

# Q2

## Half-year report 2022

### Summary January-June 2022

- » Rental income increased 13 per cent to SEK 1,980 million (1,751).
- » Profit from property management increased 16 per cent to SEK 1,184 million (1,018).
- » Changes in the value of properties amounted to SEK 4,500 million (2,504) and changes in the value of financial instruments to SEK 68 million (112).
- » Profit after tax for the period increased to SEK 4,790 million (2,981).
- » The market value of the properties amounted to SEK 84,683 million (69,619).
- » During the period, SEK 1,960 million (2,030) was invested in the existing property portfolio.
- » During the period, 24 properties (29) were acquired for SEK 1,426 million (2,697) and one property (2) was divested for SEK 3 million (8).

### Significant events during the second quarter

- » Hemsö and Hoivamme signed a framework agreement for the construction of 10–12 nursing homes in Finland. The investment amounts to EUR 50 million.
- » Hemsö signed a 20-year rental agreement with Uddevalla Municipality for a new elementary school, with a full-size sports centre and a smaller sports hall, in Ljungskile. The school comprises 14,000 sqm.
- » The Swedish Football Association, Upplands-Bro Municipality and Hemsö launched a feasibility study on the establishment of a new national training and education centre in Kungsängen.
- » Hemsö was awarded the rental agreement for the new Vänersborg District Court. The rental agreement with the Swedish Courts is for a period of 15 years and comprises 7,000 sq.m.
- » Johanna Skogestig, CEO of Vasakronan, was elected to Hemsö's Board on 1 July 2022.

### Hemsö in summary

	Jan-Jun 2022	Jan-Jun 2021	Jul 2021-Jun 2022	Jan-Dec 2021
Rental income, SEK million	1,980	1,751	3,843	3,614
Profit from property management, SEK million	1,184	1,018	2,312	2,145
Profit after tax, SEK million	4,790	2,981	9,998	8,189
Operating cash flow, SEK million	1,105	896	2,153	1,944
Loan-to-value ratio, %, at period end	53.4	60.1	53.4	54.3
Interest-coverage ratio, times	6.5	5.3	6.3	5.7
Market value of properties, SEK million, at period end	84,683	69,619	84,683	75,737
NOI margin, %	73.9	74.7	74.9	75.4
Economic occupancy rate, %, at period end	97.6	97.9	97.6	97.9
Rental duration, years, at period end	9.7	9.5	9.7	9.6
Lettable area, tsqm, at period end	2,311	2,155	2,311	2,218



## CEO statement

Another stable quarter has passed. Hemsö's employees and company culture are the key to our success. We held our company conference, Hemsö Days, in May and everyone met for the first time since the pandemic began. It was a joyful reunion.

Among other things, our ongoing activities and development projects were presented. It was an impressive list that makes me proud, and strengthens my belief that Hemsö really does make a difference for the people who use our buildings, for society in general and not least for all of us in the company.

### A shaky business environment

Construction costs are rising in all three countries, as well as interest rates and inflation. Credit spreads in the bond market have also risen, which means that borrowing costs are expected to increase going forward. Hemsö has a long average debt and interest rate maturity, which means that our average interest rate will rise slowly, but it remains low at 1.1 per cent.

Despite challenging capital markets, Hemsö's bond issuance totalled SEK 3.6 billion in the first half of 2022, and SEK 1.9 billion in the second quarter. I expect that our access to credit markets will remain favourable. After the end of the quarter, Hemsö issued a 20-year bond in JPY, corresponding to SEK 750 million. In the second half of 2022, bonds of only SEK 700 million will expire for Hemsö.

The sharp rise in inflation will increase our rental income and largely offset higher property and borrowing costs. Our business is stable. We will stay disciplined and focus on quality when moving forward with new investments.

### Respect for our assignment

Public services are provided in Hemsö's properties. That comes with great responsibility – every krona must be used wisely and create added value. It is important to Hemsö that Swedish pensioners benefit from our success through our majority owner – the Third Swedish National Pension Fund.

When we state that profit from property management rose 16 per cent to SEK 1,184 million and that rental income was SEK 1,980 million, we are not only thinking about how good that is for Hemsö, but also how most of our profit goes back to Swedish pensioners.

### Re-use to reduce our carbon footprint

Hemsö is working at several levels to reduce our carbon footprint. The Campus Vasastan upper secondary school was recently completed in Stockholm, a development project focused on re-use. The embodied carbon calculation shows how this project's carbon footprint corresponds to one-third of a new development project. In mid-June, we commenced the construction of Kronåsen Campus, an upper secondary school in Uppsala, where we will also be focused on re-use.

### Growing nursing home portfolio

During the spring, we formed a strategic partnership with Finnish care operator Hoivamme, which provides elderly care. The partnership agreement involves the construction of 10–12 nursing homes. To date this year, we have also acquired four nursing homes in Germany and concluded a lease agreement with Attendo to develop a new nursing home in Bredäng in Stockholm.

### More sport for all

In recent years, sports facilities have become an important part of Hemsö's community building. During the period, we took another step in the right direction.

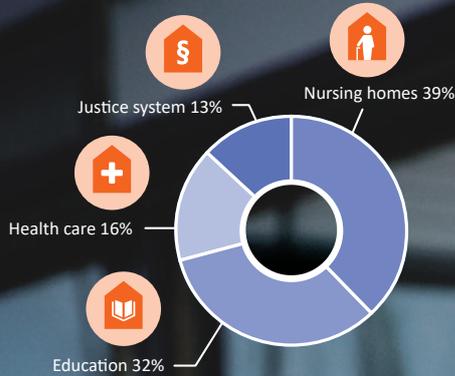
In May, the Swedish Football Association, Upplands-Bro Municipality and Hemsö launched a feasibility study on the establishment of a new national training centre in Kungsängen, outside Stockholm. We also signed a rental agreement with the City of Stockholm to construct an ice centre at Sättra sports facility in southern Stockholm. The project includes two ice rinks, one training hall and one association hall with stands for 1,200 people.

### Long-term is our hallmark

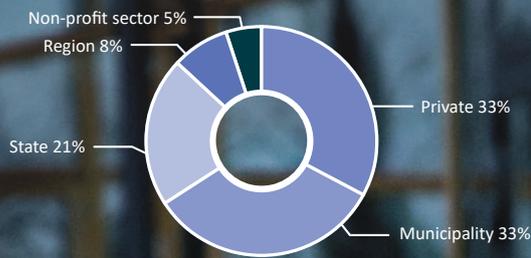
Municipalities want to work with us, our existing establishments are growing, and we are also expanding into new locations. My colleagues are passionate about their mission, and invest their time and efforts. I am always committed to maintaining this trust from all parties, especially in a turbulent and uncertain business environment.

Nils Styf, CEO

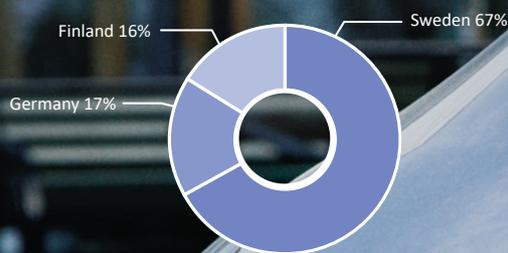
Contracted rent per property category



Contracted rent per customer category



Market value of properties



## This is Hemsö

- Hemsö is Sweden's leading owner of public properties.
- The business is based on sustainably owning, managing and developing properties for nursing homes, education, health care and the justice system.
- Hemsö owns properties in Sweden, Germany and Finland.
- Our vision is to strengthen the backbone of society. We are achieving this through sustainable development, ownership and management of public properties.
- The operations are characterised by long-term rental agreements and stable tenants.
- The Third Swedish National Pension Fund is the majority owner.
- The total value of Hemsö's property portfolio is SEK 84.7 billion.
- Hemsö has a credit rating of A+ from Fitch Ratings and A- from Standard & Poor's.

### Vision

We strengthen the backbone of society

### Business concept

To sustainably own, manage and develop public properties

# Income, costs and profit

Profit/loss items relate to the January-June 2022 period, and are compared with the year-earlier period. Balance-sheet items relate to the period-end position, and are compared with the corresponding period-end of the preceding year.

## Rental income

Rental income rose 13 per cent to SEK 1,980 million (1,751), primarily attributable to completed development projects and acquisitions. Rental income rose 8 per cent in Sweden, 24 per cent in Germany and 22 per cent in Finland.

Rental income in the comparable portfolio rose SEK 73 million. Exchange rate fluctuations had a positive impact of SEK 20 million on rental income.

At period-end, contracted annual rent amounted to SEK 4,045 million (3,590) before rent reductions of SEK 59 million (15). Economic vacancies amounted to SEK 99 million (78). The economic occupancy rate fell slightly to 97.6 per cent (97.9) due to vacancies in acquired properties and the vacation of a condemned nursing home, where preparations for conversion into housing are now under way.

Rental agreements amounting to annual rent of SEK 124 million will be subject to renegotiation throughout the remainder of 2022, corresponding to 3 per cent of Hemsö's contracted rental income. The rental duration was 9.7 years (9.5).

## Property costs

Property costs amounted to SEK 520 million (446), up SEK 74 million. Costs rose due to a larger property portfolio and higher operating costs, primarily the result of higher energy costs. Maintenance costs increased SEK 7 million year-on-year. In the comparable portfolio, property costs rose SEK 53 million, or 13 per cent.

