on 31 December 2022, year 1

Estimated rental level, SEK/sqm	1,784
Property costs, SEK/sqm	464
Vacancy rate, %	2.2%

### Inflation assumptions

Assumptions of the coming year's inflation are made for each country, based on the market's inflation expectations. The following table shows the current inflation assumptions for each country for 2023, 2024 and onwards.

Country	2023	Long-term inflation
Sweden	4.0%	2.0%
Germany	6.8%	2.0%
Finland	2.0%	2.0%

### Uncertainty range and sensitivity analysis

Property valuation is the result of an estimate of the value of a particular property value at a given date. The market value of properties is calculated using assumptions of expected rental income, property costs, economic vacancy and yield requirements. These factors vary depending on the economy, demand for properties and interest rates. The valuation assumes an uncertainty range of +/- 5 per cent, corresponding to values in the range of SEK 80,635–89,123 million (71,950–79,523). In the sensitivity analysis, net operating income has been adjusted +/- 5 per cent to show how cash flow changes affect the total value. Similarly, the valuation yield has been adjusted +/- 0.5 of a percentage point to show how the overall value is affected.

The sensitivity analysis provides a schematic view of the effect of input parameters on the value. The various assumptions regarding cash flow and yield requirement are linked together, and one isolated parameter is rarely changed.

Cushman & Wakefield performed the valuation of the Swedish portfolio, CBRE the German portfolio, and JLL the Finnish portfolio. A full valuation was performed on 277 of the 431 externally valued properties, including a physical inspection. A desktop valuation was performed on the remaining properties. During the year, 44 properties were acquired. In general, external valuations had not been performed on the year's acquisitions or early-stage development projects at year-end 2022.

### Sensitivity analysis

	Change	Valuation effect, SEK million
Net operating income	+/- 5%	+/- 4,244
Valuation yield	+/- 0.5 percentage points	- 10,028/+ 13,130

## Note 15 Equipment

	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Accumulated cost, opening balance	15	13	11	10
Acquisitions	1	3	0	1
<b>Total</b>	<b>16</b>	<b>16</b>	<b>12</b>	<b>11</b>
Accumulated depreciation, opening balance	-10	-9	-8	-7
Depreciation for the year	-1	-1	-1	-1
<b>Total</b>	<b>-11</b>	<b>-10</b>	<b>-9</b>	<b>-8</b>
<b>Carrying amount, closing balance</b>	<b>5</b>	<b>6</b>	<b>3</b>	<b>3</b>

## Note 16 Participations in Group companies

Carrying amount at period-end. Specification of the company's holding of shares and participations in Group companies.

Parent Company Subsidiaries	Corp. Reg. No.	Reg. office	Country	Participation, %		Market value 31 Dec 2022
				Direct	Indirect	
Hemsö Vårdfastigheter AB	556657-9958	Stockholm	Sweden	100.0		1,265
Fastighets AB Fordonsskolan	556691-2654	Stockholm	Sweden	100.0		177
Russeliana AB	556686-3733	Stockholm	Sweden	100.0		63
Tipton Erik AB	556617-6128	Stockholm	Sweden	100.0		13
Hemsö Bänken AB	556718-3396	Stockholm	Sweden	100.0		355
Hemsö Tavlan 08 AB	556746-9852	Stockholm	Sweden	100.0		22
Fastighets AB Beckomberga 1:12	556753-3780	Stockholm	Sweden	100.0		29
Hemsö Vreten AB	556417-3952	Stockholm	Sweden	100.0		459
Hemsö Draget Fastigheter AB	556340-0869	Stockholm	Sweden	100.0		98
Nya Vilunda Fastighets AB	556781-6789	Stockholm	Sweden	100.0		0
Hemsö Köping Fastigheter AB	556845-8912	Stockholm	Sweden	100.0		11
Hemsö Dona Fastigheter AB	556795-8987	Stockholm	Sweden	100.0		148
Hemsö Botkyrka Fastigheter AB	556786-3427	Stockholm	Sweden	100.0		13
Hemsö Krokslätt Fastigheter AB	556259-2815	Stockholm	Sweden	100.0		18
Hemsö Gransångaren Fastigheter AB	556591-2994	Stockholm	Sweden	100.0		40
Hemsö Rosengård Fastigheter AB	556766-4817	Stockholm	Sweden	100.0		42
Hemsö Patienthotell AB	556910-1362	Stockholm	Sweden	100.0		185
Hemsö Upplands Väsby Fastigheter AB	556911-7855	Stockholm	Sweden	100.0		200
Hemsö Skolfastigheter AB	556537-6901	Stockholm	Sweden	100.0		641
Bokbacken Fastigheter AB	556340-5538	Stockholm	Sweden	100.0		1,534
Hemsö Öresund KB	969647-9295	Stockholm	Sweden	99.0	1.0	4
Förvaltningsbolaget Krokslätt KB	969601-3839	Stockholm	Sweden	10.0	90.0	3
Förvaltningsbolaget Hanen 4 KB	969601-3862	Stockholm	Sweden	10.0	90.0	2
Bokbacken Fastigheter Fiskebäck KB	916850-4570	Stockholm	Sweden	10.0	90.0	3
Bokbacken Fastigheter Solskiftet KB	916434-5549	Stockholm	Sweden	10.0	90.0	0
KB S:t Jörgen Äldreboende	969673-1430	Stockholm	Sweden	10.0	90.0	2
FB Fair Fyrtiotre KB	916630-7455	Stockholm	Sweden	1.0	99.0	4
Bjölåhemmet KB	916849-3212	Stockholm	Sweden	1.0	99.0	24
Hemsö Britsen AB	556718-3388	Stockholm	Sweden	100.0		9
Krusleden Fastighets AB	556712-4986	Stockholm	Sweden	100.0		4
Ystad Liv 1 Fastighets AB	556640-8737	Stockholm	Sweden	100.0		104
Hemsö Hissen 08 AB	556746-9837	Stockholm	Sweden	100.0		470
Hemsö Klockarkärleken AB	556750-0862	Stockholm	Sweden	100.0		78
Hemsö Valsätra AB	556761-3749	Stockholm	Sweden	100.0		5
Hemsö Söderport AB	556752-5554	Stockholm	Sweden	100.0		36
Hemsö Beckomberga Fastigheter AB	556617-6151	Stockholm	Sweden	100.0		1
Hemsö Development AB	556873-8529	Stockholm	Sweden	100.0		5
Hemsö LSS-Fastigheter Holding	556923-9527	Stockholm	Sweden	100.0		6
Hemsö Kadetten Ekonomisk förening	769633-2639	Stockholm	Sweden		100.0	–
Hemsö Intende AB	556802-4789	Stockholm	Sweden	100.0		1,204
Hemsö Norden KB	969769-2961	Stockholm	Sweden		50.0	–
Hemsö Komplementär AB	556951-8086	Stockholm	Sweden		50.0	–
Hemsö Häggen KB	969769-2920	Stockholm	Sweden		50.0	–
Hemsö Nacka 1 KB	969780-4194	Stockholm	Sweden		50.0	–
Hemsö Äldreboende KB	969781-6206	Stockholm	Sweden		50.0	–
Hemsö Norrbottenfastigheter KB	969780-9839	Stockholm	Sweden		50.0	–
Hemsö Kvarnberget KB	969789-1704	Stockholm	Sweden		50.0	–
Hemsö Bäckagård 1:17 KB	916850-7201	Stockholm	Sweden		50.0	–
Hemsö Excellensen 5 AB	559087-5760	Stockholm	Sweden		100.0	–
Hemsö Tenstafastigheter AB	559333-0573	Stockholm	Sweden		100.0	–
Hemsö Bråstaborg 1 i Sala AB	559351-4416	Stockholm	Sweden		100.0	–
Hemsö Baggen AB	556709-6812	Stockholm	Sweden	100.0		173
Hemsö Vårdrådet AB	559132-9775	Stockholm	Sweden		100.0	–
Hemsö Cullberg Holding AB	556932-8080	Stockholm	Sweden		100.0	–
Hemsö Båthöjden AB	559079-7642	Stockholm	Sweden		100.0	–
Hemsö Bjuvfastigheter AB	559079-7600	Stockholm	Sweden		100.0	–
Hemsö Wallander AB	559105-1296	Stockholm	Sweden		100.0	–
Hemsö Giffeln 1 AB	559217-4725	Stockholm	Sweden		100.0	–
Hemsö Jungfruholmen Holding AB	556937-6493	Stockholm	Sweden	100.0		0
Hemsö Jungfruholmen HB	916585-3921	Stockholm	Sweden		100.0	–
Hemsö Kvillebäcken AB	556874-5292	Stockholm	Sweden	100.0		29
Hemsö Medicinaren AB	556822-2359	Stockholm	Sweden	100.0		435
Hemsö Sandudden Fastigheter AB	556928-1958	Stockholm	Sweden	100.0		4
Hemsö Hjärup Fastighets AB	556973-2752	Stockholm	Sweden	100.0		6
Hemsö Tegen AB	556761-8938	Stockholm	Sweden	100.0		310
Hemsö Hälsan AB	556658-9510	Stockholm	Sweden	100.0		44
Hemsö Centrumhuset i Göteborg AB	556991-6249	Stockholm	Sweden	100.0		6
Alexander Holding 1 AB	556989-1491	Stockholm	Sweden	100.0		-3
Blå Kruset 1 AB	556989-0014	Stockholm	Sweden	100.0		155
Hemsö Gävle Norrtull AB	559085-6943	Stockholm	Sweden		100.0	–
Hemsö Benzelius AB	556856-8165	Stockholm	Sweden		100.0	–
Hemsö Svindersvik Fastigheter AB	556674-6045	Stockholm	Sweden		100.0	–
Hemsö Knivsta Skolfastigheter AB	559411-9892	Stockholm	Sweden		100.0	–
Blå Kruset 17 AB	556992-5679	Stockholm	Sweden	100.0		121
Hemsö Mejeriet i Gävle AB	559152-5323	Stockholm	Sweden		100.0	–
Hemsö Filborna Fastighets AB	559231-5609	Stockholm	Sweden		100.0	–
Hemsö Nävan i Malmö AB	559073-2904	Stockholm	Sweden		100.0	–
Hemsö Utvecklingsfastigheter 1 AB	559365-1788	Stockholm	Sweden		100.0	–
Hemsö Utvecklingsfastigheter 2 AB	559365-1770	Stockholm	Sweden		100.0	–
Hemsö Utvecklingsfastigheter 3 AB	559365-1804	Stockholm	Sweden		100.0	–
Blå Kruset 9 AB	556989-0089	Stockholm	Sweden	100.0		272
Hemsö Verkmästaren Holding AB	559083-3926	Stockholm	Sweden		100.0	–
Hemsö Verkmästaren Fastigheter AB	559042-0534	Stockholm	Sweden		100.0	–
Hemsö Haninge Skolfastigheter AB	559110-7221	Stockholm	Sweden		100.0	–

Note 16, cont.

Parent Company Subsidiaries	Corp. Reg. No.	Reg. office	Country	Participation, %		Market value 31 Dec 2022
				Direct	Indirect	
Hemsö Juristen 4 AB	556761-9118	Stockholm	Sweden		100.0	–
Hemsö Brämregården 37:1 AB	556761-9134	Stockholm	Sweden		100.0	–
Hemsö Notarieängan 8 AB	556802-9192	Stockholm	Sweden		100.0	–
Blå Kruset 13 AB	556989-0162	Stockholm	Sweden	100.0		195
Hemsö Solvåndan 3 AB	559115-3639	Stockholm	Sweden		100.0	–
Hemsö Lagerqvist AB	559056-1873	Stockholm	Sweden		100.0	–
TKV Fastighets AB	556900-1323	Stockholm	Sweden	100.0		188
TKV2 Fastighets AB	556967-4624	Stockholm	Sweden	100.0		327
Hemsö Gotland Holding Fastigheter AB	556930-2713	Stockholm	Sweden	100.0		299
Hemsö Vittran AB	559214-5675	Stockholm	Sweden		100.0	–
Snickeriet 10 Fastighets AB	559260-6080	Stockholm	Sweden		100.0	–
Hemsö Hjorten 14 Fastighets AB	559260-6098	Stockholm	Sweden		100.0	–
Hemsö Fräsen 1 AB	559255-4868	Stockholm	Sweden		100.0	–
Hemsö Gotland Fastigheter AB	556923-9592	Stockholm	Sweden	89.0		14
Hemsö Life Holding AB	559017-8314	Stockholm	Sweden	100.0		800
Scandinavian Life Science Två AB	559015-3531	Stockholm	Sweden		100.0	–
Hemsö Författaren AB	559014-3664	Stockholm	Sweden		100.0	–
Hemsö Kronåsen AB	559288-0701	Stockholm	Sweden		100.0	–
Hemsö Huginerva AB	559002-6570	Stockholm	Sweden	100.0		96
Hemsö Arttiv Fastigheter AB	556745-4979	Stockholm	Sweden	100.0		19
Hemsö Skarpnäck AB	556757-1186	Stockholm	Sweden	100.0		21
Hemsö Ystad Tonsättaren AB	559005-5348	Stockholm	Sweden	100.0		41
Hemsö skolfastigheter i Järvastaden AB	559017-4354	Stockholm	Sweden	100.0		11
Hemsö Borstahusen Fastigheter AB	559017-4586	Stockholm	Sweden	100.0		191
Hemsö Kungshamn Fastigheter AB	556805-3085	Stockholm	Sweden	100.0		25
Hemsö Lindholmen AB	559011-5233	Stockholm	Sweden	100.0		171
Hemsö Mode Fastighetsutveckling AB	559029-6736	Stockholm	Sweden	100.0		–
Hemsö Sandarna 26:2 AB	556750-6547	Stockholm	Sweden	100.0		470
Hemsö Stafvre AB	559021-5660	Stockholm	Sweden	100.0		161
Hemsö Krusmyntan AB	556963-0246	Stockholm	Sweden	100.0		17
Hemsö Kopparormen AB	556762-2195	Stockholm	Sweden	100.0		15
Hemsö Hantverkaren 2 AB	556929-7889	Stockholm	Sweden	100.0		187
Hemsö Holding AB	556920-8050	Stockholm	Sweden	100.0		126
Hemsö Höbalen 1 AB	556673-5188	Stockholm	Sweden		100.0	–
Hemsö 769 Holding AB	559070-4358	Stockholm	Sweden	100.0		545
Hemsö Gyllehemmet Holding AB	556787-5694	Stockholm	Sweden		100.0	–
Hemsö Gyllehemmet Fastigheter AB	559136-8039	Stockholm	Sweden		100.0	–
Hemsö Odensala Holding AB	559175-4808	Stockholm	Sweden		100.0	–
Hemsö Odensala Holding AB	559175-4816	Stockholm	Sweden		100.0	–
Hemsö Treasury Oy	3166158-1	Helsinki	Finland	100.0		1
Hemsö Finland AB	556948-0139	Stockholm	Sweden	100.0		2,983
Hemsö Yhteiskuntakiinteistö Oy	2601763-6	Helsinki	Finland		100.0	–
Koy Hemsö Care I Holding 9	2552093-4	Helsinki	Finland		100.0	–
Koy Louhelan Hoivakodit	2552379-9	Helsinki	Finland		100.0	–
Koy Kuparitie 2	2552080-3	Helsinki	Finland		100.0	–
Koy Espoon Kiltakallionrinne 1	2552077-4	Helsinki	Finland		100.0	–
Koy Kuopion Koiravedenkatu 10	2552078-2	Helsinki	Finland		100.0	–
Koy Espoon Kattilatanhua 6	2552076-6	Helsinki	Finland		100.0	–
Koy Vaasan Huvilatie 2	2552091-8	Helsinki	Finland		100.0	–
Koy Pitkäniemen R15	2552085-4	Helsinki	Finland		100.0	–
Koy Arppentie 6 B	2552075-8	Helsinki	Finland		100.0	–
Koy Kontinkankaan Kuntoutussairaala	2552100-5	Helsinki	Finland		100.0	–
Koy Hoivakoti Villa Olavi	2552096-9	Helsinki	Finland		100.0	–
Koy Kuninkaalaakson Hoivakoti	2552099-3	Helsinki	Finland		100.0	–
Koy Palvelutalo Untuva	2552094-2	Helsinki	Finland		100.0	–
Koy Hyvinkään Haavantie 4	2552097-7	Helsinki	Finland		100.0	–
Koy Jämsän Hotellitie 1	2552098-5	Helsinki	Finland		100.0	–
Koy Laihian Vallinmäentie 47	3007065-9	Helsinki	Finland		100.0	–
Koy Helsingin Keskiyöntie 6	2536809-8	Helsinki	Finland		100.0	–
Koy Kangasalan Herttuatar	2713658-1	Helsinki	Finland		100.0	–
Koy Tampereen Tilkonmäenkatu 2	2734576-2	Helsinki	Finland		100.0	–
Koy Klaukkalan Palvelukoti	2730171-9	Helsinki	Finland		100.0	–
Koy Lohjan Maksjoen Palvelukoti	2430602-0	Helsinki	Finland		100.0	–
Koy Pälkäneen Lastenlinnantie	2751230-5	Helsinki	Finland		100.0	–
Koy Tampereen Niemenrannan Johannes	2400537-5	Helsinki	Finland		100.0	–
Koy Hämeenlinnan Turuntie 13	2729637-4	Helsinki	Finland		100.0	–
Koy Espoon Kivennavantie 15	2803647-8	Helsinki	Finland		100.0	–
Koy Avian Elämäntuokkukodit	1704871-3	Helsinki	Finland		100.0	–
Koy Rettinginpuisto Kaarina	2839609-4	Helsinki	Finland		100.0	–
Koy Pirttipuistikko Turku	2859382-1	Helsinki	Finland		100.0	–
Koy Espoon Jänismäki	1992386-8	Helsinki	Finland		100.0	–
Koy Keravan Terveyslähde	1933749-8	Helsinki	Finland		100.0	–
Koy Oulun Mielikintie 8	2262427-9	Helsinki	Finland		100.0	–
Koy Espoon Suurpellon Puistokatu	2755679-7	Helsinki	Finland		100.0	–
Koy Espoon Suotie 4	2758356-8	Helsinki	Finland		100.0	–
Turun seudun sosiaali- ja terveyspalvelukiinteistö Oy	2718451-6	Turku	Finland		100.0	–
Koy Mäntsälän Kaakkumäentie 6	3127144-4	Helsinki	Finland		100.0	–
Tapaninkylän Liikekeskus Oy	0757940-6	Helsinki	Finland		100.0	–
Koy Nurmijärven Vehnäpellontie 6	3104958-7	Helsinki	Finland		100.0	–
Koy Espoon Solisevantie 2	3282016-9	Helsinki	Finland		100.0	–
Koy Kuopion Rahkakatu 34	3282091-9	Helsinki	Finland		100.0	–
Koy Kellokosken Höylääjänpöytä Hoiva	3277459-6	Helsinki	Finland		100.0	–
Koy Karkkilan Nyhkäläntien Hoiva	3289201-5	Helsinki	Finland		100.0	–
Koy Sipoon Söderkullan Hoiva Oy	3310103-5	Helsinki	Finland		100.0	–
Koy Tampereen Lääkärinkallionkatu 6	3283679-3	Helsinki	Finland		100.0	–
Koy Tampereen Romsinpöytä 6	3283680-6	Helsinki	Finland		100.0	–
Koy Tampereen Taavankuja 1	3283681-4	Helsinki	Finland		100.0	–
Koy Siuntion Linnoitustien Hoiva	3316253-2	Helsinki	Finland		100.0	–