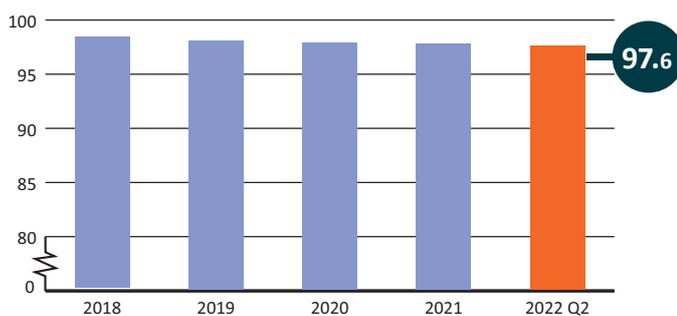
## Vacancy changes

SEK million	Jan-Jun 2022
Opening vacancy	84
Terminated rental agreements	9
Adjusted for vacancy rents	15
New rental agreements	-12
Acquired	3
Divested	-
<b>Closing vacancy</b>	<b>99</b>

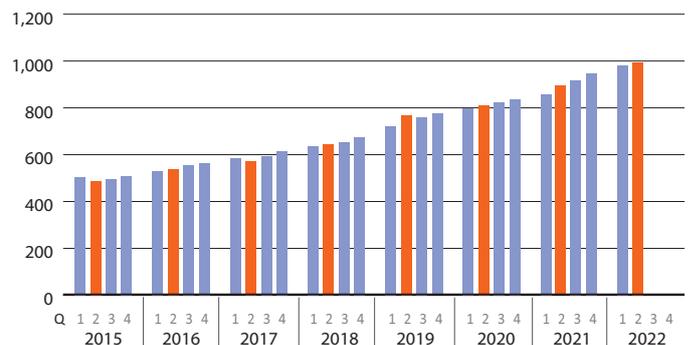
## Rental maturity

Year	Annual rent, SEK million	Share, %
2022	124	3
2023	222	5
2024	203	5
2025	280	7
2026	197	5
2027	237	6
2028	295	7
2029	196	5
2030	255	6
2031	298	7
>2031	1,738	43
<b>Total</b>	<b>4,045</b>	<b>100</b>

## Economic occupancy rate, %



## Rental income, SEK million



# SEK 1,980 million

## Rental income

### Net operating income

Net operating income rose 12 per cent to SEK 1,471 million (1,317). The increase was mainly attributable to acquisitions and completed development projects. The NOI margin decreased to 73.9 per cent (74.7), mainly due to higher energy costs.

In the comparable portfolio, net operating income increased to SEK 1,275 million (1,257), due to increased rental income and a positive impact of changes in exchange rates.

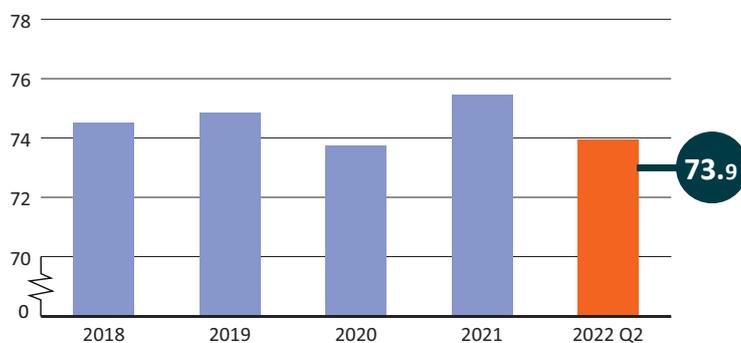
### Comparable portfolio

	30 Jun 2022	30 Jun 2021	Change
No. of properties	353	353	–
Market value of properties, SEK million	67,080	57,484	16.7%
Property yield, %	3.8	4.3	-0.5

SEK million	Jan-Jun 2022	Jan-Jun 2021	Change, %
Rental income	1,723	1,651	4.9
Other income	9	11	-11.8
Operating costs	-331	-287	14.6
Maintenance costs	-91	-85	9.9
Other costs	-36	-32	-0.4
<b>Net operating income</b>	<b>1,275</b>	<b>1,257</b>	<b>1.4</b>

### NOI margin, rolling 12-month period, %



### Administration

Administrative expenses for the period rose year-on-year to SEK 80 million (72). The increase was mainly attributable to higher personnel costs due to more employees.

### Financial items

Net financial expense improved year-on-year and amounted to SEK -243 million (-250). The change in net financial expense was mainly attributable to a restructuring of the company's interest-rate derivatives in the first quarter, which reduced interest expense.

The average interest rate remained unchanged at 1.1 per cent (1.1). The fixed-rate period was 5.7 years (6.4) and interest-bearing liabilities rose to SEK 46,361 million (43,097).

### Financial items

SEK million	Jan-Jun 2022	Jan-Jun 2021
Interest income	2	1
Other financial income	0	17
Interest expense	-207	-227
Other financial expenses	-23	-27
Ground leases and leasehold properties	-15	-13
<b>Total financial items</b>	<b>-243</b>	<b>-250</b>

# SEK 1,471 million

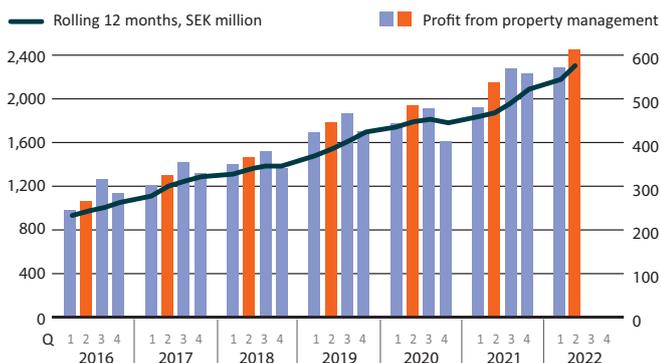
## Net operating income

## Profit from property management

Profit from property management rose 16 per cent to SEK 1,184 million (1,018), mainly attributable to a larger property portfolio. Exchange-rate fluctuations had a positive impact of SEK 24 million on profit from property management.

The property yield for the entire property portfolio, excluding development properties, was 3.8 per cent (4.4), compared with 4.0 per cent at the end of 2021. The total return was 17.2 per cent (11.7).

### Profit from property management, SEK million



## Change in value of investment properties

Change in the value of investment properties for the period was SEK 4,500 million (2,504), of which unrealised value changes amounted to SEK 4,501 million (2,504). This corresponds to an increase of 5.9 per cent (4.0) for the period. Value change attributable to property management and development projects was SEK 1,166 million (1,034), or 1.5 per cent (1.7). Value change from property management was positively impacted by the current high rate of inflation, while a major share of the increase from development projects was attributable to reduced execution risk. Value change related to market factors amounted to 3,335 (1,470), up 4.4 per cent (2.3), and due to a downward adjustment of yield requirements.

In the first half of 2022, the Justice system category – mainly comprising police headquarters with long-term rental agreements with the Swedish Police Authority – accounted for the largest decrease in yield requirements. Market demand for these properties is high, especially in times of uncertainty. The property yield for the Justice system category, excluding development properties, was 4.2 per cent (4.8), compared with 4.6 per cent at year-end.

Market value of properties  
**SEK 84.7 billion**

Properties  
**466**

Lettable area  
**2,311 tsqm**

### Unrealised value changes properties, Jan-Jun 2022

SEK million	Sweden	Germany	Finland	Total
Attributable to				
– Property management and development projects	740	153	273	<b>1,166</b>
– Market factors	2,864	326	145	<b>3,335</b>
<b>Total unrealised value changes</b>	<b>3,603</b>	<b>479</b>	<b>419</b>	<b>4,501</b>

**Change in value of property portfolio**

	SEK million	No. of
Market value of properties, opening balance	75,737	441
Acquisitions	1,426	24
Investments in construction, extension and re-developments	1,960	–
Re-allotment	–	2
Divestments	-3	-1
Exchange-rate fluctuations	1,062	–
Unrealised value changes	4,501	–
<b>Market value of properties, closing balance</b>	<b>84,683</b>	<b>466</b>

**Change in value of financial instruments**

Changes in the value of financial instruments had a positive impact of SEK 68 million (112) on profit. Changes in the value of interest-rate derivatives had a positive impact of SEK 27 million (111) on profit. Derivatives attributable to currency risk management had a positive impact of SEK 41 million (1) on profit.

**Tax**

Recognised tax for the period amounted to SEK -1,104 million (-710), of which current tax accounted for SEK -92 million (-81) and deferred tax for SEK -1,011 million (-629). Deferred tax expense mainly consisted of changes in the temporary difference between the market and taxable value of investment properties. At period-end, deferred tax assets amounted to SEK 10 million (23). Deferred tax liabilities amounted to SEK 7,153 million (4,946). Deferred tax assets were netted against deferred tax liabilities on the balance sheet.

**Earnings**

Profit after tax for the period increased to SEK 4,790 million (2,981). The increase was attributable to higher changes in the

value of investment properties, higher profit from property management and improved earnings from associated companies.

**Cash flow**

Hemsö's operating cash flow rose 23 per cent to SEK 1,105 million (896). 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 1,084 million (859). The change in working capital was SEK 130 million (533). Investing activities had a negative impact of SEK -3,366 million (-5,125) on cash flow, while borrowings, loan repayments and dividends had a positive impact of SEK 1,768 million (3,342) on cash flow from financing activities. The overall change in cash and cash equivalents during the period was SEK -384 million (-392).

**Parent Company**

The operations of the Parent Company, Hemsö Fastigheter AB, mainly consist of managing the Group's properties in the property-owning subsidiaries. Parent Company sales amounted to SEK 59 million (46) and consisted of fees for services to the subsidiaries.

Administrative expenses increased to SEK -107 million (-97), mainly attributable to higher personnel costs due to more employees. Financial items amounted to income of SEK 222 million (253). Financial items include interest income of SEK 336 million (325), interest expense of SEK -230 million (-251), profit of SEK 438 million (286) from participations in Group companies, and exchange-rate differences of SEK -322 million (-107). Changes in the value of financial instruments amounted to SEK -18 million (109) and comprehensive income for the period totalled SEK 213 million (305).

**Segment information**

Amounts in SEK million	Profit/loss items per segment				Asset items per segment	
	Rental income		Net operating income		Market value of properties	
	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	31 Jun 2022	31 Jun 2021
Sweden East	468	455	346	339	23,740	20,500
Sweden Central	249	232	165	151	10,119	7,945
Sweden North	331	289	243	222	13,411	11,242
Sweden South	200	178	126	120	9,057	6,877
Germany	337	272	303	247	14,544	11,606
Finland	394	324	288	238	13,811	11,449
<b>Total</b>	<b>1,980</b>	<b>1,751</b>	<b>1,471</b>	<b>1,317</b>	<b>84,683</b>	<b>69,619</b>

Segment identification 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. In the fourth quarter of 2021, Hemsö's property portfolio in Östergötland was transferred from Central/North to the West region. At the same time, the Central/North region was renamed North and the West region was renamed Central. The comparative figures have been restated to reflect the new allocation. The Group is managed and reported in six segments: Finland, Germany and four segments in Sweden – East, Central, North and South.

## Property portfolio

Of the market value of properties of SEK 84,683 million (69,619), 67 per cent (67) was attributable to Sweden, 17 per cent (17) to Germany and 16 per cent (16) to Finland.

At period-end, Hemsö owned properties in 63 municipalities in Sweden, 63 municipalities in Germany and 31 municipalities in Finland. The largest share of the market value of the properties, 83 per cent, was attributable to properties located in metropolitan areas and large cities in Sweden, Germany and Finland.

Hemsö divides the property portfolio into four categories. Nursing homes is the largest category and accounts for 38 per cent of the market value of properties, followed by Education at 36 per cent. Health care accounts for 15 per cent and the Justice system for 11 per cent. At 30 June 2022, Hemsö's property portfolio comprised 466 properties (421) with a total lettable area of 2,311 tsqm (2,155).

### Property transactions

Quarter	No. of	Value, SEK million	Area, sqm
<b>Acquisitions</b>			
Q1	17	1,316	68,636
Q2	9	110	4,953
<b>Total</b>	<b>26</b>	<b>1,426</b>	<b>73,589</b>
<b>Divestments</b>			
Q1	–	–	–
Q2	1	3	–
<b>Total</b>	<b>1</b>	<b>3</b>	<b>–</b>

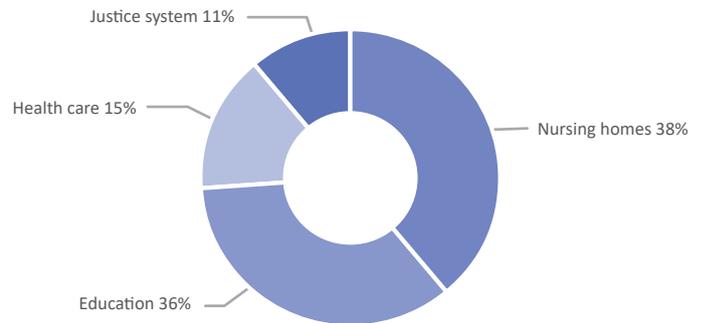
### Investments

Investments pertain to investments in existing properties and new developments. 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 period, SEK 1,960 million (2,030) was invested, of which SEK 1,622 million (1,566) pertained to construction, extension and re-developments and SEK 339 million (464) to improvements and new lettings.

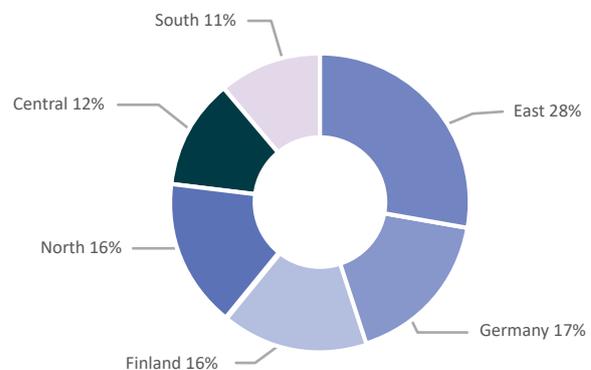
### Hemsö's property categories

	Nursing homes	Education	Health care	Justice system	Total
No.	237	145	58	26	<b>466</b>
Lettable area, tsqm	1,006	767	312	226	<b>2,311</b>
Rental duration, years	9.3	11.4	8.0	8.3	<b>9.7</b>
Market value of properties, SEK million	32.0	30.3	12.8	9.6	<b>84.7</b>
Rental income, SEK million	759	644	322	255	<b>1,980</b>
Net operating income, SEK million	566	493	216	196	<b>1,471</b>
Economic occupancy rate, %	98.4	98.4	96.3	95.2	<b>97.6</b>
Property yield, %	3.8	3.8	3.7	4.2	<b>3.8</b>

### Market value of properties per property category



### Market value of properties per segment



### Market value of properties, SEK million



### Tenants

Hemsö's business model is based on long-term rental agreements with public-sector tenants or with private operators that are taxpayer-funded. Hemsö's rental agreements have indexation clauses allowing the rent to increase by approximately 90 per cent of each country's consumer price index (CPI).

Of Hemsö's total rental income, 94 per cent was derived from taxpayer-funded services. Public-sector tenants accounted for 62 per cent of contracted annual rent. Contracted annual rent with municipal operators accounted for 33 per cent, with state operators for 21 per cent, and with regional operators for 8 per cent. Private operators accounted for 33 per cent of the annual rent and non-profit organisations for 5 per cent. The largest tenants were the Swedish Police Authority, Region Stockholm, the City of Turku (Fin), AcadeMedia and Attendo, which jointly accounted for 22 per cent of the rental income. Of Hemsö's 20 largest tenants, 12 were public-sector operators.

In Sweden, most privately run education, health care and elderly care operations are taxpayer-funded via school, health-care and care voucher schemes. In Finland, private operators receive funding through a system similar to Swedish schemes. In Germany, nursing home operations are funded through the public health insurance scheme and fees paid by the residents. When the residents are unable to pay their own expenses, funding is provided through municipal contributions.

In Germany, Hemsö is able to obtain collateral for rental income through pledges of the operators' entitlements to municipal contributions. Contracted annual rent for nursing homes in Germany amounted to EUR 50 million, of which EUR 10 million is secured through pledges. If pledges are included, 41 per cent of rental income in Germany is derived from public-sector tenants.

### Hemsö's 20 largest tenants

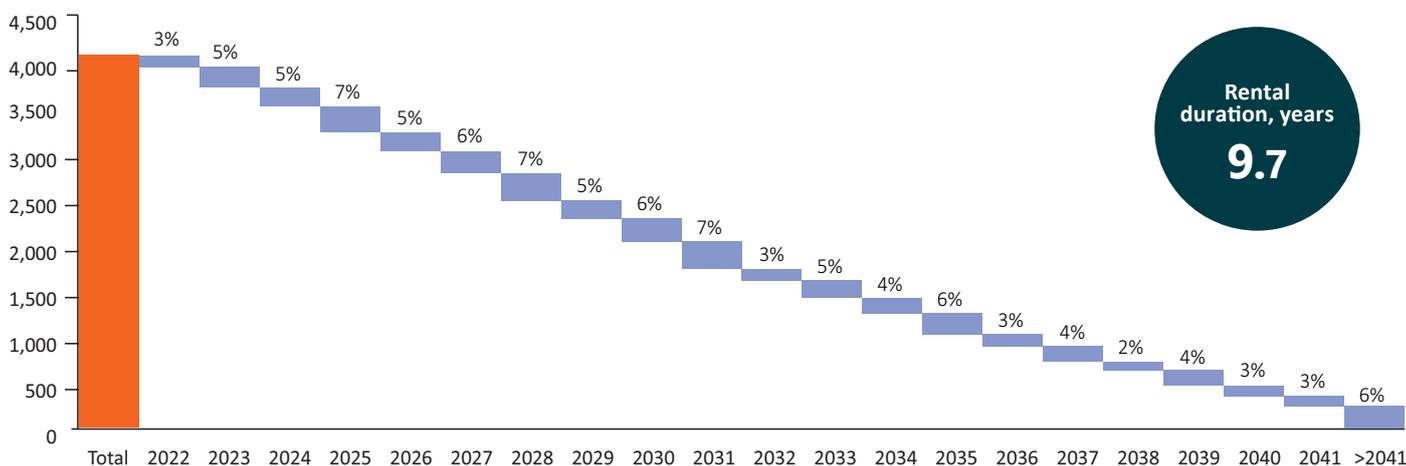
Tenant	Category	Annual rent, SEK million	Share, %	No. of rental agreements
Swedish Police	State	219	5.5	33
Region Stockholm	Region	201	5.1	76
City of Turku (FI)	Municipality	158	4.0	14
Academedialia	Private	153	3.8	23
Attendo	Private	135	3.4	76
Ministry of Justice (FI)	State	129	3.3	13
City of Västerås	Municipality	106	2.7	20
Mälardalen University	State	105	2.6	3
AWO (GER)	Non-profit	99	2.5	12
Ambea	Private	77	1.9	10
Alloheim (GER)	Private	77	1.9	10
Norrköping Municipality	Municipality	74	1.9	15
Västra Götaland Region	Region	73	1.8	65
Karolinska Institute	State	64	1.6	4
HEWAG (GER)	Private	59	1.5	9
North Rhine-Westphalia (GER)	State	56	1.4	1
Gävle Municipality	Municipality	54	1.3	20
Mehiläinen (FI)	Private	51	1.3	9
Esperi Care (FI)	Private	50	1.3	16
University of the Arts Helsinki (FI)	State	49	1.2	3
<b>Total</b>		<b>1,986</b>	<b>49.9</b>	<b>432</b>