Note 16, cont.

Parent Company Subsidiaries	Corp. Reg. No.	Reg. office	Country	Participation, %		Market value 31 Dec 2022
				Direct	Indirect	
Hemsö Suomi Oy	2699026-8	Helsinki	Finland		100.0	–
Koy Porin Asema-aukio	0165693-3	Helsinki	Finland		100.0	–
Fastighets Ab Academill	1508596-7	Helsinki	Finland		100.0	–
Koy Arkadiankatu 24	1487244-0	Helsinki	Finland		100.0	–
Koy Haapaniemenkatu 6	0117833-7	Helsinki	Finland		100.0	–
Koy Nervanderinkatu 13	2871086-4	Helsinki	Finland		100.0	–
Koy Pohjoinen Rautatiekatu 9	2871081-3	Helsinki	Finland		100.0	–
Koy Joensuun Yliopistokatu 4	3007061-6	Helsinki	Finland		100.0	–
Koy Elektroniikkatie 1	3007058-7	Helsinki	Finland		100.0	–
Fastighets Ab Helsinki Arkadiagatan 28	2870911-8	Helsinki	Finland		100.0	–
Koy Jyväskylän Wilhelm Schildtin katu 2	3118934-4	Helsinki	Finland		100.0	–
Koy Ylöjärven Hiitintie	3139992-3	Helsinki	Finland		100.0	–
Koy Liedon Paloasema	2385041-1	Helsinki	Finland		100.0	–
Koy Kannaksenkatu 20	3177213-4	Helsinki	Finland		100.0	–
Koy Kannaksenkatu 22	3177216-9	Helsinki	Finland		100.0	–
Koy Kirkkokatu 16	3177212-6	Helsinki	Finland		100.0	–
Koy Laaksokatu 6	3177211-8	Helsinki	Finland		100.0	–
Koy Turun Lemminkäisenkatu 30	1879924-4	Helsinki	Finland		100.0	–
Karistonkulma Oy	0507064-9	Helsinki	Finland		100.0	–
Koy Helsingin Salmisaarentalo	2696431-8	Helsinki	Finland		100.0	–
Koy Teuvo Pakkalankatu 7	3222841-3	Helsinki	Finland		100.0	–
Koy Espoon Asemakulma	1638223-4	Helsinki	Finland		100.0	–
Koy Siltavuorenpenger 10	3202323-1	Helsinki	Finland		100.0	–
Lappeenrannan Tieto-Sähköala Oy	1536976-7	Helsinki	Finland		100.0	–
Koy Kangasalan Hampuntie 25	3215828-3	Helsinki	Finland		100.0	–
Koy Lauritsalantie 9	3214148-1	Helsinki	Finland		100.0	–
Koy Kuopion Teletie 4-6	3146859-7	Helsinki	Finland		100.0	–
Koy Kouvolan Sairaalanukuja 3 D	3315153-4	Helsinki	Finland		100.0	–
Hemsö Finland JV Holding AB	559122-5841	Stockholm	Sweden		100.0	–
Hemsö TTP Oy	2948694-8	Helsinki	Finland		100.0	–
Hemsö Tyskland Fastigheter AB	556843-9771	Stockholm	Sweden	100.0		553
Hemsö Steglitz GmbH	HRB 201253	Munich	Germany		100.0	–
Hemsö Germany Invest 21 GmbH	HRB 30743	Munich	Germany		100.0	–
Hemsö Offenbach GmbH	HRB 205413	Munich	Germany		100.0	–
Hemsö Dresden GmbH	HRB 156831 B	Munich	Germany		100.0	–
Hemsö GmbH	HRB 169543	Munich	Germany		100.0	–
Schulbau Dabendorf GmbH	HRB 31752 P	Potsdam	Germany		89.9	–
Hemsö Asset Mgmt GmbH	HRB 165326	Munich	Germany		100.0	–
Hemsö Vita GmbH	HRB 169542	Munich	Germany		94.9	–
Hemsö Beteiligungs GmbH	HRB 170669	Munich	Germany		100.0	–
Aveca GmbH & Co KG	HRA 39598 B	Munich	Germany		94.9	–
Hemsö Wetter und Rositz GmbH	HRB 170964	Munich	Germany		94.9	–
Hemsö Barsel GmbH	HRB 171219	Munich	Germany		94.9	–
Hemsö Bocholt GmbH	HRB 172025	Munich	Germany		100.0	–
Hemsö Lauterbach GmbH	HRB 183667	Munich	Germany		100.0	–
Aveca Vermögensverwaltungs GmbH & Co KG	HRA 40144 B	Munich	Germany		100.0	–
Hemsö Germany Invest 10 GmbH	HRB 217922	Munich	Germany		100.0	–
Hemsö Germany Invest 11 GmbH	HRB 224222	Munich	Germany		100.0	–
Hemsö Germany Invest 12 GmbH	HRB 222515	Munich	Germany		100.0	–
Hemsö Germany Invest 15 GmbH	HRB 234193	Munich	Germany		100.0	–
Hemsö Germany Invest Duisburg 16 GmbH	HRB 234192	Munich	Germany		100.0	–
Hemsö Germany Invest Duisburg 17 GmbH	HRB 234213	Munich	Germany		100.0	–
Hemsö Asset Management Duisburg GmbH	HRB 234212	Munich	Germany		100.0	–
Hemsö Germany Invest 20 GmbH	HRB 239156	Munich	Germany		100.0	–
Sozialzentrum Büttelborn GmbH	HRB 240798	Munich	Germany		100.0	–
Hemsö Germany Invest 13 GmbH	HRB 235714	Munich	Germany		100.0	–
Hemsö Germany Invest 14 GmbH	HRB 248303	Munich	Germany		100.0	–
Hemsö Germany Invest 22 GmbH	HRB 259952	Munich	Germany		100.0	–
Hemsö Germany Invest 23 GmbH	HRB 259953	Munich	Germany		100.0	–
<b>Total</b>						<b>16,582</b>

Parent Company	31 Dec 2022	31 Dec 2021
Accumulated cost, opening balance	9,663	9,398
Acquisitions	45	–
Profit/loss from participations in limited partnerships after dividend	-4	-262
Shareholder contributions	8,633	527
Divestments	-30	–
<b>Total</b>	<b>18,307</b>	<b>9,663</b>
Accumulated impairment, opening balance	-1,701	-1,680
Impairment for the year	-24	-21
<b>Total</b>	<b>-1,725</b>	<b>-1,701</b>
<b>Total</b>	<b>16,582</b>	<b>7,962</b>

## Note 17 Participations in joint ventures

Group	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Opening balance	1,271	698	–	–
Settlement of share of profit	82	177	–	–
Currency translation	107	15	–	–
Capital contribution	216	398	–	–
Dividends	-21	-17	–	–
<b>Closing balance</b>	<b>1,655</b>	<b>1,271</b>	<b>–</b>	<b>–</b>

Carrying amount at period-end. Specification of the company's holdings of shares and participations in joint ventures.

Group	Corp. Reg. No.	Reg. office	Country	Participation, %		Market value 31 Dec 2022
				Direct	Indirect	
<b>Joint ventures</b>						
Lanthen Samhällsfastigheter AB	559000-6036	Stockholm	Sweden		50.0	188
Hemtag Fastigheter AB	559309-2686	Stockholm	Sweden		50.0	4
Turun Teknologikiinteistöt Oy	2349955-3	Turku	Finland		52.1	1,463
<b>Total</b>						<b>1,655</b>

Condensed income statement and balance sheet	Turun Teknologikiinteistöt Group	
	2022	2021
Profit from property management	149	84
Value changes, properties	-235	117
Value changes, financial instruments	429	170
Tax	-78	-84
<b>Total comprehensive income</b>	<b>265</b>	<b>287</b>
Investment properties	5,256	4,654
Other non-current assets	50	177
Current assets	216	135
<b>Total assets</b>	<b>5,522</b>	<b>4,966</b>
Equity	2,496	-2,091
Interest-bearing liabilities	2,773	-2,072
Other liabilities	253	-802
<b>Liabilities and equity</b>	<b>5,522</b>	<b>-4,966</b>



## Note 18 Accounts receivable

	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Rent receivable	36	13	–	–
Accounts receivable	37	16	0	0
Reserve for doubtful receivables	-9	-1	–	–
<b>Total</b>	<b>64</b>	<b>28</b>	<b>0</b>	<b>0</b>

An individual assessment of all accounts and rent receivable is made on a quarterly basis to identify any need for provision.

Provision for doubtful accounts and rent receivable amounted to SEK 9 million (1), corresponding to 12 per cent (3) of the total rent and accounts receivable balance.

### Maturity analysis

	Not due		Due 1–30 days		Due 31–60 days		Due 61–90 days		Due >90 days		Total	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<b>Group</b>												
Rent receivable	9	6	23	4	2	3	–	0	–	0	34	13
Accounts receivable	35	0	2	11	0	0	–	4	–	1	37	16
<b>Total</b>	<b>44</b>	<b>6</b>	<b>26</b>	<b>15</b>	<b>2</b>	<b>3</b>	<b>–</b>	<b>4</b>	<b>–</b>	<b>1</b>	<b>71</b>	<b>29</b>
<b>Parent Company</b>												
Accounts receivable	0	0	–	–	–	–	–	–	–	–	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0</b>	<b>0</b>

Receivables mainly consist of rent and accounts receivable for which the Group has elected to apply the simplified approach for the recognition of expected credit losses. This means that a provision is made for the remaining life of the expected credit losses, which is expected to be less than one year for all of the receivables above. Rent is invoiced in advance, which means that all recognised rent receivables have fallen due. The Group's provisions for expected credit losses are based on historical credit losses and forward-looking information. The Group's customers are a homogeneous group with a similar risk profile, which is why the credit risk is initially assessed collectively for all customers. Any major single receivables are assessed on a case-by-case basis. Hemsö writes off a receivable when there is no longer any expectation that payment will be received, and when active measures to claim the payment have been concluded.

## Note 19 Guidelines for management of capital

The Group's capital structure consists of equity, interest-bearing liabilities, deferred tax liabilities and other liabilities. Hemsö's overarching target is average return on equity of 15 per cent over a five-year period. At the end of 2022, average return on equity over a five-year period was 21.5 per cent. Equity consists of share capital, other capital contributions, retained earnings and non-controlling interests. At 31 December 2022, the share capital was divided between 100,001,000 shares with a par value of SEK 0.01 per share.

There was no change in the Group's capital management during the year. Neither the Parent Company nor any of the subsidiaries are subject to external capital requirements.

Hemsö's Financial Policy sets out objectives and guidelines for Hemsö's financing activities. The financial risk profile has been designed to maintain a stable and high credit rating.

### Summary of Financial Policy

Financing risk	Outcome, 31 December 2022	
Loan-to-value ratio	Max. 60%	56.7%
Loan maturity	At least 3 years	6.3 years
Debt-coverage ratio	At least 125%	165%
Secured loans	Max. 20%	0%
<b>Interest-rate risk</b>		
Interest-coverage ratio	At least 3.0 times	4.8 times
Fixed-rate period	3–8 years	5.6 years
Fixed-rate maturity	Max. 40% >1 year	29%
<b>Counterparty risk</b>		
Financial instruments	A- (S&P)	Fulfilled
<b>Currency risk</b>		
Currency exposure	Max. 20%	0.8%

### Dividend Policy

Hemsö's dividend policy is that dividends should amount to half of the total profit from property management. When determining the dividend proposal, the Board accounts for such factors as the company's investment plans, consolidation needs and financial position in general.

## Note 20 Tax allocation reserves

Parent Company	31 Dec 2022	31 Dec 2021
Tax allocation reserve, set aside for taxation in 2022	–	–
Tax allocation reserve, set aside for taxation in 2021	–	–
Tax allocation reserve, set aside for taxation in 2020	–	9
Tax allocation reserve, set aside for taxation in 2019	–	–
Tax allocation reserve, set aside for taxation in 2018	–	34
<b>Total</b>	<b>–</b>	<b>43</b>

## Note 21 Financial liabilities

Group	Market value 31 Dec 2022	Market value 31 Dec 2021
<b>Statement of financial position</b>		
<i>Interest-bearing liabilities</i>		
Bond loans	38,813	33,555
Schuldschein (NSV)	835	767
Commercial papers	4,996	4,490
Bank loans	4,923	3,687
<b>Total</b>	<b>49,567</b>	<b>42,498</b>
Amount, opening balance	42,498	38,652
Borrowings	9,403	9,202
Loan repayment	-5,002	-5,383
Commercial papers	506	-534
Exchange-rate differences	2,135	550
Discounts/premiums	27	10
<b>Liabilities, closing balance</b>	<b>49,567</b>	<b>42,498</b>

At period-end, Hemsö's interest-bearing liabilities amounted to SEK 49,567 million (42,498). The debt portfolio comprised uncovered bonds of SEK 38,813 million (33,555), commercial papers of SEK 4,996 million (4,490), unsecured bank loans of SEK 4,923 million (3,687) and unsecured Schuldschein (NSV) loans of SEK 835 million (767). Available liquidity amounted to SEK 14,026 million (13,187), of which bank deposits accounted for SEK 526 million (687), and undrawn credit facilities for SEK 13,500 million (12,500). At the closing date, Hemsö's average interest rate was 1.8 per cent (1.1).