### Rental value – public-sector tenants

Tenant	Annual rent, SEK million	% of Hemsö's rental value
Swedish municipalities	913	23
Swedish state	495	12
Swedish regions	322	8
Finnish municipalities	331	8
Finnish state	239	6
German state/states	122	3
German municipalities	53	1
<b>Total</b>	<b>2,474</b>	<b>62</b>

Public-sector tenant  
 Private-sector tenant  
 (FI) = Finland  
 (GER) = Germany

### Rental maturity, annual rent, SEK million



Rental duration, years  
**9.7**

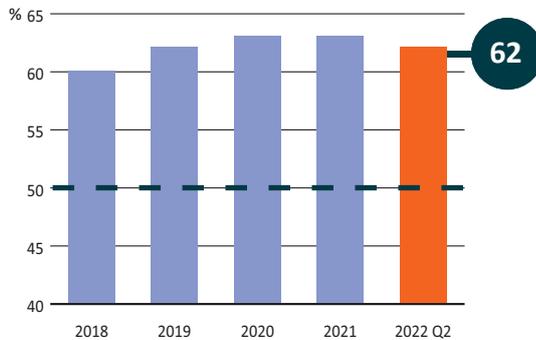
## Property frameworks

Hemsö has four property frameworks in order to clarify the company's strategy. The aim of these frameworks is to ensure a

low level of risk in the property portfolio and that Hemsö's cash flow remains stable over time.

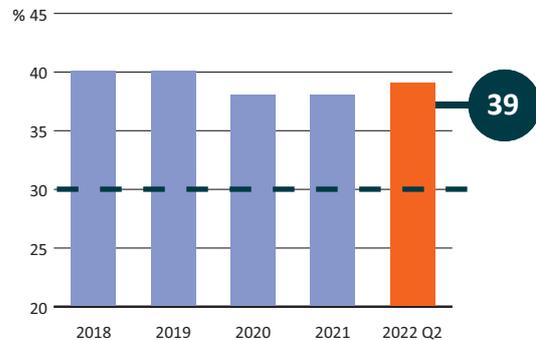
### Public-sector tenants

– At least 50 per cent of rental income



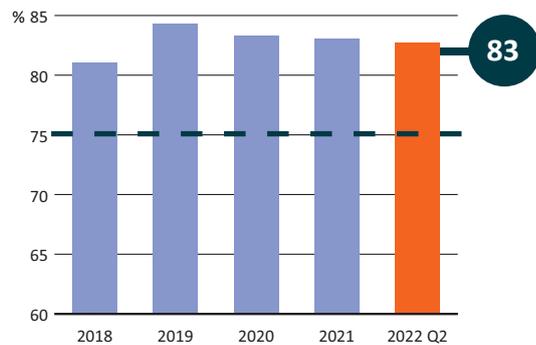
### Nursing homes

– At least 30 per cent of rental income



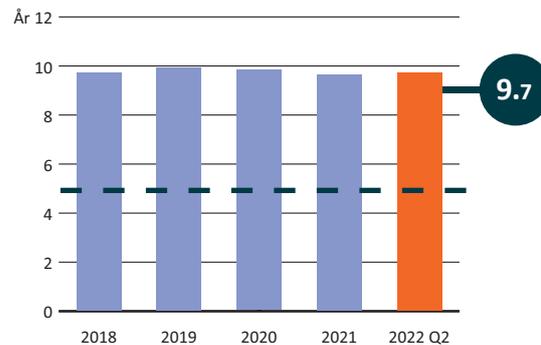
### Metropolitan areas and large cities

– At least 75 per cent of rental income



### Rental duration

– At least 5 years



## Property valuation

Hemsö measures the fair value of its investment properties in accordance with IAS 40. The market value of all properties is determined each quarter. The market value is determined using external valuations and Hemsö's internal calculation model. In the first half of 2022, the Finnish and German property portfolios were valued externally by JLL and CBRE, respectively. About two-thirds of the Swedish portfolio was valued externally by Cushman & Wakefield, approximately 80 percent of the total portfolio has thus been evaluated externally. The measurements are categorised within Level 3 of the fair value hierarchy in IFRS 13. At period-end, the fair value of properties was SEK 84,683 million (69,619).

## Earning capacity

The table reflects Hemsö's earning capacity on a 12-month basis at 30 June 2022. It is important to note that this should not be compared with a forecast for the next 12 months as this does not include, for example, any assessments regarding future vacancies, rental trends, changes in property costs or future property transfer/exits. Rental income is based on annual rental value less vacant premises and rent reductions. Property costs are based on actual results over the past 12 months adjusted for the holding period. Administrative expenses are

## Earning capacity

SEK million	30 Jun 2022	30 Jun 2021	Change, %
Rental income	3,986	3,575	11
Property costs	-978	-893	9
<b>Net operating income</b>	<b>3,008</b>	<b>2,682</b>	<b>12</b>
Central administrative expenses	-164	-153	7
Associated companies	90	47	91
Financial items	-572	-500	14
<b>Profit from property management</b>	<b>2,361</b>	<b>2,076</b>	<b>13</b>

based on the actual outcome over the past 12 months. Net financial income is calculated on the basis of interest-bearing assets and liabilities at the closing date. Interest expenses are based on the Group's average interest rate plus amortised origination fees and other estimated financial income and expenses. Share of profit from participations in associated companies does not include changes in value and tax, profit from property management that is, and is calculated using the same assumptions as for Hemsö with consideration for the size of the share.

# Development projects

## Hemsö's ongoing construction and re-development projects exceeding SEK 100 million

Development projects	Municipality	Category	Type of inv.	Certification	Area, sqm	Investment, SEK million	Remaining investment, SEK million	Increase in rental value, SEK million	Occupancy rate, %	Completion, year
Nya Novum	Huddinge	Health care	R	BREEAM	49,000	910	676	34	61	2024
Silverkällan	Gothenburg	Nursing home	C	Miljöbyggnad	12,400	505	81	40	96	2022
Stavsborgsskolan	Nacka	Education	C	Miljöbyggnad	13,000	442	250	30	100	2023
Sköndalsvillan	Tyresö	Nursing home	C	Miljöbyggnad	7,000	357	28	15	100	2022
IES Trelleborg	Trelleborg	Education	C	Miljöbyggnad	11,200	350	32	26	100	2022
IES Staffanstorps	Staffanstorps	Education	C	Miljöbyggnad	7,000	300	33	17	100	2022
Kronåsen Campus	Uppsala	Education	R	–	16,200	250	240	34	100	2023
Vågen Vilunda	Upplands Väsby	Nursing home	C	Nordic Swan	6,200	227	55	15	100	2022
Paavola Campus <sup>1)</sup>	Lahti	Education	R	–	13,200	203	161	5	100	2022–2023
Arkadiankatu 24	Helsinki	Education	R	–	5,800	194	31	17	100	2022
Büttelborn	Büttelborn	Nursing home	C	–	6,200	176	102	11	100	2022
Kleinmachnow	Potsdam-Mittelmark	Nursing home	C	–	6,700	172	59	10	100	2022
Bylegård	Täby	Nursing home	C	Miljöbyggnad	5,500	157	5	12	100	2022
Växthuset, S:t Lars	Lund	Education	C	–	4,700	123	88	8	100	2023
Lauritsa	Villmanstrand	Justice system	C	–	3,100	118	54	8	100	2022
<b>Total</b>					<b>167,200</b>	<b>4,484</b>	<b>1,892</b>	<b>282</b>		

Public-sector tenant Private-sector tenant Type of investment: C=Construction R=Re-development <sup>1)</sup> 3 of 5 sub-projects were completed in Q2 2022.

## Development projects

Hemsö has many ongoing development projects, mainly related to the construction of new schools and nursing homes. Hemsö's ongoing development projects exceeding SEK 100 million comprised a total investment of SEK 4,484 million, of which the

remaining investment amount was SEK 1,892 million. The total volume of ongoing construction and re-development projects amounted to SEK 6,911 million, of which the remaining investment amount was SEK 3,078 million.

## Major completed development projects, 2022

Completed	Development projects	Municipality	Category	Certification	Area, sqm	Investment, SEK million	Rental duration, years	Increase in rental value, SEK million	Occupancy rate, %
Q1	Kuparitie 2	Helsinki	Nursing home	–	3,700	79	12	7	99
Q2	Kadetten	Stockholm	Education	–	11,400	285	12	38	100
Q2	Paavola Campus <sup>1)</sup>	Lahti	Education	–	7,900	140	20	17	100
Q2	Södra Källtorp Assisted living facility	Västerås	Nursing home	Miljöbyggnad	2,300	107	25	5	65
Q2	Kamreerintie 6	Espoo	Health care	–	4,900	118	10	16	100
<b>Total</b>					<b>30,200</b>	<b>730</b>	<b>14</b>	<b>82</b>	

Public-sector tenant Private-sector tenant <sup>1)</sup> 3 of 5 sub-projects were completed in Q2 2022.