Maturity structure, financial liabilities – undiscounted cash flows	Group	
	2022	2021
Interest-bearing liabilities due within 1 year of the closing date	9,263	7,591
Other non-interest-bearing liabilities due within 1 year of the closing date	1,690	1,214
Interest-bearing liabilities due within 1–5 years of the closing date	19,000	14,404
Interest-bearing liabilities due later than 5 years after the closing date	26,244	20,503
<b>Total excluding deferred tax liabilities and interest-rate derivatives</b>	<b>56,197</b>	<b>49,996</b>

### Loan maturity and fixed-rate period

Maturity year	Loan maturity			Fixed-rate period	
	Credit agreements, SEK million	Drawn, SEK million	Share, %	SEK million	Share, %
2023	3,501	3,501	7.1	14,234	28.7
2024	15,033	4,533	9.1	1,597	3.2
2025	5,408	3,408	6.9	2,058	4.2
2026	7,918	6,918	14.0	6,118	12.3
2027	2,196	2,196	4.4	1,696	3.4
2028	5,631	5,631	11.4	5,531	11.2
2029	4,516	4,516	9.1	4,516	9.1
2030	2,315	2,315	4.7	2,315	4.7
2031	1,097	1,097	2.2	1,097	2.2
2032	1,158	1,158	2.3	1,158	2.3
2033	1,689	1,689	3.4	1,689	3.4
2034	1,113	1,113	2.2	1,113	2.2
2035	1,501	1,501	3.0	1,501	3.0
2036	–	–	–	–	–
2037-	4,995	4,995	10.1	4,945	10.0
<b>Total</b>	<b>58,071</b>	<b>44,571</b>	<b>89.9</b>	<b>49,567</b>	<b>100.0</b>
Commercial papers		4,996	10.1		
<b>Total</b>		<b>49,567</b>	<b>100.0</b>		

Sensitivity analysis, interest-rate fluctuations	Effect on net interest income (12 months) SEK million
+/-1 percentage point change in the loan portfolio's average interest rate	490
+1 percentage point change in the short-term market rate (≤ 3 months)	-124
-1 percentage point change in the short-term market rate (≤ 3 months)	112

### Financial risks and risk management

Hemsö's financing activities are conducted in accordance with the Financial Policy established by the Board, which regulates the frameworks and guidelines for Hemsö's financing and treasury management. The Group's financial transactions and risks are managed centrally by the Group's Treasury Unit. The Financial Policy outlines the overall delegation of responsibilities for financing activities, and the relevant mandates and limits for Hemsö's financial risk management.

### Financing risk

Financing risk is the risk of not being able to access the capital required by Hemsö's operations, or that financing can only be obtained at a significantly higher cost.

Much of Hemsö's capital is secured through external borrowing. As these loans mature, they must be repaid or renewed. The conditions for Hemsö to refinance the loan facilities on acceptable terms as they expire depend on the amount of credit available in the market, Hemsö's financial position and the market's credit risk margins on those dates. Hemsö has credit agreements with several banks, a balanced maturity spread and is active in the capital market to achieve a diverse supply of capital.

### Interest-rate risk

Interest-rate risk is the risk that market-rate fluctuations will have a negative impact on Hemsö's cash flow, or on the fair value of financial assets and liabilities. Hemsö's interest expense is the Group's largest single cost item. Interest expense is mainly affected by current market rates, lenders' margins and the strategy that Hemsö chooses for fixed-rate periods. The management of Hemsö's interest-rate risk includes interest-rate derivatives with a range of maturities in order to extend the loan portfolio's fixed-rate period and thereby achieve stable and more predictable net interest income.

### Counterparty risk

Counterparty risk is the risk that a financial counterparty cannot fulfil all or some of its obligations. This includes interest-rate derivatives, long and short-term credit agreements and the investment of temporary liquidity surpluses. Hemsö only enters into transactions with counterparties with high credit ratings.

### Currency risk

Currency risk is the risk that exchange-rate fluctuations will affect Hemsö's income statement and balance sheet. Hemsö's currency risk is limited to EUR and pertains to the properties owned by the Group in Germany and Finland. The foreign properties are financed with external financing in EUR, which minimises risk. Hemsö owns 80 properties (66) in Finland and 87 properties (81) in Germany, entailing EUR exposure. The properties are financed with equity, intra-Group loans and external loans. At 31 December 2022, external interest-bearing liabilities in EUR corresponded to SEK 31,582 million (23,555). At the same date, the market value of property assets in Finland and Germany corresponded to SEK 29,684 million (25,227). Hemsö's bank deposits in EUR corresponded to SEK 665 million (-6). At the closing date, the hedged amount in EUR corresponded to SEK 0 million (0). Net exposure at 31 December 2022, defined as property assets, cash and currency hedging less interest-bearing liabilities in EUR corresponded to SEK 230 million (2,725). Hemsö also has bonds in NOK, AUD, JPY and USD where the currency risk has been eliminated by cross currency swaps.

Since Hemsö applies IAS 21, most of the company's exchange-rate differences are recognised directly in equity. Hemsö's EUR bonds corresponding to SEK 19,404 million in the EMTN programme, loans in EUR equivalent SEK 3,323 million from the EIB, Schuldschein in EUR equivalent SEK 835 million and cross currency swaps of SEK 8,020 million are hedged against net investments in foreign subsidiaries. Only a minor portion of the exchange-rate differences are recognised in profit or loss.

### Liquidity risk

Liquidity risk is the risk of not having access to cash and cash equivalents or credit facilities to meet payment commitments. Hemsö's payment commitments mainly comprise the ongoing costs of operation and maintenance, investments, interest expense and debt repayments. Hemsö has a liquidity buffer and performs regular liquidity forecasts to increase predictability and ensure sufficient time to meet loan maturities and other major payment obligations.

## Note 21, cont.

### Hedging instruments and hedge accounting

At 31 December 2022, the Group's holdings of debt in foreign currency were allocated between the following underlying amounts and maturities.

### Maturity analysis, hedging instruments

Hedging instruments identified in hedging relationships at 31 December 2022.

Group	1–5 years	Due 5–10 years	10– years	Total nominal amount
<i>Foreign currency-denominated debt – currency hedging of net investments in foreign operations</i>				
EUR debt, nominal amount*	9,108	14,010	7,738	30,856

\*Translated to SEK million at the closing rate.

	2022	2021
Hedged amount, net investments in foreign operations	32,294	23,939

### Effects of hedge accounting on financial position and results

#### – Reconciliation of translation reserve

	Translation reserve	
	2022	2021
<b>Opening carrying amount</b>	<b>206</b>	<b>148</b>
Currency translation effects from net investments in foreign operations	1,682	381
Revaluation of foreign currency debt designated as a hedging instrument	-1,889	-407
<b>Total additional items recognised in other comprehensive income</b>	<b>-207</b>	<b>-26</b>
Tax effect recognised in other comprehensive income	389	84
<b>Closing carrying amount, entirely attributable to continuous hedging</b>	<b>388</b>	<b>206</b>

### Effects of hedge accounting on financial position and results – Current hedging relationships

SEK million	Hedging instruments identified in hedging relationships at 31 December 2022			The period – change in fair value, for measurement of ineffectiveness	
	Nominal amount	Carrying amount	Balance sheet item	Hedging instrument	Hedged item
<i>Currency hedging of net investments in foreign operations</i>					
Foreign currency debt*	30,856	30,739	Interest-bearing liabilities	-1,889	-1,889

\*Translated to SEK million at the closing rate.

The hedge ratio is 1:1 for all of the Group's hedges.

The Group did not recognise any ineffectiveness during the period.

### Effects of hedge accounting on financial position and results – Current hedging relationships

SEK million	Hedging instruments identified in hedging relationships at 31 December 2021			The period – change in fair value, for measurement of ineffectiveness	
	Nominal amount	Carrying amount	Balance sheet item	Hedging instrument	Hedged item
<i>Currency hedging of net investments in foreign operations</i>					
Foreign currency debt*	23,356	23,248	Interest-bearing liabilities	-407	-407

\*Translated to SEK million at the closing rate.

The hedge ratio is 1:1 for all of the Group's hedges.

The Group did not recognise any ineffectiveness during the period.

### Hedge accounting

Hemsö is exposed to currency risk through the company's investments in Finland and Germany. This currency risk is managed by financing assets in EUR with external loans in EUR, NOK, AUD, JPY and USD. The loans in NOK, AUD, JPY and USD were swapped to EUR loans. Derivatives attributable to currency risk management comprises two instruments, cross currency swaps and foreign exchange swaps. The Group applies hedge accounting according to IAS 39 for loans intended to hedge currency risk in net investments in foreign operations. The loans are measured at the closing rate. To the extent an effective hedging relationship exists, the exchange rate change on loans is recognised in other comprehensive income, and thereby offsets exchange-rate fluctuations in net investments in foreign operations. Exchange-rate changes in the ineffective portion of a hedging relationship are recognised immediately in net interest income on the income statement.

Hedges are designed so that they can be expected to be effective – a financial connection is expected because the hedging instrument offsets changes in the fair value of exchange rates in the hedged item. The financial connection is preferably determined by a high-quality analysis of the critical terms of the hedging relationship. Sources of hedge ineffectiveness include the risk that the hedged volume in hedging instruments exceeds the net investment. The Group monitors the currency exposure of net investments on a regular basis, and hedge accounting is only applied to a proportion of the total exposure, which is why the risk of ineffectiveness is considered low.

## Note 22 Financial assets and liabilities

### Group

Hemsö assesses that there is no material difference between the fair value and carrying amount of financial assets and liabilities. Loans and accounts receivable are financial assets that are not derivatives, that have fixed or determinable payments and are not quoted in an active market. These assets are measured at amortised cost. These assets expire within one year.

Other financial liabilities are measured at amortised cost and there is no material difference in fair value since the liabilities carry variable interest rates.

Derivatives are recognised at fair value and are categorised within Level 2 under IFRS 13. Financial assets that are not derivatives comprise other long-term assets, accounts receivable and other receivables, and amounted to SEK 675 million (449). Other financial liabilities comprise bonds, Schuldschein, commercial papers, liabilities to credit institutions, accounts payable and other liabilities, and amounted to SEK 51,257 million (43,713). The fair value of Hemsö's bonds was SEK 32,896 million, compared with their carrying amount of SEK 38,813 million. Financial assets and liabilities measured at fair value through comprehensive income consisted of derivatives where the asset amounted to SEK 247 million (161).

### Derivative instruments on the Group's balance sheet

Recognised as financial assets	2022	2021
Interest-rate derivatives	–	56
Cross currency swaps	414	198
<b>Total</b>	<b>414</b>	<b>254</b>
Recognised as financial liabilities	2022	2021
Interest-rate derivatives	–	91
Cross currency swaps	168	2
<b>Total</b>	<b>168</b>	<b>93</b>
<b>Net (debt) derivative instruments</b>	<b>-246</b>	<b>-161</b>

### Derivative instruments

Derivative instruments are mainly used to achieve the desired fixed-rate period in the loan portfolio. In addition, foreign exchange swaps are used to eliminate all currency exposure on foreign currency loans. The value of the derivatives can be derived from the quotation from the counterparty if they are categorised within Level 2 of the fair value hierarchy under IFRS 13. Fair value is based on the discounting of future cash flows for each maturity term at a market rate.

The following table presents the Group's financial assets and liabilities, at carrying amount and fair value, respectively, classified into categories in accordance with IFRS 9.

### Measurement of financial assets and liabilities at 31 Dec 2022

	Financial assets/liabilities measured at fair value through profit or loss	Financial assets/liabilities measured at fair value through other comprehensive income	Financial assets/liabilities measured at amortised cost	Total carrying amount	Total fair value
<b>Financial assets</b>					
Other non-current receivables	–	–	34	34	34
Rent and accounts receivable	–	–	64	64	64
Derivative instruments	414	–	–	414	414
Other current receivables	–	–	575	575	575
Accrued income	–	–	2	2	2
Cash and cash equivalents	–	–	526	526	526
<b>Total</b>	<b>414</b>	<b>–</b>	<b>1,201</b>	<b>1,615</b>	<b>1,615</b>
<b>Financial liabilities</b>					
Bond loans	–	–	38,813	38,813	32,896
Schuldschein (NSV)	–	–	835	835	835
Bank loans	–	–	4,923	4,923	4,923
Commercial papers	–	–	4,996	4,996	4,996
Derivative instruments	168	–	–	168	168
Accounts payable	–	–	468	468	468
Other liabilities	–	–	851	851	851
Accrued expenses	–	–	371	371	371
<b>Total</b>	<b>168</b>	<b>–</b>	<b>51,257</b>	<b>51,425</b>	<b>45,508</b>

The Group's maximum credit risk consists of the net amounts in the table above. The Group did not receive any pledged assets for the net financial assets.

## Measurement of financial assets and liabilities at 31 Dec 2021

	Financial assets/liabilities measured at fair value through profit or loss	Financial assets/liabilities measured at fair value through other comprehensive income	Financial assets/liabilities measured at amortised cost	Total carrying amount	Total fair value
<b>Financial assets</b>					
Other non-current receivables	–	–	31	31	31
Rent and accounts receivable	–	–	28	28	28
Derivative instruments	254	–	–	254	254
Other current receivables	–	–	390	390	390
Cash and cash equivalents	–	–	687	687	687
<b>Total</b>	<b>254</b>	<b>–</b>	<b>1,136</b>	<b>1,390</b>	<b>1,390</b>
<b>Financial liabilities</b>					
Bond loans	–	–	33,555	33,555	34,138
Schuldschein (NSV)	–	–	767	767	767
Bank loans	–	–	3,687	3,687	3,687
Commercial papers	–	–	4,490	4,490	4,490
Derivative instruments	93	–	–	93	93
Accounts payable	–	–	482	482	482
Other liabilities	–	–	447	447	447
Accrued expenses	–	–	285	285	285
<b>Total</b>	<b>93</b>	<b>–</b>	<b>43,713</b>	<b>43,806</b>	<b>44,389</b>

## Provision for expected credit losses

## Group

The financial assets covered by provisions for expected credit losses according to the general method consist of cash and cash equivalents and non-current receivables from joint ventures. Hemsö applies a ratings-based approach per counterparty combined with other known information and forward-looking factors for the assessment of expected credit losses. The Group defines 'default' as when payment of a receivable is 90 days or more overdue, or when other factors indicate that a suspension of the payment exists. No significant increase in credit risk for any receivable or asset was considered to exist at the closing date. Such an assessment is based on whether payment is 30 days or more overdue, or whether a significant deterioration of the rating has occurred, resulting in a credit rating below investment grade. In cases where the amounts are not deemed insignificant, a provision for expected credit losses is also made for these financial instruments.

## Note 23 Pledged assets

	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Property mortgages	6,850	5,834	–	–
Receivables from subsidiaries	–	–	6,850	5,834
<b>Total</b>	<b>6,850</b>	<b>5,834</b>	<b>6,850</b>	<b>5,834</b>

The assets are mainly pledged for revolving credit facilities. Loan agreements usually include obligations related to the interest-coverage ratio and loan volume in relation to the fair value of the properties.

## Note 24 Contingent liabilities

	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Liability as partner in unlimited/limited partnerships	–	–	28	18
Guarantees on behalf of Group companies	–	–	125	125
<b>Total</b>	<b>–</b>	<b>–</b>	<b>153</b>	<b>143</b>

Commitments leading to expenses for restoring contaminated soil or other environmental obligations for owned properties may arise in the future. Expenses may arise, for example, in the form of additional costs in connection with new construction or extensions, or price discounting on the sale of a property. The assessment of any future amounts is not possible at this stage.

Hemsö is involved in a number of minor disputes with tenants, mainly regarding ongoing management issues, which may result in future obligations. Costs may, for example, take the form of fees for advisory services in connection with negotiations. The assessment of any future amounts in relation to these disputes is not possible at present.