### Havoteket – a unique collaboration for the sea

The Havoteket project was created in collaboration with Helsingborg City, Tengbom, Serneke and the Port of Helsingborg. Through this collaboration, we are connecting the Sustainable Development Goals with one of our most valuable assets – the sea. We have developed a new training concept where we use experience and a pedagogical approach to highlight marine values and our responsibilities when it comes to living and working by the sea.

Hemsö participated in H22 City Expo, an international event hosted by Helsingborg City between 30 May and 3 July, via the Havoteket pavilion. An expo focused on urban development and innovative solutions for a smart and sustainable city.

## Sustainability

### Social sustainability

As a long-term owner, property manager and developer of public properties, Hemsö has a key role to play in creating the conditions for social sustainability. Every year, Hemsö's development projects add thousands of new nursing home beds and school places. By meeting the growing need for social infrastructure, Hemsö is creating social value.

### Energy and climate

Energy use and climate impact are crucial sustainability topics for Hemsö and are prioritised from both an environmental and economic perspective. We place exacting demands on environmental and energy performance in connection with new developments, and work continuously with energy and operational optimisation, as well as sustainable energy sources in the existing portfolio. Hemsö is investing in PV systems and geothermal energy, for example. Energy efficiencies continued to yield results by reducing energy use compared with the year-on-year period. As in the previous quarter, the results were impacted by a large property that is currently undergoing a re-development and is not therefore included in the statistics.

### Environmental certification

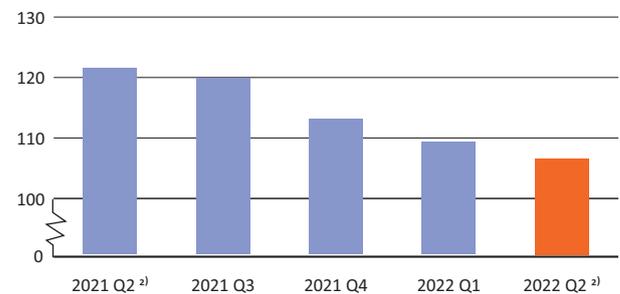
One of Hemsö's targets is to certify all new development and some of the existing portfolio. At the end of the second quarter, 25 per cent of the property portfolio (based on area) had been certified. This represents an increase of 2 percentage points on the preceding quarter. The number of certified buildings is steadily increasing as more existing buildings are certified and more newly developed buildings are added to the portfolio. Hemsö certifies its buildings under several different systems: Miljöbyggnad, Nordic Swan, BREEAM, DGNB, LEED, NollCO<sub>2</sub>, and BREEAM In-Use.

Beds/places created



The totals pertain to the number of beds/places that Hemsö has added through completed development projects between 2009 and the second quarter of 2022.

### Energy use, kWh/m<sup>2</sup>, rolling 12-month period <sup>1)</sup>



<sup>1)</sup> Pertains to energy use in Sweden (heating + electricity) in total portfolio.  
<sup>2)</sup> Pertains to the June-May period.

### Environmentally certified properties <sup>1)</sup>



<sup>1)</sup> Environmental certification with Miljöbyggnad Silver or an equivalent level of certification. Comprises Sweden, Finland and Germany.



### Energy project in the Helsinki Court House contributes to 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 will reduce emissions from district heating consumption by about 15 per cent per year, and reduce total energy costs by about 20 per cent.

## Associated companies

At 30 March 2022, Hemsö owned shares in three associated companies: Turku Technology Properties Oy (TTP), Lanthem Samhällsfastigheter AB (Lanthem) and Hemtag Fastigheter AB (Hemtag). These companies are reported in Hemsö's consolidated accounts using the equity method. The value of the share of TTP is recognised at SEK 1,261 million (1,002), the value of the share of Lanthem at SEK 213 million (159), and the value of the share of Hemtag at SEK 1 million (–). Total participations in associated

companies amounted to SEK 1,475 million (1,185). In the second quarter, Hemsö acquired an additional 8 per cent of the shares. The shares will be transferred in the second half of 2022. During the second quarter, Hemsö acquired 1.5 per cent of the shares in University Properties of Finland Ltd (SYK). Due to pre-emption provisions, the purchase was not completed.

### Turku Technology Properties (TTP)

Hemsö has shared joint control over TTP since 2019. Hemsö owns 44 per cent of the shares in the company and is therefore the largest shareholder. The City of Turku owns 38 per cent of the company. The other owners are the Turku University of Applied Sciences, OP-bank and the Eschnerska Frilansarettet Foundation.

TTP is focused on public properties and its property portfolio is concentrated to central Turku. The company combines education, research and private enterprise in a dynamic cluster of tenant firms known as Science Park. At 30 June 2022, 67 per cent of rental income was derived from public-sector tenants and the rental duration was eight years.



TTP	30 Jun 2022	30 Jun 2021
Shareholding, %	44	44
Rental value, SEK million	377	307
No. of properties	26	24
Economic occupancy rate, %	96	97
Market value of properties, SEK million	5,041	4,226
Rental duration, years	8	8
Share of public-sector tenants, %	67	64

### Lanthem

In 2017, Hemsö entered into a partnership with Lantmännen Fastigheter AB by forming a joint venture, Lanthem Samhällsfastigheter AB. The partnership is based on Lantmännen's land bank. Most of the properties lie adjacent to ports, or centrally in one of Hemsö's prioritised locations.

The partnership will secure Hemsö's access to land for attractive development projects. The company acquired five nursing homes and school properties from Lantmännen. The ongoing development projects mainly belong to these two categories. Lanthem currently has two ongoing development projects for new nursing homes. Ownership of Lanthem Samhällsfastigheter AB is shared equally by Hemsö and Lantmännen Fastigheter AB.



Lanthem	30 Jun 2022	30 Jun 2021
Shareholding, %	50	50
Rental value, SEK million	22	21
No. of properties	5	5
Economic occupancy rate, %	100	100
Market value of properties, SEK million	728	502
Rental duration, years	8	9
Share of public-sector tenants, %	30	30

### Income from associated companies, Jan-Jun 2022

SEK million	TTP	Lanthem	Other	Total
Profit from property management	34	3	-1	36
Value changes, investment properties	-1	–	–	-1
Value changes, financial instruments	187	–	–	187
Tax	-43	0	–	-44
<b>Profit/loss recognised</b>	<b>176</b>	<b>2</b>	<b>-1</b>	<b>178</b>

## Financing

The overall objective of Hemsö's financing activities is to secure a stable capital structure, and an optimal net financial position within given risk constraints. Hemsö's loan-to-value ratio should not exceed 60 per cent over time, and the interest-coverage ratio should be at least 3.0 times. At period-end, the loan-to-value ratio was 53.4 per cent (60.1) and the interest-coverage ratio was 6.3 times (4.7).

Hemsö issues bonds in Swedish and European capital markets and certificates on the Swedish market. In addition, Hemsö has committed credit facilities and underwriting commitments from Nordic banks and the Third Swedish National Pension Fund, which diversifies the company's funding sources. Hemsö has a credit rating of A+ from Fitch Ratings, and A- from Standard & Poor's.

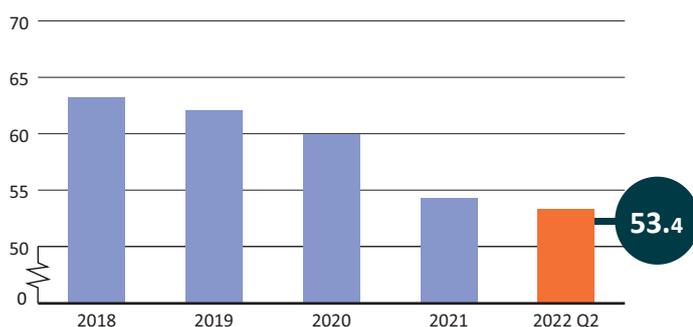
### Hemsö's credit rating

Credit rating agency	Long-term	Short-term	Outlook	Date
Fitch Ratings	A+	F1+	Stable	30 Mar 2022
Standard & Poor's	A-	A-2	Stable	2 Sep 2021

### Interest-bearing liabilities

At period-end, Hemsö's interest-bearing liabilities amounted to SEK 46,361 million (43,097). The increase was due to past year's net investments. In the first half of 2022, Hemsö's bond issuance totalled SEK 3,619 million (of which SEK 1,919 million in the second quarter) with maturities ranging from two to ten years. In addition, Hemsö drew on its European Investment Bank loan facility, comprising a new fixed-rate loan in EUR, corresponding to SEK 1,000 million, with a term of 15 years. After the end of the period, Hemsö also issued a 20-year bond in JPY corresponding to SEK 750 million. The currency risk associated with this loan has been eliminated with a cross currency swap.

### Loan-to-value ratio, %



At period-end, Hemsö had undrawn committed credit facilities totalling SEK 11,500 million (11,500), which lowers the company's refinancing risk and secures access to capital. Cash and cash equivalents amounted to SEK 325 million (519), bringing available liquidity to SEK 11,825 million (12,019). The debt-coverage ratio was 144 per cent (131).