## Note 25 Supplemental disclosures of cash flow information

Group	2022	2021
No funds other than cash and bank balances are included in the cash and cash equivalents item		
<b>Cash flows</b>		
Interest received	17	12
Interest paid	466	448
<b>Acquisition of subsidiaries</b>		
<i>Acquired assets and liabilities</i>		
Investment properties	1,486	1,342
Financial receivables	–	2
Operating receivables	13	1
<b>Total assets</b>	<b>1,499</b>	<b>1,345</b>
Deferred tax liabilities	1	0
Operating liabilities	25	36
<b>Total liabilities</b>	<b>26</b>	<b>36</b>
Proceeds paid, shares	-482	-1,037
Proceeds paid, repayment of loans	-1,003	-278
Additional: Cash and cash equivalents in the acquired operations	12	1
<b>Effect on cash and cash equivalents – acquisition of properties via companies</b>	<b>-1,474</b>	<b>-1,314</b>
Effect on cash and cash equivalents – direct acquisition of properties	-1,394	-2,142

Group	2022	2021
<b>Acquisition of properties</b>	<b>-2,867</b>	<b>-3,456</b>
<b>Divestment of subsidiaries</b>		
<i>Divested assets and liabilities</i>		
Investment properties	397	2,023
Operating receivables	2	4
<b>Total assets</b>	<b>399</b>	<b>2,027</b>
Deferred tax liabilities	3	19
Operating liabilities	3	130
<b>Total liabilities</b>	<b>6</b>	<b>149</b>
Purchase price received, shares	196	261
Proceeds received, repayment of loans	184	1,666
Less: Cash and cash equivalents in the divested operation	0	-57
<b>Effect on cash and cash equivalents – divestment of properties via companies</b>	<b>380</b>	<b>1,870</b>
Effect on cash and cash equivalents – direct divestment of properties	3,429	8
<b>Divestment of properties</b>	<b>3,809</b>	<b>1,878</b>
<b>Group</b>	<b>2022</b>	<b>2021</b>
<b>Adjustment for non-cash items</b>		
Depreciation/amortisation and impairment	17	15
Exchange differences, unrealised	15	-9
Share of loss from joint ventures, profit from property management	-74	-45
<b>Total</b>	<b>-42</b>	<b>-39</b>

Group	Specification of changes in liabilities attributable to financing activities	Items affecting cash flow			Items not affecting cash flow			
		31 Dec 2021	New loans	Loan repayment	Exchange-rate fluctuations	Discounts/premiums	Leases	31 Dec 2022
	Non-current interest-bearing liabilities	34,898	4,004	–	2,162	27	–	41,064
	Current interest-bearing liabilities	7,600	6,747	-5,844	–	–	–	8,503
	Lease liabilities	759	–	–	54	–	119	932
	<b>Total interest-bearing liabilities</b>	<b>43,257</b>	<b>10,752</b>	<b>-5,844</b>	<b>2,162</b>	<b>27</b>	<b>119</b>	<b>50,499</b>

Parent Company	2022	2021
No funds other than cash and bank balances are included in the cash and cash equivalents item		
<b>Cash flows</b>		
Interest received	750	703
Interest paid	-482	-442

Parent Company	2022	2021
<b>Adjustment for non-cash items</b>		
Depreciation/amortisation and impairment	25	22
Profit/loss from divestment of participations	-129	–
Share of profit/loss from Unlimited/Limited partnerships	4	-8
Exchange-rate differences	714	283
Impairment/reversal of impaired derivatives	75	-185
<b>Total</b>	<b>689</b>	<b>111</b>

Parent Company	Specification of changes in liabilities attributable to financing activities	Items affecting cash flow			Items not affecting cash flow		
		31 Dec 2021	New loans	Loan repayment	Exchange-rate fluctuations	Discounts/premiums	31 Dec 2022
	Non-current interest-bearing liabilities	34,877	4,004	–	2,153	20	41,034
	Current interest-bearing liabilities	7,600	6,747	-5,844	–	–	8,503
	<b>Total interest-bearing liabilities</b>	<b>42,477</b>	<b>10,752</b>	<b>-5,844</b>	<b>2,153</b>	<b>20</b>	<b>49,538</b>

## Note 26 Related-party transactions

### Parent Company

During the year, dividends totalling SEK 451 million (303) were paid to the Parent Company. See Note 9 regarding Profit/loss from participations in Group companies. The Parent Company leases office space from subsidiaries on market terms. Of the company's total purchasing and sales measured in SEK, 0 per cent (0) pertains to purchases and 100 per cent (100) to the net sales of other Group companies.

### Parent Company owners

In 2022, dividends totalling SEK 1,072 million were paid to the Parent Company's owners – the Third Swedish National Pension Fund and AB Sagax. Hemsö has an underwriting commitment of SEK 6,000 million from the Third Swedish National Pension Fund.

### Board of Directors

For information about remuneration, see Note 7. No Board member was directly or indirectly involved in any business transaction with Hemsö as counterparty. For a presentation of the Board of Directors, refer to page 85.

### Group Management

For information about remuneration, see Note 7. No senior executive was directly or indirectly involved in any business transaction with Hemsö as counterparty. For a presentation of Group Management, refer to pages 86–87.

### Subsidiaries

Holdings are presented in Note 16.

### Joint ventures

Holdings are presented in Note 17. The Group's share of profit from joint ventures amounted to SEK 82 million (177).

## Note 27 Accrued expenses and deferred income

	Group		Parent Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Prepaid rental income	638	492	–	–
Accrued interest expense	243	158	243	158
Accrued personnel costs	23	20	17	16
Other items	129	128	4	4
<b>Total</b>	<b>1,033</b>	<b>798</b>	<b>264</b>	<b>178</b>

## Note 28 Events after the closing date

In the first quarter of 2023, Hemsö updated its sustainability bond framework. The framework describes the properties and projects that can be financed with sustainable investing options. Hemsö takes a broad approach and integrates social sustainability as well as environmental and energy aspects into the bonds. SEB served as advisor for the update of the sustainable terms and conditions. The framework was audited and approved by Sustainalytics. In March, the joint venture formed by Hemsö and Tagebad, Hemtag, signed its first agreement for the development and management of the new Myrsjö swimming centre in Nacka. The contract duration between Nacka Municipality and Hemtag is 33 years with an option to extend for periods of five years at a time.

## Note 29 Proposed appropriation of profits

Due to the Board's proposed dividend, the Board and the CEO hereby issue the following statement, based on Chapter 18, Section 4 of the Swedish Companies Act. The proposed dividend of SEK 11.55 per share is based on the annual accounts for 2022, which will be presented to the Annual General Meeting for adoption on 27 April 2023, with consideration for the company's investment and liquidity requirements. After the dividend, the equity/assets ratio would be considered satisfactory in light of the continued profitability of the operations conducted by the Parent Company and the Group. Access to liquidity for both the Parent Company and the Group is expected to remain favourable.

The Board's view is that the proposed dividend will not prevent the company, or any other Group companies, from meeting their short-term or long-term obligations, or from completing any necessary investments.

The proposed dividend can thereby be justified by reference to the provisions of Chapter 17, Paragraph 3, Sections 2–3 of the Swedish Companies Act (the prudence concept).

### Unappropriated earnings available for distribution by the Annual General Meeting, SEK:

Retained earnings	3,425,230,972
Share premium reserve	1,000,000,000
Profit for the year	517,973,853
<b>Total</b>	<b>4,943,204,825</b>

### The Board proposes that the profits be appropriated as follows, SEK:

To shareholders	1,155,000,000
<b>To be carried forward:</b>	
Share premium reserve	1,000,000,000
Retained earnings	2,788,204,825
<b>Total</b>	<b>4,943,204,825</b>

## Signing of the annual accounts

The undersigned assure that the annual accounts and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with generally accepted accounting principles, and give a true and fair view of the Group's and the company's financial position and results, and that the Directors' Report gives a fair review of the development of the Group and the company's operations, position and results and describes the significant risks and uncertainties faced by the companies included in the Group.

This annual report has been signed with an electronic signature.  
The date of signing is shown in the electronic signature.

**Pär Nuder**  
Chairman of the Board

**Johanna Skogestig**  
Board member

**Maria Björklund**  
Board member

**Kerstin Hessius**  
Board member

**David Mindus**  
Board member

**Johan Thorell**  
Board member

**Nils Styf**  
Chief Executive Officer

Our audit report was submitted on the date of our electronic signature.  
KPMG AB

**Peter Dahllöf**  
Authorised Public Accountant



# Auditor's Report

To the general meeting of the shareholders of Hemsö Fastighets AB,  
corp. id 556779-8169

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Hemsö Fastighets AB for the year 2022, except for the corporate governance statement on pages 81-84. The annual accounts and consolidated accounts of the company are included on pages 61-118 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 81-84. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Other information

The audit of the annual accounts and consolidated accounts for the year 2021 has been carried out by another auditor, who submitted an audit report dated 30 March, 2022 with unmodified statements in Report on the annual accounts and consolidated accounts.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Valuation of investment properties

See disclosure 2 and 14 and accounting principles on page 97 in the annual account and consolidated accounts for detailed information and description of the matter.

### Description of key audit matters

- Investment properties are reported in the consolidated accounts at fair value.
- The fair value of the properties has been determined based on valuations performed by independent external valuers.
- Given the investment properties' significant share of the Group's total assets and the element of assessments included in the valuation process, this constitutes a key audit matter in our audit.
- The risk is that the book value of investment properties may be overestimated or underestimated and that any adjustment of the value directly affects the profit for the period.

### Response in the audit

- We have considered whether the applied valuation methodology is reasonable by comparing it with our experience of how other real estate companies and valuers work and what assumptions are normal when valuing comparable objects.
- We have assessed the competence and independence of the external valuers and we have reviewed the valuers' assignment agreements in order to assess whether there are contractual terms that may affect the scope or direction of the external valuers' assignments.
- We have randomly tested the established property valuations. In doing so, we have used current market data from external sources, especially regarding assumptions about yield requirements, discount rates, rental levels and vacancies.
- We have checked the accuracy of the information about the investment properties that the company provides in the annual report, especially with regard to elements of assessments and applied key assumptions.
- We have particularly taken into account effects on both cash flows and yield in relation to the macroeconomic situation.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-60 and 122-136. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### **Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive

to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Hemsö Fastighets AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 81-84 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Hemsö Fastighets AB by the general meeting of the shareholders on the 28 April 2022. KPMG AB has been the company's auditor since 2022.

Stockholm on the day shown by our electronic signature.  
KPMG AB

Peter Dahllöf  
Authorized Public Accountant

## List of properties

### Sweden

Nursing homes	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Brogårda 8:7	Råggatan 4)	Bjuv	974	0	0	0	0	974
Boden 56:51	Idrottsgatan 6	Boden	10,700	0	0	0	0	10,700
Gyllehemmet 2	Sockenvägen 125	Borlänge	0	0	0	0	0	0
Fonden 49	Sörmarksgatan 199-205	Borås	1,134	0	1,778	0	1,382	4,294
Romberga 23:54	Idunvägen 2	Enköping	4,100	0	0	0	0	4,100
Hemse Fasanen 10	Hagagatan 30	Gotland	11,404	0	322	0	0	11,726
Visby Pjäsen 12	Pjäsgatan 12	Gotland	6,600	0	0	0	6	6,606
Othem Kilåkern 2	Apoteksgatan 3	Gotland	5,378	0	0	0	0	5,378
Roma Kloster 1:37	Björkstigen 10	Gotland	3,565	0	0	0	0	3,565
Bunge Stucks 1:297	Strandvägen 51, Fårösund	Gotland	3,222	0	0	0	0	3,222
Klinte Ävalle 2:27	Skolgatan 9	Gotland	2,719	0	0	0	0	2,719
Hemse Blåkråkan 15	Parkgatan 16-18	Gotland	2,490	0	0	0	0	2,490
Tomaten 1	Tjelvarvägen 8	Gotland	1,584	0	0	0	0	1,584
Visby Pjäsen 11	Lännavägen 21-43	Gotland	1,094	0	0	0	306	1,400
Klinte Ävalle 2:28	Skolgatan 7	Gotland	0	0	0	0	1,099	1,099
Södertull 13:14	Flemminggatan 11-17	Gävle	14,767	0	0	0	0	14,767
Kristinelund 49:2	Norra Järvstavägen 20a-b	Gävle	11,707	0	2,540	0	0	14,247
Strömsbro 4:2	Sanatorievägen 17	Gävle	6,451	0	0	0	520	6,971
Brynäs 55:4	Tredje Tvärgatan 31	Gävle	6,490	0	0	0	0	6,490
Varva 2:20	Norra Prästvägen 12-14	Gävle	5,563	0	0	0	0	5,563
Vallbacken 24:3	Vallbacksgatan 8	Gävle	4,937	0	0	0	0	4,937
Norrtull 31:2	Stallgatan 4	Gävle	2,295	0	0	0	0	2,295
Backa 243:52	S:t Jörgens väg 22	Gothenburg	8,724	0	0	0	153	8,877
Fiskebäck 8:7	Hällefundregatan 20	Gothenburg	6,444	0	0	0	1,341	7,785
Rud 5:2	Positivgatan 15	Gothenburg	6,027	0	0	0	0	6,027
Näset 130:1	Bjölavägen 1	Gothenburg	3,701	0	0	0	0	3,701
Krokslätt 147:2	Fridkullagatan 18 G	Gothenburg	3,088	0	0	0	150	3,238
Brandvakten 3	Södra Vägen 4	Halmstad	3,815	0	0	0	0	3,815
Näden 1	Fyllingevägen 83	Halmstad	3,804	0	0	0	0	3,804
Halmstad 10:35	Frennarpsvägen 131	Halmstad	3,312	0	0	0	0	3,312
Jakobsberg 34:6	Snapphanevägen 22	Järfälla	7,055	0	0	0	0	7,055
Jakobsberg 2:2719	Vibblabyvägen 97-99	Järfälla	4,509	0	0	0	0	4,509
Stafvre 11	Lasarettboulevarden 22	Kristianstad	3,900	2,977	0	0	0	6,877
Fridhem 1	Fridhemsgatan 29	Kungälv	4,739	0	0	0	0	4,739
Landeryd 6:5	Slatteforsvägen 2A-H	Linköping	4,120	0	607	0	235	4,962
Valbyrån 5	Kärnavägen 3-11	Linköping	2,656	0	0	0	94	2,750
Vetebullen 2	Kärna Centrum 1	Linköping	2,145	0	0	0	0	2,145
Lillegårdsskolan 11	Ridhusgatan 2A	Linköping	1,510	0	0	0	168	1,678
Riket 22	Järdalavägen 52C	Linköping	1,605	0	0	0	0	1,605
Landeryd 6:61	Slatteforsvägen 38	Linköping	1,266	0	0	0	0	1,266
Ostbiten 1	Rydsvägen 9C	Linköping	1,254	0	0	0	0	1,254
Trähästen 2	Skogslyckeagatan 11F	Linköping	1,045	0	0	0	0	1,045
Anoraken 1	Kronaldsvägen 47	Luleå	11,210	0	0	0	0	11,210
Stadsön 1:1040	Älvsborgsvägen 20	Luleå	4,572	0	0	0	0	4,572
Kallkällan 13	Lingonstigen 235	Luleå	3,906	0	0	0	0	3,906
Bergnäset 2:665	Stengatan 123	Luleå	2,129	0	0	0	0	2,129
Alvik 2:54	Danelvägen 11	Luleå	1,578	0	0	0	0	1,578
Norra Sjukhuset 1	Skansvägen 5	Lund	8,991	1,431	0	0	3,744	14,166
Byrådirektören 4	von Troils väg 2-8	Malmö	5,820	2,666	1,400	0	6,053	15,939
Solskiftet 1	Oshögavägen 2	Malmö	6,825	0	0	0	0	6,825
Virket 8	Sigtunagatan 13	Malmö	2,455	0	0	0	2,098	4,553
Anten 3	Eddagatan 1	Malmö	3,040	0	0	0	0	3,040
Cykeln 12	Palmgatan 17	Malmö	3,016	0	0	0	0	3,016
Torsten 12	Major Nilssonsgatan 13	Malmö	2,400	0	0	0	0	2,400
Storskarven 13	Norra vägen 1	Malmö	2,313	0	0	0	0	2,313
Nicktisteln 2	Ernst Jakobssons gata 7	Malmö	2,250	0	0	0	0	2,250
Styrkan 23	Spånehusvägen 91	Malmö	2,140	0	0	0	0	2,140
Storskarven 12	Norra vägen 7	Malmö	1,900	0	0	0	0	1,900
Stengodset 1	Stengodsvägen 4	Malmö	1,850	0	0	0	0	1,850
Styckmästaren 8	Jöns Risbergsgatan 4	Malmö	1,256	0	0	0	133	1,388
Storskarven 9	Brunandsvägen 32	Malmö	442	0	0	0	0	442
Höbalen 1	Vetekornsgatan 22	Mölnadal	2,682	0	0	0	0	2,682
Rösunda 36:41	Rösundavägen 2	Nacka	11,145	0	0	0	0	11,145
Sicklaön 12:9	Skurusundsvägen 163	Nacka	4,115	0	0	0	300	4,415
Mensätra 26:1	Ornövägen 5	Nacka	2,047	0	0	0	0	2,047
Ekhöjden 1	Sandbyhovsgatan 4	Norrköping	6,155	0	0	0	0	6,155
Gångjärnet 1	Plåtslagaregatan 8	Norrköping	5,386	0	0	0	0	5,386
Järven 6	Bergslagsgatan	Norrköping	4,054	433	0	0	772	5,259
Diadem 3	Gamla Övägen 27	Norrköping	4,025	0	0	0	0	4,025
Konstantinopel 6	Skomakaregatan 11	Norrköping	3,183	0	0	0	0	3,183
Värnhemmet 1	Sandbyhovsgatan 3	Norrköping	1,400	0	0	0	0	1,400