Sustainable  
finance  
**SEK 11.6  
billion**

### Sources of funding, SEK million

	Q2 2022	Q2 2021
Bonds, SEK	13,514	13,609
Bonds, EUR	18,554	17,318
Bonds, AUD, NOK, USD	3,573	2,794
<b>Total bonds</b>	<b>35,641</b>	<b>33,721</b>
Commercial papers, SEK	5,142	4,953
European Investment Bank, SEK, EUR	3,979	2,864
Nordic Investment Bank, SEK	800	800
Schuldschein, EUR	798	759
<b>Total interest-bearing liabilities</b>	<b>46,361</b>	<b>43,097</b>

### Capital structure, SEK million

	Q2 2022	Q2 2021
Interest-bearing liabilities	46,361	43,097
Cash and cash equivalents	325	519
<b>Net debt</b>	<b>46,036</b>	<b>42,578</b>
Market value of properties	84,683	69,619
Investments in associated companies	1,475	1,185
<b>Total</b>	<b>86,158</b>	<b>70,804</b>
<b>Loan-to-value ratio</b>	<b>53.4%</b>	<b>60.1%</b>
<b>Share of secured debt</b>	<b>0.0%</b>	<b>0.0%</b>

Hemsö uses derivatives to hedge the company's currency and interest-rate risk. Since the company is taking out fixed-rate loans to a greater extent than before, Hemsö redeemed all of its remaining interest-rate derivatives in the first quarter.

At period-end, the nominal value of interest-rate derivatives was SEK 0 million (6,300). The nominal value of derivatives used to manage currency risk corresponded to SEK 5,397 million (2,649). Currency exposure amounted to 5 per cent (6) of equity.

At period-end, the average loan maturity was 6.4 years (6.7) and the average fixed-rate period was 5.7 years (6.4). The average interest rate was 1.1 per cent (1.1).



Hemsö is developing the new District Court in Vänersborg

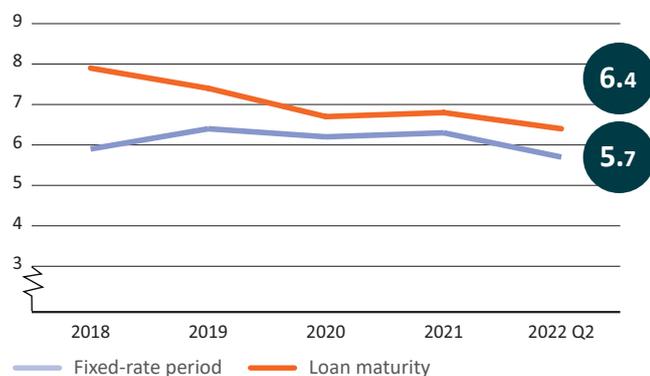
### Committed credit facilities and underwriting commitments, SEK million

	Q2 2022	Q2 2021
Banks	6,500	6,500
Third Swedish National Pension Fund	5,000	5,000
<b>Total committed credit facilities</b>	<b>11,500</b>	<b>11,500</b>
Cash and cash equivalents	325	519
<b>Available liquidity</b>	<b>11,825</b>	<b>12,019</b>
Short-term borrowings	8,200	9,156
Debt-coverage ratio	144%	131%

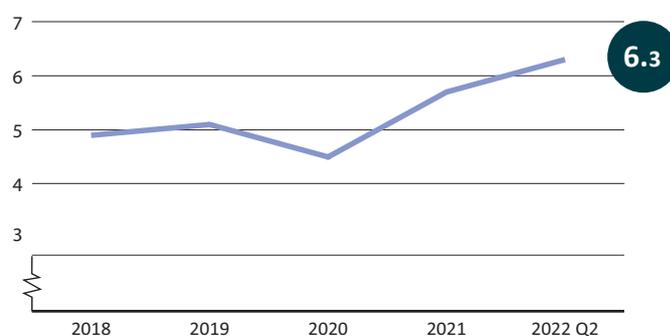
### Currency exposure, SEK million

	Q2 2022	Q2 2021
Properties, EUR	28,355	23,055
Associated companies, EUR	1,261	1,002
Cash, EUR	56	57
<b>Assets, EUR</b>	<b>29,672</b>	<b>24,114</b>
Debt, EUR	22,532	20,141
Currency swaps, EUR	5,397	2,649
<b>Exposure, EUR</b>	<b>1,744</b>	<b>1,324</b>
Debt AUD, NOK, SEK, USD	5,623	2,794
Currency swaps AUD, NOK, SEK, USD	-5,623	-2,794
<b>Exposure AUD, NOK, SEK, USD</b>	<b>0</b>	<b>0</b>
Currency hedging	–	–
<b>Currency exposure</b>	<b>1,744</b>	<b>1,324</b>
Equity	32,215	22,203
<b>Currency exposure</b>	<b>5.4%</b>	<b>6.0%</b>

### Loan maturity and fixed-rate period, years



### Interest-coverage ratio, times (rolling 12-month period)





## Quarterly overview

Amounts in SEK million	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
<b>Income statement</b>									
Rental income	996	983	946	917	894	857	838	824	811
Other income	5	6	7	5	6	6	7	5	5
Property costs	-241	-279	-251	-200	-209	-236	-252	-203	-202
<b>Net operating income</b>	<b>760</b>	<b>711</b>	<b>703</b>	<b>722</b>	<b>690</b>	<b>627</b>	<b>592</b>	<b>626</b>	<b>614</b>
Central administrative expenses	-41	-39	-43	-41	-41	-31	-45	-39	-33
Profit/loss from participations in associated companies	96	81	98	0	18	61	8	12	-8
<b>Operating profit</b>	<b>815</b>	<b>754</b>	<b>759</b>	<b>681</b>	<b>667</b>	<b>657</b>	<b>555</b>	<b>599</b>	<b>573</b>
Financial items	-129	-114	-114	-122	-125	-125	-157	-124	-105
<b>Profit after financial items</b>	<b>686</b>	<b>640</b>	<b>644</b>	<b>559</b>	<b>542</b>	<b>533</b>	<b>398</b>	<b>475</b>	<b>468</b>
<i>- of which Profit from property management</i>	<i>612</i>	<i>572</i>	<i>558</i>	<i>570</i>	<i>537</i>	<i>481</i>	<i>403</i>	<i>478</i>	<i>485</i>
Value change, properties	2,766	1,734	2,679	2,404	1,915	589	1,809	299	223
Value change, financial instruments	70	-3	70	27	72	40	20	27	-49
<b>Profit before tax</b>	<b>3,522</b>	<b>2,371</b>	<b>3,394</b>	<b>2,990</b>	<b>2,529</b>	<b>1,162</b>	<b>2,226</b>	<b>801</b>	<b>642</b>
Current tax	-53	-40	10	-35	-44	-37	-3	-29	-49
Deferred tax	-613	-398	-618	-532	-439	-189	-421	-119	-79
<b>Profit for the period</b>	<b>2,856</b>	<b>1,934</b>	<b>2,785</b>	<b>2,423</b>	<b>2,046</b>	<b>935</b>	<b>1,801</b>	<b>653</b>	<b>515</b>
Other comprehensive income	94	53	-3	20	-21	62	-145	0	-104
<b>Comprehensive income for the period</b>	<b>2,950</b>	<b>1,987</b>	<b>2,782</b>	<b>2,443</b>	<b>2,025</b>	<b>997</b>	<b>1,656</b>	<b>654</b>	<b>410</b>
<b>Balance sheet</b>	<b>Q2 2022</b>	<b>Q1 2022</b>	<b>Q4 2021</b>	<b>Q3 2021</b>	<b>Q2 2021</b>	<b>Q1 2021</b>	<b>Q4 2020</b>	<b>Q3 2020</b>	<b>Q2 2020</b>
Investment properties	84,683	79,987	75,737	73,516	69,619	65,528	62,240	59,658	57,533
Right-of-use assets	843	801	759	724	723	730	605	611	612
Participations in associated companies	1,475	1,363	1,271	1,168	1,160	771	698	719	706
Derivatives	237	309	161	33	-	-	-	-	-
Other assets	992	865	892	730	706	781	758	680	686
Cash and short-term investments	325	795	687	533	519	1,673	891	1,249	1,173
<b>Total assets</b>	<b>88,554</b>	<b>84,121</b>	<b>79,508</b>	<b>76,705</b>	<b>72,727</b>	<b>69,483</b>	<b>65,193</b>	<b>62,917</b>	<b>60,711</b>
Equity	32,215	30,337	28,350	25,646	22,203	21,079	20,082	18,443	16,789
Deferred tax liabilities	7,143	6,519	6,082	5,467	4,923	4,497	4,270	3,875	3,763
Derivatives	-	-	-	-	32	95	231	293	287
Interest-bearing liabilities	46,361	44,375	42,498	43,067	43,097	41,626	38,652	38,431	38,136
Lease liabilities	843	801	759	724	723	730	605	611	612
Non-interest-bearing liabilities	1,992	2,089	1,819	1,800	1,748	1,457	1,353	1,264	1,124
<b>Total equity and liabilities</b>	<b>88,554</b>	<b>84,121</b>	<b>79,508</b>	<b>76,705</b>	<b>72,727</b>	<b>69,483</b>	<b>65,193</b>	<b>62,917</b>	<b>60,711</b>
<b>Key ratios</b>	<b>Q2 2022</b>	<b>Q1 2022</b>	<b>Q4 2021</b>	<b>Q3 2021</b>	<b>Q2 2021</b>	<b>Q1 2021</b>	<b>Q4 2020</b>	<b>Q3 2020</b>	<b>Q2 2020</b>
<b>Financial ratios</b>									
Loan-to-value ratio, %	53.4	53.6	54.3	57.0	60.1	60.2	60.0	61.6	63.5
Interest-coverage ratio, times <sup>1)</sup>	6.3	6.0	5.7	4.8	4.7	4.7	4.5	5.0	5.0
Operating cash flow, SEK million	573	532	536	533	517	379	421	445	453
<b>Property-related key ratios</b>									
Property yield, %	3.8	4.0	4.0	4.3	4.4	4.5	4.5	4.6	4.7
Total return, % <sup>1)</sup>	17.2	16.9	15.8	14.8	11.7	9.0	8.5	6.8	7.3
Economic occupancy rate, %	97.6	97.9	97.9	98.0	97.9	98.0	97.9	97.9	98.1
NOI margin, %	75.9	71.8	73.7	78.3	76.7	72.6	70.1	75.5	75.3
No. of properties	466	458	441	426	421	408	392	381	383
Lettable area, tsqm	2,311	2,286	2,218	2,226	2,155	2,101	2,005	1,954	1,923

<sup>1)</sup> Based on rolling 12-month outcome.