## List of properties

Nursing homes	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Luffaren 2	Sandbyhovsgatan 6	Norrköping	0	0	0	0	0	0
Hängasken 3	Sandbyhovsgatan 1	Norrköping	0	0	0	0	0	0
Sysslomannen 1	Sandbyhovsgatan 11	Norrköping	0	0	0	0	0	0
Vaktmästaren 4	Hemvägen 8	Norrtälje	0	0	0	0	0	0
Brädgården 3	Folkungavägen 1	Nyköping	0	0	0	0	0	0
Hallen 4	Lövgatan 39-43	Solna	4,244	0	1,450	0	144	5,838
Stanstorp 5:368	Vikhems Bygata 100	Staffanstorp	4,126	0	0	0	0	4,126
Sjöstöveln 3	Folkparksvägen 156	Stockholm	8,506	0	325	0	0	8,831
Tempelriddarorden 5	Vita Liljans väg 53	Stockholm	5,000	0	0	0	0	5,000
Flyghöjden 2	Skarpnäcks Torg 1	Stockholm	2,880	0	0	0	0	2,880
Hantverkaren 2	Hovsjövägen 12	Södertälje	8,393	0	0	0	0	8,393
Blåvalen 1	Tallhöjdsvägen 1-3	Södertälje	4,553	0	2,240	0	323	7,116
Krusmyntan 1	Basilikagränd 1	Tyresö	4,675	0	0	0	0	4,675
Krusmyntan 2	Basilikagränd 1	Tyresö	2,900	0	0	0	0	2,900
Marknaden 1	Esplanaden 9	Täby	11,963	0	6,422	0	1,304	19,689
Bylegård 37	Jarlabankes väg 46	Täby	5,675	0	1,549	0	0	7,224
Åkerby 13	Kemistvägen 8	Täby	564	0	1,260	0	83	1,907
Högås-Torp 1:10	Högås Torp 101	Uddevalla	3,252	1,528	0	0	0	4,780
Vilunda 6:66	Blå gatan 48	Upplands Väsby	5,498	636	0	0	0	6,134
Hammarby 8:60	Hasselgatan 80 A-E	Upplands Väsby	2,850	0	0	0	0	2,850
Valsätra 3:10	Bernadottewägen 1P	Uppsala	6,065	0	0	0	0	6,065
Dragarbrunn 9:4	S:t Olofsgatan 44 B	Uppsala	4,020	0	0	0	0	4,020
Kvarngärdet 14:5	Torkelsgatan 42	Uppsala	3,585	0	0	0	0	3,585
Rickomberga 9:14	Geijersgatan 61	Uppsala	3,200	0	0	0	0	3,200
Luthagen 81:1	Norrlandsgatan 2	Uppsala	2,740	0	0	0	0	2,740
Vallentuna-Rickeby 1:97	Stendösvägen 1-3	Vallentuna	2,948	0	0	0	0	2,948
Vallentuna-Ekeby 2:275	Ekebyvägen 40	Vallentuna	2,936	0	0	0	0	2,936
Sörbyn 17:1	Törnrosgatan 8-22	Vänersborg	3,363	0	1,009	0	155	4,527
Vedbo 61	Hörntorpsvägen 20	Västerås	7,479	4,000	0	0	0	11,479
Södra Källtorp 1	Vällbyleden 13	Västerås	9,270	0	335	0	0	9,605
Skjutfältet 9	Hästhovsgatan 27	Västerås	5,914	0	0	0	0	5,914
Lövhagen 32	Pilfinksgatan 2	Västerås	4,589	0	0	0	0	4,589
Klockarkärleken 3	Rönningbergastigen 7	Västerås	3,937	0	0	0	0	3,937
Ängsklockan 1	Värlöfsgatan 6	Västerås	3,813	0	0	0	0	3,813
Östra Daggrosen 1	Daggrosen 1	Västerås	3,507	0	0	0	0	3,507
Birka 1	Fornstidsgatan 4	Västerås	3,335	0	0	0	0	3,335
Hanen 4	Hagalidsvägen 2	Västerås	2,740	0	0	0	0	2,740
Södra Källtorp 7	Vedbovägen 1	Västerås	0	0	0	0	2,287	2,287
Skogsduvan 1	Skogsduvevägen 11	Västerås	1,107	0	0	0	0	1,107
Kolaren 5	Tråddragargatan 31	Västerås	1,052	0	0	0	0	1,052
Kornknarren 3	Västeråsgatan	Västerås	0	0	0	0	0	0
Lekamensgården 2	Pär Lagerkvists väg 15	Växjö	5,188	0	0	0	0	5,188
Solvändan 3	Åbovägen 22	Växjö	3,329	0	0	0	0	3,329
Tonsättaren 2	Schottisgatan 2-6	Ystad	2,892	0	0	0	65	2,957
Giffeln 1	Kornellvägen 38A	Örebro	6,467	0	0	0	479	6,946
Söder 1:19	Bangårdsgatan 14	Östersund	0	0	0	0	0	0
<b>Total Sweden Nursing homes</b>		<b>117</b>	<b>462,732</b>	<b>13,671</b>	<b>21,237</b>	<b>0</b>	<b>23,395</b>	<b>521,034</b>

Education	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Tjärna Hage 2	Mats Knuts väg 19	Borlänge	0	9,200	0	0	0	9,200
Samariten 11	Klinikvägen 48	Borås	0	11,660	0	0	0	11,660
Markan 1	Kanslivägen 22-24	Botkyrka	0	2,932	0	0	0	2,932
Träkvista 3:282	Sanduddsvägen 12	Ekerö	0	938	0	0	0	938
Verkmästaren 7	Hamngatan 17	Eskilstuna	0	20,335	0	0	0	20,335
Nyfors 1:24	Tunavallsgränden 5	Eskilstuna	0	1,427	0	0	0	1,427
Sandarna 26:2	Karl Johansgatan 158	Gothenburg	8,779	4,286	0	0	0	13,065
Backa 245:1	Sankt Jörgens Väg 14-20	Gothenburg	0	7,347	0	0	456	7,803
Krokslätt 35:14	Ebbe Lieberathsgatan 19	Gothenburg	0	3,921	0	0	2,922	6,843
Lindholmen 1:12	Karlavagnsgatan 9	Gothenburg	0	0	0	0	0	0
Bäckagård 1:17	Bäckagårdsvägen 19	Halmstad	0	4,976	591	0	2,207	7,774
Täckeråker 1:228	Timvinkelvägen 42-44	Haninge	0	5,459	0	0	0	5,459
Filborna 28:4	Mejerigatan 5	Helsingborg	0	0	0	0	0	0
Filborna 28:5	Mejerigatan 5	Helsingborg	0	0	0	0	0	0
Medicinaren 23	Blickagången 20	Huddinge	0	15,921	300	0	422	16,643
Medicinaren 14	Diagnosvägen 8	Huddinge	0	1,003	965	0	168	2,136
Värpatorparen 2	Väpnaregatan 6	Hässleholm	0	1,224	0	0	4,609	5,833
Intendenten 2	Finjagatan 18	Hässleholm	0	2,290	0	0	0	2,290

## List of properties

Education	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Intendenten 1	Wendesvägen 5-7	Hässleholm	0	1,580	0	0	0	1,580
Darehallen 1	Löjtnant Granlunds Väg 4	Hässleholm	0	700	0	0	0	700
Särsta 38:16	Margaretavägen 35	Knivsta	0	433	0	0	25	458
Bångsbo 1:29	Bångsbovägen 13	Kungsbacka	0	3,910	0	0	0	3,910
Ärlan 1	Vikingagatan 6	Kungälv	0	3,107	0	0	0	3,107
Bikupan 5	Esters gata	Kungälv	0	2,427	0	0	0	2,427
Tjuvkil 2:175	Tjuvkils huvud	Kungälv	0	1,530	0	0	0	1,530
Kabbelekan 3	Tvetgatan 10	Kungälv	0	0	0	0	0	0
Borstahuset 1:9	Havsgatan 1	Landskrona	0	5,700	0	0	0	5,700
Borstahuset 1:8	Havsgatan 5	Landskrona	0	2,245	0	0	0	2,245
Nässelodlingen 1	Nybrovägen 1	Linköping	0	4,252	0	0	0	4,252
Isskåpet 1	Tröskaregatan 73-75	Linköping	0	2,735	0	0	0	2,735
Nyponkärnan 1	Kvinnebyvägen 91	Linköping	0	1,688	0	0	0	1,688
Ostduken 2	Björnkärrsgatan 14-16	Linköping	0	1,492	0	0	0	1,492
Laddstaken 2	Knektgatan 1A-B	Linköping	0	750	0	0	0	750
Gällstad 1:291	Sävsångarevägen 61	Linköping	0	661	0	0	0	661
Rystads-Gärstad 8:41	Gurkvägen 2-4	Linköping	0	661	0	0	0	661
Askeby 4:54	Andreas Linbloms väg 7	Linköping	0	425	0	0	0	425
Askeby 4:55	Andreas Linbloms väg 5	Linköping	0	0	0	0	0	0
Klostergården 2:9	S:t Lars väg 1	Lund	4,509	29,270	6,910	0	5,480	46,169
Benzelius 1	Dag Hammarskjölds Väg 2	Lund	0	6,215	0	0	225	6,440
Predikanten 2	Landgillevägen 55	Lund	0	750	0	0	0	750
Dona 1:38	Rinkenåsgatan 2-4	Lysekil	0	9,000	0	0	0	9,000
Excellensen 5	Carl Gustafs väg 4	Malmö	0	0	0	0	11,197	11,197
Spillepengsmarken 7	Strömngatan 13	Malmö	0	4,670	0	0	0	4,670
Brandnävan 2	Stenbärgsgatan 1	Malmö	0	2,690	0	0	0	2,690
Gullriset 4	Monicavägen 18-22	Malmö	0	648	0	0	0	648
Brandnävan 1	Stenbärgsgatan 3	Malmö	0	0	0	0	300	300
Svedjenävan 4	Stenbärgsgatan 2	Malmö	0	0	0	0	0	0
Älta 14:97	Almvägen 4	Nacka	0	6,630	0	0	0	6,630
Mensättra 1:19	Boo Kyrkväg 5	Nacka	0	4,036	0	0	0	4,036
Sicklaön 35:1:1	Skogsstigen 40	Nacka	0	3,509	0	0	0	3,509
Älta 14:101	Almvägen 2	Nacka	0	3,345	0	0	50	3,395
Sicklaön 39:4	Helgesons väg 10	Nacka	0	2,575	0	0	0	2,575
Sicklaön 87:1	Alphyddevägen 4	Nacka	0	2,159	0	0	404	2,563
Sicklaön 207:7	Bävervägen 4	Nacka	0	919	0	0	0	919
Mensättra 2:92	Sandholmsvägen 2	Nacka	0	775	0	0	0	775
Erstavik 27:1	Fisksåtravägen 31	Nacka	0	775	0	0	0	775
Mensättra 2:91	Björkholmsvägen 235	Nacka	0	771	0	0	0	771
Erstavik 26:607	Krabbvägen 1	Nacka	0	764	0	0	0	764
Tattby 2:24	Samskolevägen 2-6	Nacka	0	758	0	0	0	758
Älta 35:149	Anemonvägen 13	Nacka	0	736	0	0	0	736
Mensättra 1:84	Gustavsviksvägen 10	Nacka	0	613	0	0	0	613
Lännersta 1:1231	Trollsjövägen 7	Nacka	0	563	0	0	0	563
Älta 75:16	Ulvsjöstigen 17	Nacka	0	418	0	0	0	418
Mensättra 1:168	Boo Kyrkväg 7	Nacka	0	0	0	0	135	135
Drag 4	Dragsgatan 7	Norrköping	0	9,878	0	0	0	9,878
Ekhöjden 2	Sandbyhovsgatan 25	Norrköping	0	5,550	0	0	0	5,550
Hängasken 1	Sandbyhovsgatan 17	Norrköping	0	4,700	0	0	0	4,700
Järven 5	Bergslagsgatan 11	Norrköping	0	4,511	0	0	0	4,511
Kapellet 1	Sandbyhovsgatan 15	Norrköping	0	1,550	0	0	0	1,550
Värnhemmet 2	Sandbyhovsgatan 7	Norrköping	0	0	0	0	0	0
Borgaren 18	Stora torget 3	Nyköping	0	11,264	0	0	612	11,876
Bråstaborg 1	Hushållargatan 5	Sala	0	933	0	0	0	933
Sollentuna Träbjälken 16	Sofielundsvägen 12	Sollentuna	0	2,590	0	0	0	2,590
Sollentuna Sjöberg 7:4	Lomvägen 100-102	Sollentuna	0	600	0	0	0	600
Solna Älgörten 1	Fridenborgsvägen 100	Solna	0	8,659	0	0	0	8,659
Bagartorp 19	Bagartorpsringen 20	Solna	0	4,433	0	0	0	4,433
Befästringskullen 8	Anders Lundströms gata 3-5	Solna	0	3,388	0	0	0	3,388
Stanstorp 6:17	Vikhems Bygata 101	Staffanstorp	0	11,221	0	0	0	11,221
Stora Uppåkra 12:303	Parkallén 4	Staffanstorp	0	7,694	0	0	0	7,694
Stora Uppåkra 12:302	Parkallén 10	Staffanstorp	0	1,195	0	0	0	1,195
Hjärup 4:290	Heimdalls väg 2	Staffanstorp	0	652	0	0	0	652
Lilla Tensta 1	Hagstråket 13	Stockholm	0	18,109	0	0	1,920	20,029
Kadetten 29	Karlbergsvägen 77	Stockholm	0	11,400	0	0	0	11,400
Sandbacken Mindre 42	Sandbacksgatan 10	Stockholm	0	8,000	0	0	16	8,016
Piloten 2	Gondolgatan 16	Stockholm	0	3,471	0	0	0	3,471
Lau 1	Beckombergavägen 301	Stockholm	0	2,410	0	0	0	2,410
Lojsta 1	Beckombergavägen 316	Stockholm	0	2,300	0	0	0	2,300
Lummelunda 1	Beckombergavägen 299	Stockholm	0	1,484	0	0	0	1,484
Sproge 1	Beckombergavägen 314	Stockholm	0	1,470	0	0	0	1,470

## List of properties

Education	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Ponnyn 1	Boplatsvägen 1	Sundbyberg	0	2,687	0	0	0	2,687
Karleby 2:2	Gärtunavägen 4	Södertälje	0	2,950	0	0	0	2,950
Köpingskolan 2	Klövervallsvägen 54	Trelleborg	0	7,467	0	0	0	7,467
Pilevallsskolan 2	Tällvägen 30	Trelleborg	0	3,649	0	0	0	3,649
Källstorpsbacken 1	Strömsviksvägen 50-54	Trollhättan	0	445	0	0	0	445
Fräsen 2	Maskinvägen 4	Täby	0	2,028	0	0	0	2,028
Fräsen 1	Maskinvägen 4	Täby	0	610	0	0	1,294	1,904
Halla-Stenbacken 1:88	Västgötvägen 30	Uddevalla	0	18,403	945	0	16,750	36,098
Ljungs-Hälle 1:406	Skafterösvägen 50	Uddevalla	0	0	0	0	0	0
Umeå Hugin 3	Nygatan 47	Umeå	0	7,730	0	0	0	7,730
Vilunda 19:2	Industrivägen 20 B	Upplands Väsby	0	14,904	0	0	0	14,904
Odenslunda 1:592	Söderviksvägen 1	Upplands Väsby	0	5,915	0	0	0	5,915
Vilunda 6:55	Drabantvägen 3-5	Upplands Väsby	0	3,000	0	0	0	3,000
Kronåsen 1:15	Lägerhyddsvägen 2	Uppsala	0	21,193	44	0	6,167	27,404
Bällsta 2:1087	Zetterlundsväg 140	Vallentuna	0	3,517	0	0	0	3,517
Månen 110	Restadvägen 24-28	Vänersborg	0	3,167	0	0	862	4,029
Rosenhill 1	Gurksaltargatan 9	Västerås	0	22,362	0	0	0	22,362
Gustavsborg 2	Vasagatan 44	Västerås	0	18,062	0	0	0	18,062
Rosenhill 12	Eriksborgsgatan 11	Västerås	0	6,758	0	0	340	7,098
Kristiansborgsskolan 2	Vasagatan 56	Västerås	0	5,334	0	0	0	5,334
Västerås 1:250	Ångkraftsvägen 1	Västerås	0	3,412	0	0	0	3,412
Södra Källtorp 8	Bälbyvägen 11	Västerås	0	2,658	0	0	0	2,658
Barkaröby 15:308	Lövänggatan 2	Västerås	0	1,570	0	0	0	1,570
Kristiansborgsbadet 1	Vallgatan 8	Västerås	0	0	0	0	0	0
Rapphönan 2	Västeråsgatan	Västerås	0	0	0	0	0	0
Ryttersborg 4	Eriksborgsgatan	Västerås	0	0	0	0	0	0
Boktryckaren 1	Ryttersborgsgatan	Västerås	0	0	0	0	0	0
Jägaren 11	Vallgatan 12E	Växjö	0	8,681	0	0	4,625	13,306
Vittran 1	Trädvägen 4	Växjö	0	7,264	0	0	0	7,264
Liv 1	Björnstjernegatan 1 A-C	Ystad	0	4,084	0	0	2,602	6,686
Vemmenhög 1	Björnstjernegatan 10	Ystad	0	3,735	0	0	405	4,140
Vallgraven 20	Industrigatan 12	Ystad	0	3,368	0	0	65	3,433
Liv 4	Nils Ahlins gata 2	Ystad	0	430	0	0	1,036	1,466
Malmö 3	Nils Ahlins gata 19	Ystad	0	0	0	0	1,430	1,430
Vemmenhög 2	Björnstjernegatan 6	Ystad	0	1,196	0	0	0	1,196
Ystad Malmö 5	Nils Ahlins väg 17	Ystad	0	904	0	0	16	920
Verkmästaren 24	Industrigatan 15A	Ystad	0	0	0	0	0	0
Verkmästaren 25	Industrigatan 15B	Ystad	0	0	0	0	0	0
Medora 168:115	Klamparvägen 1A	Älvkarleby	0	2,500	0	0	0	2,500
Rörströmsälven 31	Vivallaringen 112	Örebro	0	980	0	0	0	980
<b>Total Sweden Education</b>		<b>129</b>	<b>13,288</b>	<b>528,229</b>	<b>9,755</b>	<b>0</b>	<b>66,740</b>	<b>618,012</b>



Nåden 1, Halmstad.



Södra Källtorp 8, Västerås.



Faunan 1, Tyresö.



Kvarnberget 9, Stockholm.

## List of properties

Health care	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Apelsinen 1	Säterigatan 122	Alingsås	227	979	1,797	0	0	3,003
Ångaboskolan 2	Sundsbergsvägen 7	Alingsås	0	0	1,488	0	0	1,488
Sik 1:183	Tärnavägen 6	Borås	0	319	2,323	0	0	2,642
Milstolpen 8	Smörhulegatan 2	Borås	0	0	2,306	0	225	2,531
Rydboholm 1:477	Hagkällvägen 2	Borås	0	280	1,693	0	0	1,973
Sandhults-Rydet 1:256	Strandvägen 11	Borås	0	0	1,623	0	0	1,623
Stenhuggaren 1	Kindsgatan 1	Borås	0	0	1,393	0	0	1,393
Banslätt 1	Römossevägen 25	Botkyrka	0	1,529	4,764	0	2,011	8,304
Sjukhuset 7	Kevinge Strand 1B	Danderyd	0	0	3,183	0	0	3,183
Tappröm 1:50	Bryggavägen 8	Ekerö	0	310	2,278	0	25	2,612
Lindholmen 36:1	Vintergatan 1A	Gothenburg	803	0	2,445	0	1,052	4,300
Brämaregården 80:1	Borstbindaregatan 6	Gothenburg	0	0	3,355	0	0	3,355
Vendelsö 3:1716	Skomakarvägen 20	Haninge	0	0	1,501	0	0	1,501
Medicinaren 19	Hälsovägen 7	Huddinge	0	2,653	25,735	0	10,099	38,487
Medicinaren 25	Hälsovägen 9	Huddinge	0	3,258	15,233	0	594	19,085
Illern 9	Stuvsta Torg 4-6, 10-14	Huddinge	0	0	2,985	0	281	3,266
Kindbogården 1:124	Ekdalavägen 2	Härryda	0	0	5,521	0	168	5,689
Kallhäll 1:32	Kopparvägen 2B	Järfälla	0	664	1,196	0	282	2,142
Veddesta 2:108	Veddestavägen 6	Järfälla	0	0	0	0	0	0
Hälsan 3	Fabriksgatan 17-19	Jönköping	0	0	4,613	0	0	4,613
Norrahammar 28:108	Postgatan 1-9	Jönköping	0	0	2,488	0	0	2,488
Vårdtrådet 7	Hävdevägen 31	Jönköping	0	0	1,646	0	0	1,646
Torp 2:19	Göteborgsvägen 9	Lerum	0	0	3,928	0	40	3,968
Hjällsnäs 3:63	Lundbyvägen 35	Lerum	0	0	2,042	0	0	2,042
Mjölkudden 3:11	Mjölkuddsvägen 79C	Luleå	0	0	1,401	0	2,026	3,427
Slätten 15:7	Lasarettsgatan 1	Lysekil	5,325	82	8,094	0	1,495	14,995
Grönsakshandlaren 5	Jägersrovägen 80	Malmö	0	0	3,033	0	0	3,033
Rosenbuketten 8	Höjagatan 21	Malmö	0	0	1,493	0	0	1,493
Murmeldjuret 4	Fredåsgatan 13	Mölnadal	0	0	6,723	0	391	7,114
Hängasken 2	Sandbyhovsgatan 1	Norrköping	0	199	3,257	0	353	3,808
Patienten 1	Eugeniovägen 10	Solna	0	0	18,466	0	2,438	20,904
Sotenäs Gravarne 3:139	Hvitfeldtsgatan 23	Sotenäs	0	0	2,511	0	0	2,511
Träbron 1	Bergtällsvägen 10-12	Stockholm	3,093	2,249	10,547	0	1,416	17,305
Akka 8	Tranebergsplan 1-3	Stockholm	0	0	3,818	0	147	3,965
Jullovat 1	Annebodavägen 4-6	Stockholm	0	0	1,333	0	0	1,333
Skår 1:69	Syster Ebbas väg 1	Tjörn	0	0	1,831	0	0	1,831
Herkules 34	Corfitz-beck-friisgatan 4A	Trelleborg	0	0	300	0	5,226	5,526
Hjorten 14	Johan Kocksgatan 4	Trelleborg	0	0	1,769	0	911	2,680
Herkules 33	Hamngatan 16	Trelleborg	800	0	0	0	0	800
Herkules 29	Corfitz-beck-friisgatan 2	Trelleborg	0	0	0	0	0	0
Källstorpslyckan 1	Strömsviksvägen 16	Trollhättan	0	0	1,536	0	0	1,536
Gladan 1	Slättbergsvägen 56	Trollhättan	0	0	1,402	0	0	1,402
Kuratorn 3	Lasarettsvägen 2	Trollhättan	0	0	808	0	0	808
Faunan 1	Bollmoravägen 14-20	Tyresö	5,549	639	5,034	0	1,087	12,309
Floran 1	Regnbågsgatan 2-14	Tyresö	0	0	0	0	0	0
Linkärven 5	Lingatan 12	Uddevalla	0	0	968	0	0	968
Sävja 56:1	Västgötaresan 60	Uppsala	0	956	1,198	0	1,029	3,183
Grånby 12:6	Grånby Bilgata 2	Uppsala	0	265	2,227	0	267	2,759
Grävlingen 28	Belfragegatan 2	Vänersborg	0	515	1,172	0	1,252	2,939
Tärnan 4	Torpavägen 23	Vänersborg	0	0	1,677	0	0	1,677
Ösby 1:76	Skärgårdsvägen 7	Värmdö	0	60	1,743	0	3,072	4,875
Torna 1	Sixten Sparres gata 1-3	Ystad	0	0	0	0	2,635	2,635
<b>Total Sweden Health care</b>		<b>52</b>	<b>15,797</b>	<b>14,957</b>	<b>177,875</b>	<b>0</b>	<b>38,521</b>	<b>247,150</b>

Justice system	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Kopparormen 4	Vikhemsvägen 9	Eslöv	0	0	0	2,570	0	2,570
Södertull 20:6	Bondegatan 12	Gävle	0	0	0	0	957	957
Södertull 20:2	Södra Kungsgatan 60	Gävle	0	0	0	0	0	0
Brämaregården 37:1	Vägmästaregatan 5	Gothenburg	0	0	0	3,079	0	3,079
Notarieängen 8	Ytterbyvägen 19	Kungälv	0	0	0	3,501	0	3,501
Reparatören 5	Ringvägen 88	Köping	0	0	0	2,650	0	2,650
Polisen 1	von Lingens väg 130B	Malmö	0	0	0	3,555	0	3,555
Juristen 4	Järnvägs-gatan 4	Mölnadal	0	0	0	7,000	1,270	8,270
Stinsen 1	Stockholmsvägen 4-6	Norrköping	0	0	0	18,331	0	18,331
Brädgården 2	Folkungavägen 2	Nyköping	0	0	0	11,476	896	12,372
Tegen 6	Sundbybergsvägen 7-15	Solna	0	528	0	30,433	4,492	35,453
Kvarnberget 9	Rinkebyplan 2-4	Stockholm	0	0	0	7,662	0	7,662
Hjorten 15	Henry Dunkers gata 2	Trelleborg	0	0	0	3,372	0	3,372
Snickeriet 10	Vannhögsgatan 7	Trelleborg	0	0	0	0	3,002	3,002
Stigbygelin 5	Ridvägen 10	Umeå	0	0	0	21,893	855	22,748
<b>Total Sweden Justice system</b>		<b>15</b>	<b>0</b>	<b>528</b>	<b>0</b>	<b>115,522</b>	<b>11,472</b>	<b>127,522</b>
<b>Total Sweden</b>		<b>313</b>	<b>491,817</b>	<b>557,385</b>	<b>208,867</b>	<b>115,522</b>	<b>140,128</b>	<b>1,513,718</b>



## List of properties

### Germany

Nursing homes	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Aachen, A.d. Schurzel. Brücke Neukirchen, Weißensteinstraße	An der Schurzelter Brücke 1	Aachen	4,954	0	0	0	0	4,954
Piding, Lindenstrasse	Lindenstraße 46	Berchtesgadener Land	3,699	0	0	0	0	3,699
Bensheim, Eifelstraße	Eifelstraße 21-25	Bergstraße	7,036	0	0	0	0	7,036
Bensheim, Eifelstraße II	Eifelstraße 21	Bergstraße	0	0	0	0	0	0
Berlin, Ullsteinstraße	Ullsteinstraße 159	Berlin-Stadt	8,656	0	0	0	0	8,656
Berlin, Klingsorstraße	Klingsorstraße 121	Berlin-Stadt	6,820	0	0	0	0	6,820
Gärtnerreiring	Gärtnerreiring 54	Berlin-Stadt	1,995	0	0	0	0	1,995
Bocholt, Böwings Stegge 1	Böwings Stegge 8	Borken	4,966	0	0	0	0	4,966
Bocholt, Böwings Stegge 2	Böwings Stegge 6	Borken	2,498	0	0	0	0	2,498
Brandenburg, Neuendorfer St.	Neuendorfer Straße 75	Brandenburg an der Havel	7,328	0	92	0	0	7,420
Müllheim, Am Pfannenstiel	Am Pfannenstiel 30	Hochschwarzwald	6,554	0	0	0	0	6,554
Bremen, Ricarda-Huch-Straße	Ricarda-Huch Straße 1	Bremen	8,915	0	0	0	0	8,915
Bremen, Gnesener Straße	Gnesener Straße 6	Bremen	2,621	0	0	0	0	2,621
Bremen, Hemmstraße	Hemmstraße 345	Bremen	1,809	0	762	0	0	2,571
Chemnitz, Deubners Weg	Deubners Weg 12	Chemnitz	13,456	0	0	0	1,944	15,400
Barsel, Mühlenweg	Mühlenweg 11	Cloppenburg	4,550	0	0	0	0	4,550
Dahme, Am Schloss	Am Schloß 3	Dahme-Spreewald	19,997	0	0	0	0	19,997
Zeuthen, Fontaneallee	Fontaneallee 29	Dahme-Spreewald	8,868	0	0	0	0	8,868
Darmstadt, Kasinostraße	Kasinostraße 37	Darmstadt-Dieburg	6,074	0	0	0	0	6,074
Meppen- Spiek	Spiek 14	Emsland	2,201	0	0	0	0	2,201
Wetter, Friedrichstraße	Steinstraße 3	Ennepe-Rhur-Kreis	4,004	0	0	0	0	4,004
Essen, Stauderstraße	Stauderstraße 84	Essen	0	0	0	0	0	0
Wangerland- Friesenstraße	Friesenpadd 1	Friesland	4,448	0	0	0	0	4,448
Gotha, Pestalozzistraße	Pestalozzistraße	Gotha	12,777	0	0	0	50	12,827
Büttelborn, Am Heißgraben	Am Heißgraben	Groß-Gerau	0	0	0	0	0	0
Ahrensburg, Reeshoop	Reeshoop 38	Kreis Stormarn	5,807	0	0	0	0	5,807
Reinfeld, Kaliskaweg	Kaliskaweg	Kreis Stormarn	4,018	0	0	0	0	4,018
Bochum, Vincenzstraße	Vincenzstraße 1	Kreisfreie Stadt Bochum	4,701	0	0	0	89	4,790
Bonn, Rheinallee	Rheinalle 78	Kreisfreie Stadt Bonn	4,773	0	0	0	0	4,773
Darmstadt, Im Fiedlersee	Im Fiedlersee 43	kreisfreie Stadt Darmstadt	7,516	0	0	0	0	7,516
Dresden, Preller Str.	Prellerstraße 16	kreisfreie Stadt Dresden	3,704	0	0	0	0	3,704
Duisburg, Brauerstrasse	Brauerstraße 43	kreisfreie Stadt Duisburg	4,331	0	0	0	0	4,331
Duisburg, Karl-Lehr-Straße	Karl-Lehr-Straße 159	kreisfreie Stadt Duisburg	4,148	0	0	0	0	4,148
Duisburg, Fuchstrasse	Fuchsstraße 31	kreisfreie Stadt Duisburg	4,099	0	0	0	0	4,099
Duisburg, Hufstrasse	Hufstraße 2	kreisfreie Stadt Duisburg	3,846	0	0	0	0	3,846
Emden, Am Wykhoffweg	Rotdornring 1	kreisfreie Stadt Emden	3,351	0	0	0	0	3,351
Kiel, Vaasastrasse 2a	Vaasastraße 2A	kreisfreie Stadt Kiel	5,743	0	0	0	0	5,743
Kiel, Pickertstrasse	Pickerstraße 36	kreisfreie Stadt Kiel	3,261	0	0	0	0	3,261
Cologne, Neusser Str.	Neusser Straße 402-406	kreisfreie Stadt Cologne	7,681	0	0	0	0	7,681
Leipzig, Saxoniastrasse	Saxoniastraße 32	kreisfreie Stadt Leipzig	4,558	0	0	0	0	4,558
Mülheim a.d. Ruhr, Am HalbachSaarnerstraße 415		kreisfreie Stadt Mülheim an der Ruhr	5,098	0	0	0	0	5,098
Offenbach, Spessartring	Spessartring 22	kreisfreie Stadt Offenbach am Main	9,569	0	0	0	0	9,569
Wiesbaden, Parkstraße	Parkstraße 21	kreisfreie Stadt Wiesbaden	5,253	1,190	0	0	0	6,443



Zum Königsgraben 10, Teltow-Fläming.



Spessartring 22, Offenbach am Main.



Prellerstraße 16, Dresden.



Kurt-Schumacher-Straße 154, Dinslaken.