## Group – Condensed statement of comprehensive income

Amounts in SEK million	Jan-Jun 2022	Jan-Jun 2021	Apr-Jun 2022	Apr-Jun 2021	Jul 2021-Jun 2022	Jan-Dec 2021
Rental income	1,980	1,751	996	894	3,843	3,614
Other income	12	12	5	6	24	24
Operating costs	-380	-313	-174	-144	-662	-595
Maintenance costs	-100	-94	-52	-49	-233	-226
Other property costs	-40	-39	-16	-16	-76	-75
<b>Net operating income</b>	<b>1,471</b>	<b>1,317</b>	<b>760</b>	<b>690</b>	<b>2,896</b>	<b>2,742</b>
Central administrative expenses	-80	-72	-41	-41	-163	-156
Profit/loss from participations in associated companies	178	80	96	18	276	177
- of which profit from property management	36	22	23	13	59	45
- of which changes in value	185	72	101	7	296	183
- of which tax	-44	-15	-27	-2	-79	-50
<b>Operating profit</b>	<b>1,569</b>	<b>1,325</b>	<b>815</b>	<b>667</b>	<b>3,008</b>	<b>2,764</b>
Financial items	-243	-250	-129	-125	-480	-486
<b>Profit after financial items</b>	<b>1,326</b>	<b>1,075</b>	<b>686</b>	<b>542</b>	<b>2,529</b>	<b>2,278</b>
- of which Profit from property management	<b>1,184</b>	<b>1,018</b>	<b>612</b>	<b>537</b>	<b>2,312</b>	<b>2,145</b>
Value change, investment properties	4,500	2,504	2,766	1,915	9,583	7,587
Value change, financial instruments	68	112	70	72	165	209
<b>Profit before tax</b>	<b>5,893</b>	<b>3,691</b>	<b>3,522</b>	<b>2,529</b>	<b>12,277</b>	<b>10,075</b>
Current tax	-92	-81	-53	-44	-117	-107
Deferred tax	-1,011	-629	-613	-439	-2,161	-1,779
<b>Profit for the period</b>	<b>4,790</b>	<b>2,981</b>	<b>2,856</b>	<b>2,046</b>	<b>9,998</b>	<b>8,189</b>
<b>Profit for the period attributable to</b>						
Parent Company shareholders	4,591	2,866	2,777	1,941	9,679	7,953
Non-controlling interests	199	115	80	105	319	236
<b>Other comprehensive income</b>						
Profit for the period	4,790	2,981	2,856	2,046	9,998	8,189
Translation difference	147	41	94	-21	165	58
<b>Comprehensive income for the period</b>	<b>4,937</b>	<b>3,022</b>	<b>2,950</b>	<b>2,025</b>	<b>10,163</b>	<b>8,247</b>
<b>Comprehensive income for the period attributable to</b>						
Parent Company shareholders	4,736	2,906	2,869	1,920	9,841	8,011
Non-controlling interests	201	116	81	105	322	236

## Group – Condensed statement of financial position

Amounts in SEK million	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>ASSETS</b>			
Investment properties	84,683	69,619	75,737
Right-of-use assets	843	723	759
Participations in associated companies	1,475	1,160	1,271
Derivatives	237	–	161
Receivables from associated companies	–	25	–
Other non-current assets	41	35	39
<b>Total non-current assets</b>	<b>87,279</b>	<b>71,563</b>	<b>77,967</b>
Current receivables	950	645	853
Cash and cash equivalents	325	519	687
<b>Total current assets</b>	<b>1,275</b>	<b>1,164</b>	<b>1,541</b>
<b>TOTAL ASSETS</b>	<b>88,554</b>	<b>72,727</b>	<b>79,508</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>32,215</b>	<b>22,203</b>	<b>28,350</b>
Deferred tax liabilities	7,143	4,923	6,082
Non-current interest-bearing liabilities	38,161	33,941	34,898
Lease liabilities	843	723	759
Derivatives	–	32	–
<b>Total non-current liabilities</b>	<b>46,147</b>	<b>39,620</b>	<b>41,738</b>
Current interest-bearing liabilities	8,200	9,156	7,600
Other current liabilities	1,992	1,748	1,819
<b>Total current liabilities</b>	<b>10,192</b>	<b>10,904</b>	<b>9,419</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>88,554</b>	<b>72,727</b>	<b>79,508</b>

## Group – Condensed 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
Contributions from minority interests	–	–	–	–	4	4
Comprehensive income (1 Jan 2021-30 Jun 2021)	–	–	40	2,866	116	3,022
<b>Closing equity, 30 Jun 2021</b>	<b>1</b>	<b>6,835</b>	<b>188</b>	<b>14,451</b>	<b>728</b>	<b>22,203</b>
Opening equity, 1 Jul 2021	1	6,835	188	14,451	728	22,203
Shareholder contributions received	–	1,000	–	–	–	1,000
Contributions from minority interests	–	–	–	–	1	1
Minority acquisition	–	–	–	–	-4	-4
Minority divestment	–	–	–	–	-76	-76
Comprehensive income (1 Jul 2021-31 Dec 2021)	–	–	17	5,088	121	5,226
<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
Comprehensive income (1 Jan 2022-30 Jun 2022)	–	–	145	4,591	201	4,937
<b>Closing equity, 30 Jun 2022</b>	<b>1</b>	<b>7,835</b>	<b>351</b>	<b>23,057</b>	<b>970</b>	<b>32,215</b>

## Group – Condensed statement of cash flows

Amounts in SEK million	Jan-Jun 2022	Jan-Jun 2021	Apr-Jun 2022	Apr-Jun 2021	Jul 2021-Jun 2022	Jan-Dec 2021
<b>Operating activities</b>						
Profit from property management	1,184	1,018	612	537	2,312	2,145
<i>Adjusted for non-cash items in profit from property management</i>						
Loss from property management participations in associated companies	-36	-22	-23	-13	-59	-45
Depreciation	9	7	4	3	17	15
<i>Adjusted for other non-cash items</i>						
Exchange differences, unrealised	-1	-20	0	31	11	-9
Tax paid	-71	-123	-41	-28	-138	-189
<b>Cash flow before changes in working capital</b>	<b>1,084</b>	<b>859</b>	<b>553</b>	<b>530</b>	<b>2,143</b>	<b>1,917</b>
Increase (+)/decrease (-) in working capital	130	533	-204	327	193	597
<b>Cash flow from operating activities</b>	<b>1,214</b>	<b>1,391</b>	<b>348</b>	<b>858</b>	<b>2,337</b>	<b>2,514</b>
<b>Investing activities</b>						
Acquisition of properties	-1,426	-2,697	-110	-1,176	-2,185	-3,456
Investments in construction, extension and re-developments	-1,960	-2,030	-1,019	-1,268	-4,063	-4,133
Property divestments	2	8	2	1	1,872	1,878
Investments in financial assets	0	-422	0	-396	22	-400
Dividends from associated companies	20	17	20	17	20	17
Other non-current assets	-2	0	-1	0	-6	-4
<b>Cash flow from investing activities</b>	<b>-3,366</b>	<b>-5,125</b>	<b>-1,107</b>	<b>-2,822</b>	<b>-4,340</b>	<b>-6,099</b>
<b>Financing activities</b>						
Interest-bearing loans raised	6,169	8,393	2,684	3,114	8,401	10,626
Repayment of interest-bearing liabilities	-3,310	-4,156	-1,353	-1,381	-6,494	-7,340
Financial instruments realised	-18	5	0	0	-42	-19
Shareholder contributions received	–	–	–	–	1,000	1,000
Contributions from non-controlling interests	0	4	–	4	1	5
Dividends paid	-1,072	-905	-1,072	-905	-1,072	-905
<b>Cash flow from financing activities</b>	<b>1,768</b>	<b>3,342</b>	<b>260</b>	<b>833</b>	<b>1,793</b>	<b>3,367</b>
<b>Cash flow for the period</b>	<b>-384</b>	<b>-392</b>	<b>-499</b>	<b>-1,131</b>	<b>-210</b>	<b>-218</b>
Opening cash and cash equivalents	687	891	795	1,673	519	891
Exchange-rate differences in cash and cash equivalents	21	19	28	-23	16	14
<b>Cash and cash equivalents at period-end</b>	<b>325</b>	<b>519</b>	<b>325</b>	<b>519</b>	<b>325</b>	<b>687</b>
<b>Operating cash flow</b>	<b>1,105</b>	<b>896</b>	<b>573</b>	<b>517</b>	<b>2,153</b>	<b>1,944</b>