## List of properties

Nursing homes	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Mühdorf, Wirtsgasse	Wirtsgasse 41	Landkreis Mühdorf am Inn	5,658	0	0	0	0	5,658
Waldkraiburg, Reichenberger Str.	Reichenberger Straße 21	Landkreis Mühdorf am Inn	3,762	0	0	0	0	3,762
Pfronten, Meilinger Straße	Meilinger Straße 14A	Landkreis Ostallgäu	3,138	0	0	0	0	3,138
Hadamar, Hammelburg	Hammelburg 18	Limburg-Weilburg	6,432	0	0	0	0	6,432
Bruchköbel, Hauptstrasse	Hauptstraße 113	Main-Kinzig-Kreis	5,301	0	0	0	0	5,301
Wächtersbach, Chatillon Str	Chatillon Str 81	Main-Kinzig-Kreis	2,200	0	0	0	0	2,200
Liederbach, Am Wehr	An den Hofgärten 3	Main-Taunus-Kreis	4,443	0	0	0	0	4,443
Radebeul, Hohe Straße	Hohe Straße 2	Meißen	5,353	0	0	0	0	5,353
Langenfeld, Langforth Str.	Langforth Straße 1-3	Mettmann	4,073	0	0	0	0	4,073
Elsenfeld, Bahnhofstraße	Bahnhofstraße 12	Miltenberg	4,450	0	0	0	0	4,450
Mittweida, Burgstädter Straße	Burgstädter Straße 75b	Mittelsachsen	4,836	0	0	0	0	4,836
Pullach, Wiesenweg	Wiesenweg 5	Munich	8,557	0	0	0	0	8,557
Stolzenau, Kleine Geest	Kleine Geest 19-21	Nienburg/Weser	3,320	0	0	0	0	3,320
Heusenstamm, Herderstraße I	Herderstraße 85-89	Offenbach	6,280	0	0	0	0	6,280
Heusenstamm, Herderstraße II	Herderstraße 64	Offenbach	2,981	0	0	0	0	2,981
Peine, Sunderstraße	Sunderstraße 60	Peine	3,574	0	0	0	0	3,574
Peine, Am Herzberg	Am Herzberg 18	Peine	2,017	0	0	0	0	2,017
Elmshorn- Amandastrasse	Esmachstraße 22	Pinneberg	11,930	0	0	0	0	11,930
Kleinmachnow, Fahrenheitstraße	Fahrenheitstraße	Potsdam-Mittelmark	0	0	0	0	0	0
Élsdorf, Zum Ostbahnhof	Zum Ostbahnhof	Rhein-Erft-Kreis	4,217	0	0	0	0	4,217
Taunusstein, Am alten Sportpl	Am alten Sportplatz 43	Rheingau-Taunus-Kreis	7,642	0	0	0	0	7,642
Rehren, Auestraße	Auestraße 4	Schaumburg	5,197	0	0	0	0	5,197
Nittenau, Brucker Strasse	Brucker Straße 7	Schwandorf	4,131	0	0	0	0	4,131
Wackersdorf, Kiefernstraße	Kiefernstraße 1-3	Schwandorf	2,589	0	0	0	0	2,589
Greven, Philipp-Manz-Str.	Philipp-Manz-Straße 5	Steinfurt	4,156	0	0	0	0	4,156
Rheine- Hemelter Str.	Hemelter Straße 7	Steinfurt	3,955	0	0	0	0	3,955
Zossen, An der Brotfabrik	An der Brotfabrik 1	Teltow-Fläming	4,330	0	0	0	0	4,330
Lauterbach, Bilsteinweg	Bilsteinweg 1	Vogelsbergkreis	5,684	0	0	0	0	5,684
Langenaltheim, Turnerweg 1	Turnerweg 1	Weißenburg-Gunzenhausen	4,218	0	0	0	0	4,218
Dinslaken, Kurt-Schumacher-St	Kurt-Schumacher-Straße 154	Wesel	4,059	0	0	0	0	4,059
Hünxe, Bensumskamp	Bensumskamp 27	Wesel	3,800	0	0	0	0	3,800
Butzbach, Johann S.-Bach-Str	Johann-Seb.-Bach-Straße 26	Wetteraukreis	3,951	0	0	0	0	3,951
Wuppertal, Simonsstrasse	Simonsstraße 12	Wuppertal	0	0	0	0	641	641
Lichtenstein, Martin-Götze-St	Martin-Götze-Straße 14	Zwickau	5,993	0	0	0	0	5,993
<b>Total Germany Nursing homes</b>		<b>78</b>	<b>392,710</b>	<b>1,190</b>	<b>854</b>	<b>0</b>	<b>2,724</b>	<b>397,478</b>

Education	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Dortmund, Rheinsche Strasse	Rheinische Straße 69	kreisfreie Stadt Dortmund	0	5,500	0	0	0	5,500
Duisburg, Wuhanstraße 6,11	Wuhanstraße 6,11	kreisfreie Stadt Duisburg	0	16,581	0	0	0	16,581
Duisburg, Wuhanstraße 9	Wuhanstraße 9	kreisfreie Stadt Duisburg	0	0	0	0	0	0
Zossen, Jägerstrasse	Zum Königsgraben 10	Teltow-Fläming	0	16,250	0	0	0	16,250
<b>Total Germany Education</b>		<b>4</b>	<b>0</b>	<b>38,331</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,331</b>

Justice system	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Hofgeismar, Manteuffel Anlage	Manteuffel Anlage 2-5	Kassel	0	0	0	4,286	0	4,286
Kassel, Knorrstrasse	Knorrstrasse 32	kreisfreie Stadt Kassel	0	0	0	3,673	0	3,673
Wiesbaden, Lorenz-Schott Straße	Lorenz-Schott Straße 4	kreisfreie Stadt Wiesbaden	0	0	0	8,527	0	8,527
Wetzlar, Schanzenfeldstrasse	Schanzenfeldstrasse 8	Lahn-Dill-Kreis	0	0	0	13,852	0	13,852
Homberg, August-Vilmar-Strasse	August-Vilmar-Strasse 20	Schwalm-Eder-Kreis	0	0	0	3,920	0	3,920
<b>Total Germany Justice system</b>		<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,258</b>	<b>0</b>	<b>34,258</b>
<b>Total Germany</b>		<b>87</b>	<b>392,710</b>	<b>39,521</b>	<b>854</b>	<b>34,258</b>	<b>2,724</b>	<b>470,067</b>

## List of properties

### Finland

Nursing homes	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Puistokatu A	Puistokatu A	Espoo	4,601	0	0	0	2,892	7,493
Kivennavantie 15	Kivennavantie 15	Espoo	2,270	0	0	0	0	2,270
Kattilantanhua 6	Kattilantanhua 6	Espoo	2,061	0	0	0	0	2,061
Kiltakallionrinne 1	Kiltakallionrinne 1	Espoo	1,729	0	0	0	0	1,729
Kappalaisenkuja 3	Kappalaisenkuja 3	Espoo	1,487	0	0	0	2	1,489
Solisevantie 2	Solisevantie 2	Espoo	650	0	0	0	0	650
Haahkapolku 3	Haahkapolku 3	Helsinki	2,891	1,106	0	0	52	4,049
Kuparitie 2	Kuparitie 2	Helsinki	0	0	2,946	0	73	3,019
Keskiyöntie 6-8	Keskiyöntie 6	Helsinki	0	0	1,675	0	0	1,675
Kirkkonkyläntie 47	kirkkonkyläntie 47	Helsinki	0	0	0	0	1,143	1,143
Haavantie	Haavantie 4	Hyvinkää	1,013	0	0	0	0	1,013
Turuntie 13	Turuntie 13	Hämeenlinna	5,731	0	0	0	0	5,731
Hotellitie 1	Hotellitie 1	Jämsä	1,432	0	0	0	0	1,432
Viipurintie 48	Viipurintie 48	Kaarina	1,300	0	0	0	0	1,300
Harjunsalontie 2	Harjunsalontie 2	Kangasala	2,040	0	0	0	0	2,040
Nyhkäläntie 43	Nyhkäläntie 43	Karkkila	0	0	0	0	0	0
Metsolantie 1	Metsolantie 1	Kerava	1,963	0	999	0	396	3,358
Arppentie 6 B	Arppentie 6B	Kitee	1,541	0	0	0	0	1,541
Koiravedenkatu 10	Koiravedenkatu 10	Kuopio	2,099	0	0	0	0	2,099
Rahkakatu 34	Rahkakatu 34	Kuopio	1,218	0	0	0	0	1,218
Vallinmäentie 47	Vallinmäentie 47	Laihia	3,398	0	0	0	0	3,398
Helsingiuksentie 1	Helsingiuksentie 1	Lohja	2,574	0	0	0	0	2,574
Kaakkumäentie 6	Kaakkumäentie 6	Mäntsälä	1,199	0	0	0	0	1,199
Pitkäniementie	Pitkäniementie 15	Nokia	3,249	0	0	0	0	3,249
Viertolantie 3 och 5	Viertolantie 3	Nurmijärvi	2,345	0	0	0	0	2,345
Vehnäpellontie 6	Vehnäpellontie 6	Nurmijärvi	0	0	0	0	0	0
Mielikintie 8	Mielikintie 8	Oulu	9,375	0	0	0	0	9,375
Lastenlinnantie	Lastenlinnantie	Päikäne	1,573	0	0	0	0	1,573
Haapavedentie 20	Haapavedentie 20	Savonlinna	1,437	0	0	0	0	1,437
Gneissikaari 19	Gneissikaari 19	Sipoo	0	0	0	0	0	0
Linnoitustie 1	Linnoitustie 1	Siuntio	0	0	0	0	0	0
Meesakatu 4	Meesakatu 4	Tampere	3,436	0	0	0	0	3,436
Tilkonmäenkatu 2	Tilkonmäenkatu 2	Tampere	1,130	0	0	0	0	1,130
Hovioikeudenkatu 3	Hovioikeudenkatu 3	Turku	7,332	0	0	0	0	7,332
Virvoituksentie 5	Virvoituksentie 5	Turku	6,043	0	0	0	1	6,044
Puutarhakatu 39	Puutarhakatu 39	Turku	5,989	0	0	0	0	5,989
Liinahaankatu 17	Liinahaankatu 17	Turku	5,531	0	0	0	0	5,531
Viilarinkatu 9	Viilarinkatu 9	Turku	3,050	0	0	0	0	3,050
Asentajankatu 2	Asentajankatu 2	Turku	2,543	0	0	0	0	2,543
Pirttivuorenkuja 7	Pirttivuorenkuja 7	Turku	2,450	0	0	0	0	2,450
Höylääjänkuja 3	Höylääjänkuja 3	Tuusula	0	0	0	0	0	0
Huvilatie 2	Huvilatie 2	Vaasa	2,800	0	0	0	0	2,800
Perintökuja 14	Perintökuja 14	Vantaa	6,790	518	0	0	0	7,308
<b>Total Finland Nursing homes</b>		<b>43</b>	<b>106,270</b>	<b>1,624</b>	<b>5,620</b>	<b>0</b>	<b>4,559</b>	<b>118,073</b>



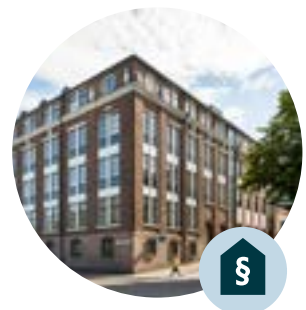
Viertolantie 5, Nurmijärvi.



Arkadiankatu 24, Helsinki.



Sairaalkuja 3 D, Kuovola.



Arvi Kariston katu 5, Hämeenlinna.

## List of properties

Education	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Suotie 4	Suotie 4	Espoo	0	1,141	0	0	0	1,141
Haapaniemenkatu 6	Haapaniemenkatu 6	Helsinki	0	15,432	0	0	0	15,432
Siltavuorenpenger 10	Siltavuorenpenger 10	Helsinki	0	6,875	0	0	3	6,878
Arkadiankatu 24	Arkadiankatu 24	Helsinki	0	5,867	0	0	41	5,908
Nervanderinkatu 13	Nervanderinkatu 13	Helsinki	0	5,258	0	0	0	5,258
Pohjoinen Rautatiekatu 9	Pohjoinen Rautatiekatu 9	Helsinki	0	4,077	0	0	0	4,077
Arkadiankatu 28	Arkadiankatu 28	Helsinki	0	1,667	0	0	802	2,469
Yliopistokatu 4	Yliopistokatu 4	Joensuu	0	3,311	0	0	0	3,311
Wilhelm Schildtin katu 2	Wilhelm Schildtin katu 2	Jyväskylä	0	4,300	0	0	0	4,300
Teletie 4-6	Teletie 4-6	Kuopio	0	0	0	0	6,445	6,445
Kannaksenkatu 22	Kannaksenkatu 22	Lahti	0	11,484	0	0	0	11,484
Kirkkokatu 16	Kirkkokatu 16	Lahti	0	9,924	0	0	0	9,924
Kannaksenkatu 20	Kannaksenkatu 20	Lahti	0	6,678	0	0	0	6,678
Laaksokatu 6	Laaksokatu 6	Lahti	0	2,263	0	0	0	2,263
Yliopistonkatu 34, Lappeenranta	Yliopistonkatu 34	Lappeenranta	0	5,812	0	0	0	5,812
Satakunnankatu 23	Satakunnankatu 23	Pori	0	18,552	0	0	4,603	23,155
Lemminkäisenkatu 30	Joukahainengatan 3 A	Turku	0	16,282	0	0	0	16,282
Strandgatan 2 905-2-3-30, 31	Strandgatan 2	Vaasa	0	15,347	0	0	3,117	18,464
<b>Total Finland Education</b>		<b>18</b>	<b>0</b>	<b>134,269</b>	<b>0</b>	<b>0</b>	<b>15,011</b>	<b>149,280</b>

Health care	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Kamreerintie 6	Kamrerisvägen 6	Espoo	0	0	0	0	4,888	4,888
Kornetintie 8	Kornetintie 8	Helsinki	0	0	2,626	0	0	2,626
Sairaalankuja 3 D	Sairaalankuja 3 D	Kouvola	0	0	8,834	0	0	8,834
Kajaanintie 48	Kajaanintie 48	Oulu	0	0	4,384	0	0	4,384
Romsinpolku 6	Romsinpolku 6	Tampere	0	0	1,666	0	0	1,666
Lääkärikallionkatu 6	Lääkärikallionkatu 6	Tampere	0	0	1,368	0	0	1,368
Taavankuja 1	Taavankuja 1	Tampere	0	0	898	0	0	898
Kunnallissairaalantie 20	Kunnallissairaalantie 20	Turku	0	0	45,337	0	445	45,782
Kunnallissairaalantie 36	Kunnallissairaalantie 36	Turku	0	0	2,096	0	0	2,096
Signalistinkatu 2	Signalistinkatu 2	Turku	0	0	1,694	0	0	1,694
Louhelantie 10	Louhelantie 10	Vantaa	0	0	4,939	0	0	4,939
<b>Total Finland Health care</b>		<b>11</b>	<b>0</b>	<b>0</b>	<b>73,842</b>	<b>0</b>	<b>5,333</b>	<b>79,175</b>

Justice system	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Salmisaarenranta 7	Salmisaarenranta 7	Helsinki	0	907	0	31,999	16,355	49,261
Arvi Kariston katu 5	Arvi Kariston katu 5	Hämeenlinna	0	0	0	4,715	0	4,715
Hampuntie 25	Hampuntie 25	Kangasala	0	0	0	2,883	0	2,883
Lauritsalantie 9	Lauritsalantie 9	Lappeenranta	0	0	0	3,365	0	3,365
Köysikuja 3	Köysikuja 3	Lieto	0	0	0	2,352	0	2,352
Elektroniikkatie 1	Elektroniikkatie 1	Oulu	0	0	0	5,800	0	5,800
Teuvo Pakkalan katu 7	Pikkukankaantie 2	Oulu	0	0	0	0	0	0
Hiitintie 2	Hiitintie 2	Ylöjärvi	0	0	0	998	0	998
<b>Total Finland Justice system</b>		<b>8</b>	<b>0</b>	<b>907</b>	<b>0</b>	<b>52,110</b>	<b>16,355</b>	<b>69,372</b>
<b>Total Finland</b>		<b>80</b>	<b>106,270</b>	<b>136,800</b>	<b>79,462</b>	<b>52,110</b>	<b>41,258</b>	<b>415,900</b>
<b>Total Hemsö</b>		<b>480</b>	<b>990,797</b>	<b>733,706</b>	<b>289,183</b>	<b>201,890</b>	<b>184,109</b>	<b>2,399,685</b>

## Key ratio calculations

Hemsö presents some financial measures in interim and annual reports that are not defined under IFRS.

The company believes that these measures provide useful supplemental information for investors and company management since they enable evaluation of the company's earnings and financial position. Since financial measures are calculated differently by different companies, they are not always comparable with the measures used by other companies. Amounts in SEK million.

	Jan-Dec 2022	Jan-Dec 2021
<b>Return on equity</b>		
Profit for the period	2,563	8,189
Average equity	29,189	24,216
<b>Return on equity, %</b>	<b>8.8</b>	<b>33.8</b>
<b>Property yield</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Net operating income according to income statement	3,032	2,742
Adjusted for 12-month holding period	138	42
Adjusted for development properties	-134	-102
<b>Adjusted net operating income</b>	<b>3,036</b>	<b>2,682</b>
Market value of properties	84,879	75,737
Adjusted for development properties	-11,464	-9,301
<b>Adjusted market value of properties</b>	<b>73,415</b>	<b>66,436</b>
<b>Property yield, %</b>	<b>4.1</b>	<b>4.0</b>
<b>Total yield</b>	<b>Jan-Dec 2022</b>	<b>Jan-Dec 2021</b>
Net operating income	3,032	2,742
Value change, properties	589	7,587
<b>Total</b>	<b>3,621</b>	<b>10,330</b>
Opening market value of properties	75,737	62,240
Closing property value	84,879	75,737
Adjustment of value change for the year	-589	-7,587
<b>Adjusted average market value of properties</b>	<b>80,013</b>	<b>65,195</b>
<b>Total yield, %</b>	<b>4.5</b>	<b>15.8</b>
<b>Profit from property management</b>	<b>Jan-Dec 2022</b>	<b>Jan-Dec 2021</b>
Profit after net interest income	2,317	2,278
Reversal		
<i>Changes in value, joint ventures</i>	-35	-183
<i>Tax, joint ventures</i>	27	50
<b>Profit from property management</b>	<b>2,309</b>	<b>2,145</b>
<b>Return on profit from property management</b>	<b>Jan-Dec 2022</b>	<b>Jan-Dec 2021</b>
Profit from property management x 90%	2,078	1,931
Average equity	29,189	24,216
<b>Return on profit from property management, %</b>	<b>7.1</b>	<b>8.0</b>
<b>Interest-coverage ratio</b>	<b>Jan-Dec 2022</b>	<b>Jan-Dec 2021</b>
Operating profit	2,931	2,764
Net interest income	-613	-486
<b>Interest-coverage ratio, times</b>	<b>4.8</b>	<b>5.7</b>
<b>Operating cash flow</b>	<b>Jan-Dec 2022</b>	<b>Jan-Dec 2021</b>
Profit from property management	2,309	2,145
Dividends from joint ventures	21	17
<i>Loss from property management participations in joint ventures</i>	-74	-189
<i>Depreciation</i>	17	-45
<i>Tax paid</i>	-113	15
<b>Operating cash flow</b>	<b>2,160</b>	<b>1,944</b>

<b>Loan-to-value ratio</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Interest-bearing debt	49,567	42,498
Less cash and cash equivalents	-526	-687
Net debt	49,041	41,811
Market value of properties	84,879	75,737
Investments in joint ventures	1,665	1,271
<b>Total</b>	<b>86,544</b>	<b>77,008</b>
<b>Loan-to-value ratio, %</b>	<b>56.7</b>	<b>54.3</b>

<b>Debt-coverage ratio</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Cash and cash equivalents	526	687
Undrawn committed credit facilities	13,500	12,500
Available liquidity	14,026	13,187
Short-term borrowings	8,503	7,600
<b>Debt-coverage ratio, %</b>	<b>165</b>	<b>174</b>

<b>Share of secured debt</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Secured debt outstanding	–	0
Market value of properties	84,879	75,737
<b>Secured debt, %</b>	<b>0.0</b>	<b>0.0</b>

<b>Operating margin</b>	<b>Jan-Dec 2022</b>	<b>Jan-Dec 2021</b>
Operating profit	2,931	2,764
Property income	4,097	3,639
<b>Operating margin, %</b>	<b>71.5</b>	<b>76.0</b>

<b>Equity/assets ratio</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Equity	30,028	28,350
Assets	89,447	79,508
<b>Equity/assets ratio, %</b>	<b>33.6</b>	<b>35.7</b>

<b>Net asset value</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Equity	30,028	28,350
Interest-rate derivatives	–	35
Deferred tax	6,557	6,082
<b>Net asset value</b>	<b>36,586</b>	<b>34,466</b>

<b>Adjusted equity/assets ratio</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Equity	30,028	28,350
Interest-rate derivatives	–	35
Deferred tax	6,557	6,082
<b>Net asset value</b>	<b>36,586</b>	<b>34,466</b>
Assets	89,447	79,508
<b>Adjusted equity/assets ratio, %</b>	<b>40.9</b>	<b>43.3</b>

## Definitions

### Financial definitions

#### Share of secured debt

Interest-bearing secured debt in relation to the market value of properties.

#### Return on profit from property management

Profit from property management after 10 per cent standard tax in relation to average equity (rolling 12-month period). Average equity calculated as the total of the opening and closing balance, divided by two.

#### Loan-to-value ratio

Interest-bearing net debt in relation to market value of properties and investments in joint ventures.

#### Property yield

Net operating income over the past 12 months, adjusted for the holding period and currency of the properties during the period, in relation to market value of properties at period-end, excluding development properties.

#### Available liquidity

Cash and cash equivalents and short-term investments plus undrawn committed credit facilities.

#### Profit from property management

Profit or loss after net interest income after reversal of changes in value and tax from participations in joint ventures.

#### Average interest rate

The weighted interest rate on interest-bearing liabilities with consideration for interest-rate derivatives and committed credit facilities on the closing date.

#### Adjusted equity/assets ratio

Net asset value in relation to total assets.

#### Loan maturity

The average of the remaining term of interest-bearing liabilities, taking committed credit facilities into account.

#### Short-term borrowings

Loan maturities within 12 months.

#### MTN programme and EMTN programme

Swedish and European bond programmes, respectively.

#### Net debt

Interest-bearing liabilities less cash and cash equivalents and current investments.

#### Operating cash flow

Profit from property management after reversal of depreciation and amortisation and profit from property management in joint ventures less tax paid.

#### Interest-coverage ratio

Operating profit in relation to net interest income. Based on rolling 12-month outcome.

#### Interest-bearing liabilities

Interest-bearing liabilities, excluding interest-bearing debt and right-of-use assets.

#### Operating margin

Operating profit in relation to property income.

#### Operating profit/loss

Net operating income plus share of profit of joint ventures and administrative expenses.

#### Debt-coverage ratio

Available liquidity in relation to short-term borrowings.

#### Equity/assets ratio

Equity in relation to total assets.

#### Net asset value

Equity plus deferred tax and interest-rate derivatives.

#### Total yield

The sum of net operating income and changes in value in relation to the average market value of properties, adjusted for changes in value over a rolling 12-month period.

#### Currency exposure

Net of properties, associated companies, cash and foreign currency loans less currency hedging as a percentage of equity.

### Property-related definitions

#### Net operating income

Rental income less operating and maintenance costs and property tax, ground rent not included in net operating income.

#### Economic occupancy rate

Contracted annual rental income in relation to rental value.

#### Rental income

Rental income for the period less vacancies, rent reductions and rental losses.

#### Rental duration

The weighted average remaining rental duration, excluding garage/parking storage and housing let to private individuals.

#### Rental value

Contracted annual rental income plus vacancy rent.

#### Comparable portfolio

The properties owned throughout the entire period and entire comparative period and not classified as development properties during these periods.

#### Contracted annual rent

Contracted annual rental income less rent reductions and rental losses.

#### Net investments

Total of purchasing, including stamp duty and other direct transaction costs and investments in development projects, less the selling price of properties sold and the selling price of properties sold via companies and direct transaction costs.

#### Development property

A property or well-defined part of a property that has been vacated in order to convert and develop the property. A development property also refers to a building under construction, or a property with an investment amounting to at least 20 per cent of its market value. A development property is reclassified to completed property on 1 January of the year after completion.

#### Public property

A property that is predominantly used for taxpayer-funded operations and is purpose-built for public services. Assisted living is also included in the public properties concept.

#### Large cities

The definition of large cities in Sweden, Finland and Germany according to Statistics Sweden and the OECD: In Sweden and Finland, municipalities with a population of 100,000 or more, and in Germany, with a population of 200,000 or more.

#### Lettable area

The areas of the properties for which tenants can be debited rent at period-end.

#### Rent based on vacancy rate

Rental value of vacancy rent as a percentage of total rental value.

#### Vacancy rent

Estimated market rent for vacant premises in "as-is" condition.

#### NOI margin

Net operating income in relation to the sum of rental income and other property income.



## Reporting – Sustainability bonds

Hemsö is the first issuer of sustainability bonds in the Nordic region. Total amount issued since 2016 is SEK 9.2 billion.

### First in the Nordic region

In 2016, Hemsö was the first Nordic company to issue a sustainability bond, which paved the way for continued issues of sustainability bonds. In 2022, Hemsö issued eight more sustainability bonds, with a total issuance value of SEK 4,400 million. The proceeds were used exclusively for sustainable investing and properties. Hemsö's sustainability bond framework provides a clear definition of the project types and properties that can be financed. Hemsö was the first company in the Nordic region to incorporate social investment into its framework. The complete framework is available at [hemso.se](https://hemso.se) Hemsö's sustainability bonds are listed on the EURONEXT ESG Bond list – a community of ESG bond issuers (green, sustainability, blue and sustainability-linked bonds).

Hemsö's vision is to strengthen the backbone of society. The properties we develop and manage have a major impact on the local community. Our learning process starts in our properties, which is also where we sum up our life's work. Hemsö's business concept is to sustainably own, manage and develop public properties. That means being a long-term and responsible property owner that, in every aspect of our operations, conducts sustainable business under the framework of the 2030 Agenda for Sustainable Development. Hemsö's properties are part of the social infrastructure and our premises create conditions for education, health care and justice system services – all of which are fundamental to a sustainable society.

### Qualified projects

Under Hemsö's sustainability bond framework, the proceeds from the issues shall be used to finance environmentally certified buildings, energy-efficiency investments or social investments in the following categories:

1. Green and sustainable buildings
2. Energy efficiency
3. Social investments:
  - a. Schools
  - b. Nursing homes
  - c. Conversion project to create refugee housing
4. Renewable energy





Education – Verkmästaren 6 & 7, Mälardalen University, Eskilstuna.

In 2022, the allocation was only for existing properties that were completed new development projects and that had been completed in recent years. An amount corresponding to the issue proceeds is used to finance sustainable assets in accordance with the sustainable finance framework. The entire amount raised is allocated to existing green, social and sustainable assets, whereby the balance of Hemsö's sustainable accounts is zero.

### Second opinion from Sustainalytics

Ratings firm Sustainalytics reviewed Hemsö's sustainability performance and bond framework terms. Sustainalytics is of the view that Hemsö's sustainability performance ranks highly in the property sector and that the company is well-positioned to issue sustainability bonds that support both environmental and social initiatives. Sustainalytics verifies that the investment categories included in the framework will contribute to greater sustainability. Read Sustainalytics' second opinion at [hemso.se](https://www.hemso.se)

### Examples of development projects financed

#### Elementary school and nursing home in Gothenburg

In December 2022, a unique project with an elementary school and nursing home combined in the same building was completed in the Sandarna area of Gothenburg. The school will have places for 400 students from preschool to Year 6, and the nursing home will have 100 beds. A 12-year rental agreement has been signed with the City of Gothenburg for both the elementary school and the nursing home. The building is classified according to Miljöbyggnad Silver.

The design is expected to generate benefits through co-use of the kitchen and sports hall, and through interaction between the nursing home's residents and the students. There are opportunities here to improve the exposure of elderly people to life and movement through both visual contact and joint activities between the two operations. The children can also form a close bond with the older generation.

#### Nursing home in Södra Källtorp, Västerås

In close cooperation with the City of Västerås, Hemsö developed and constructed a new nursing home in Södra Källtorp in Västerås. The building has been adapted for people with dementia, but there are also apartments for people without dementia. The nursing home has been equipped with cutting-edge assistive technologies and decorated with colours according to the Västerås Model. The Model uses different colours and clear contrasts to make it easier for people living with dementia to find their way around their home. The City of Västerås has signed a 25-year rental agreement.

The new Södra Källtorp residential area was developed with the vision to create a new area with good public services. The 120-bed nursing home is first out. The building was completed in 2021 and is classified according to Miljöbyggnad Silver.



## Green and sustainable investments, 31 Dec 2022

Category	Property	Amount, SEK million	Certification and level	Type of property	MWh/year	kWh/m <sup>2</sup>	tCO <sub>2</sub> /year	kgCO <sub>2</sub> /m <sup>2</sup>	Beds/places created <sup>1)</sup>
Sustainable	Medicinaren 25 <sup>2)</sup>	1,485	Miljöbyggnad Silver	School/university	3,937	150.9	92	3.5	500
Green	Lanuv, Wuhanstraße 6.11 <sup>3)</sup>	1,102	LEED Gold & DGNB Gold	Education	3,662	221	2,647	159.8	–
Sustainable	Verkmästaren 6 & 7	620	Miljöbyggnad Silver	School/university	1,508	67.1	23	1	4,000
Sustainable	Krusmyntan 1	230	Miljöbyggnad Silver	Nursing homes	171	38.5	1.5	0.3	63
Sustainable	Nåden 1	155	Miljöbyggnad Silver	Nursing homes	94	24.8	0.8	0.2	54
Sustainable	Anoraken 1	397	Miljöbyggnad Silver	Nursing homes	928	80.2	1.9	0.2	144
Sustainable	Boden 56:51	320	Miljöbyggnad Silver	Nursing homes	696	68.5	95	9.3	126
Sustainable	Patienten 1	1,226	Miljöbyggnad Gold	Health care	1,838	62.1	44	1.5	–
Sustainable	Täckerråker 1:228	267	Miljöbyggnad Silver	Education	242	58.6	2.3	0.6	400
Sustainable	Giffeln 1	350	Miljöbyggnad Silver	Nursing homes	550	76	33	4.5	80
Sustainable	Faunan 1	310	Miljöbyggnad Gold	Nursing homes	190	31.4	1.6	0.3	92
Sustainable	Sandarna 26:2	392	Miljöbyggnad Silver	School/Nursing home	757	58.6	52	4	388/100
Sustainable	Södra Källtorp 1	230	Miljöbyggnad Silver	Nursing homes	900	84.9	41	3.9	120
Sustainable	Södra Källtorp 7	30	Miljöbyggnad Silver	Nursing home/ Assisted living facility	168	53.7	8	2.6	55
Sustainable	Stafvre 11	240	Miljöbyggnad Silver	School/Nursing home	238	49.9	2	0.4	116/60
Sustainable	Pilehallen	100	Miljöbyggnad Silver	School/Education/ sports centre	193	49	3	0.8	–
Sustainable	Köpingskolan	120	Miljöbyggnad Silver	Education	352	44.7	6	0.7	860
Sustainable	Vikhemsolan	130	Miljöbyggnad Silver	Education	310	38.8	3	0.3	800
Sustainable	Romberga 23:54	190	Miljöbyggnad Silver	Nursing homes	284	65	4	0.9	54
Sustainable	Perintökuja 14	280	LEED Gold	Nursing homes	883	120.9	193	26.4	126
<b>Total</b>		<b>8,173</b>							

<sup>1)</sup> The capacity of the buildings to provide public services (school places, nursing home beds, and so forth)

<sup>2)</sup> The outcome includes business cooling.

<sup>3)</sup> The outcome includes business energy and non-seasonally adjusted data for heating. The contract is in the name of the tenant.

## Allocated amount per category

Category	Amount, SEK million	Share, %
Green	1,102	13
Sustainable	7,071	87
<b>Total</b>	<b>8,173</b>	<b>100</b>

**Production and graphics:** Hallvarsson & Halvarsson

**Text:** Hemsö

**Photos:** Dan Coleman, Johan Eldrot, Torbjörn Widell, Wellu Hämäläinen, Louise Helmfrid, Niclas Kindahl, Henrik Kindgren, Kuvatoimisto Kuvio Oy, Anders Portman, Martin Sommerschild, Lise Gagne, Misa Can, Jussi Ratalainen, Cedervall architects, Visulent AB, Zynka, Parviainen Arkkitehdit Oy, Pixprovider, David Schmidt, iStockphoto, AdobeStock, Hemsö.

**Print:** Prinno Welins



**HEMSÖ**

We strengthen the backbone of our society

A sustainable and long-term partner to  
the state, municipalities and regions.