## Parent Company – Condensed income statement

Amounts in SEK million	Jan-Jun 2022	Jan-Jun 2021	Jul 2021-Jun 2022	Jan-Dec 2021
Net sales	59	46	119	106
Central administrative expenses	-107	-97	-213	-203
Other operating income	0	0	0	0
<b>Operating loss</b>	<b>-49</b>	<b>-51</b>	<b>-94</b>	<b>-96</b>
Financial items	222	253	148	179
Value change, financial instruments	-18	109	39	166
Appropriations	–	–	361	361
<b>Profit before tax</b>	<b>155</b>	<b>311</b>	<b>454</b>	<b>610</b>
Recognised tax	57	-6	24	-39
<b>Profit for the period</b>	<b>213</b>	<b>305</b>	<b>478</b>	<b>570</b>
Other comprehensive income	–	–	–	–
<b>Comprehensive income for the period</b>	<b>213</b>	<b>305</b>	<b>478</b>	<b>570</b>

## Parent Company – Condensed balance sheet

Amounts in SEK million	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	4	1	2
Equipment	3	3	3
Shares and participations in Group companies	10,622	7,861	7,962
Deferred tax assets	19	36	19
Non-current receivables	35,952	33,958	33,862
<b>Total non-current assets</b>	<b>46,600</b>	<b>41,858</b>	<b>41,849</b>
<b>Current assets</b>			
Current receivables	5,384	1,099	6,901
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>5,385</b>	<b>1,099</b>	<b>6,901</b>
<b>TOTAL ASSETS</b>	<b>51,984</b>	<b>42,957</b>	<b>48,749</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	4,639	4,233	5,498
<b>Untaxed reserves</b>			
Tax allocation reserve	43	43	43
<b>Liabilities</b>			
Deferred tax liabilities	29	28	29
Interest-bearing liabilities	46,336	38,078	42,477
Non-interest-bearing liabilities	937	575	702
<b>Total liabilities</b>	<b>47,302</b>	<b>38,681</b>	<b>43,208</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>51,984</b>	<b>42,957</b>	<b>48,749</b>

## Other information

### Significant events after period-end

After the end of the quarter, Hemsö issued a 20-year bond in JPY, corresponding to SEK 750 million.

### Change of auditors

At the Annual General Meeting in April 2022, KPMG was appointed as new auditors. Peter Dahlöf was appointed main auditor.

### Employees

At period-end, Hemsö had 162 employees, of whom 78 were women and 84 men. Of these employees, 51 worked with asset and property management and 27 with development projects. Other employees work with administration, accounting, financing, IT, legal affairs, communication, management, HR and transactions. Of all employees, 137 are employed in Sweden, 15 in Finland and 10 in Germany.

### Risks and uncertainties

Hemsö is analysing all of the material risks of the company on account of the ongoing war in Ukraine and is monitoring developments. Hemsö has a long loan maturity and fixed-rate period, which means that raised credit margins or higher interest rates will not affect the company's net income in the short term. Access to building materials and delayed deliveries could affect Hemsö's project activities.

For more detailed information, refer to page 69 of the 2021 Annual Report. In addition to the above, no changes are deemed to have impacted Hemsö's risks and uncertainties, which are described on pages 69–76 of the 2021 Annual Report.

### Related-party transactions

Hemsö's related-party transactions are set out in Note 27 of Hemsö's 2021 Annual Report.

### Joint ventures

Hemsö owns shares in Hemsö Norden KB jointly with the Third Swedish National Pension Fund. This company is included in Hemsö's consolidated accounts. Hemsö Norden KB currently owns 27 investment properties through a limited partnership.

In addition, Hemsö and Lantmännen each own a 50 per cent stake in Lanthem Samhällsfastigheter AB. This company is not included in the consolidated accounts. Lanthem Samhällsfastigheter owns five investment properties through subsidiaries. Hemsö also owns 44 per cent of the shares in Turku Technology Properties Oy, which owns 26 public properties in Turku through subsidiaries. This company is not included in the consolidated accounts.

In 2021, Hemsö formed a joint venture, Hemtag Fastigheter AB, with Tagebad AB. The purpose of the partnership is to develop and manage aquatic centres.

### Accounting policies applied

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles were applied as in the 2021 Annual Report, pages 92-95. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have also been prepared in accordance with Swedish law, with application of the Swedish Financial Reporting Board's recommendation RFR, 1 Supplementary Accounting Rules for Groups.

The Parent Company applies the Swedish Annual Accounts Act and recommendation RFR 2, Accounting for Legal Entities. All amounts in the interim report, unless otherwise stated, are rounded to the nearest SEK million, which means some totals may not correspond with the sum of tables and calculations. Figures between 0 and 0.5 in the text and tables are reported as 0.

### New and revised IFRSs effective on or after 1 January 2022

No new or amended standards or interpretations issued by the IASB have had any effect on this interim report, or the accounting policies applied by Hemsö.

**Signing of the report**

The Board of Directors and Chief Executive Officer hereby certify that this half-year report provides a true and fair view of the Parent Company and the Group's operations, financial

position and earnings and describes significant risks and uncertainties faced by the company and those companies included in the Group.

Stockholm, 14 July 2022

*Pär Nuder, Chairman of the Board*

*David Mindus, Board member*

*Maria Björklund, Board member*

*Johanna Skogestig, Board member*

*Kerstin Hessius, Board member*

*Johan Thorell, Board member*

*Nils Styf, Chief Executive Officer*

This report has not been audited.

# Definitions

## Financial definitions

### Share of secured debt

Interest-bearing secured debt in relation to the market value of properties.

### Loan-to-value ratio

Interest-bearing net debt in relation to market value of properties and investments in associated companies.

### 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 current investments plus undrawn committed credit facilities.

### Profit from property management

Profit or loss after financial items after reversal of changes in value and tax from participations in associated companies.

### 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.

### Investments in associated companies

Share of equity in associated companies and loans to associated companies.

### 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 profit from property management in associated companies less tax paid, plus dividends from associated companies.

### Interest-coverage ratio

Operating profit in relation to financial items.

### Operating profit

Net operating income plus share of profit of associated companies and administrative expenses.

### Debt-coverage ratio

Available liquidity in relation to short-term borrowings.

### Total return

The sum of net operating income and value changes in relation to average market value of properties, adjusted for value changes over a rolling 12-month period.

### Currency exposure

Net of market value 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 units 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

Those areas of a property for which tenants can be charged 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 property income and other income.

## 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.

<b>Property yield</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
Net operating income according to income statement	2,896	2,535
Adjusted for 12-month holding period	47	85
Adjusted for development properties	-163	-186
<b>Adjusted net operating income</b>	<b>2,780</b>	<b>2,433</b>
Market value of properties	84,683	69,619
Adjusted for development properties	-11,842	-14,282
<b>Adjusted market value of properties</b>	<b>72,841</b>	<b>55,337</b>
<b>Property yield</b>	<b>3.8%</b>	<b>4.4%</b>

<b>Total return</b>	<b>Jul 2021-Jun 2022</b>	<b>Jul 2020-Jun 2021</b>
Net operating income	2,896	2,535
Value change, properties	9,583	4,613
<b>Total</b>	<b>12,479</b>	<b>7,148</b>
Opening market value of properties	69,619	57,300
Closing market value of properties	84,683	69,919
Adjustment of value change for the period	-9,583	-4,613
<b>Adjusted average property value</b>	<b>72,360</b>	<b>61,153</b>
<b>Total return</b>	<b>17.2%</b>	<b>11.7%</b>

<b>Profit from property management</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
Profit after financial items	1,326	1,075
Reversal		
<i>Changes in value, associated companies</i>	-185	-72
<i>Tax, associated companies</i>	44	-15
<b>Profit from property management</b>	<b>1,184</b>	<b>1,018</b>

<b>Interest-coverage ratio</b>	<b>Jul 2021-Jun 2022</b>	<b>Jul 2020-Jun 2021</b>
Operating profit	3,008	2,479
Net financial items	-480	-531
<b>Interest-coverage ratio</b>	<b>6.3 times</b>	<b>4.7 times</b>

<b>Operating cash flow</b>	<b>Jan-Jun 2022</b>	<b>Jan-Jun 2021</b>
Profit from property management	1,184	1,018
Dividends from associated companies	20	17
Tax paid	-71	-123
Reversal		
<i>Loss from property management participations in associated companies</i>	-36	-22
<i>Depreciation</i>	9	7
<b>Operating cash flow</b>	<b>1,105</b>	<b>896</b>

<b>Loan-to-value ratio</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
Interest-bearing debt	46,361	43,097
Cash and cash equivalents	-325	-519
<b>Net debt</b>	<b>46,036</b>	<b>42,578</b>
Market value of properties	84,683	69,619
Investments in associated companies	1,475	1,185
<b>Total</b>	<b>86,158</b>	<b>70,804</b>
<b>Loan-to-value ratio</b>	<b>53.4%</b>	<b>60.1%</b>

<b>Debt-coverage ratio</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
Cash and cash equivalents	325	519
Undrawn committed credit facilities	11,500	11,500
Available liquidity	11,825	12,019
Short-term borrowings	8,200	9,156
<b>Debt-coverage ratio</b>	<b>144%</b>	<b>131%</b>

<b>Share of secured debt</b>	<b>31 Jun 2022</b>	<b>31 Jun 2021</b>
Secured debt outstanding	–	–
Market value of properties	84,683	69,619
<b>Share of secured debt</b>	<b>0.0%</b>	<b>0.0%</b>

<b>NOI margin</b>	<b>Jan-Jun 2022</b>	<b>Jan-Jun 2021</b>
Rental income	1,980	1,751
Other property income	12	12
<b>Total property income</b>	<b>1,991</b>	<b>1,763</b>
Net operating income	1,471	1,317
<b>NOI margin</b>	<b>73.9%</b>	<b>74.7%</b>

**Questions and more information**

For more information, please contact:

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Financial statements and press releases are available on Hemsö's website: hemso.se

**Financial calendar**

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21 Oct 2022



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