

# Q1

## Interim report 2022

### Summary January-March 2022

- » Rental income increased 15 per cent to SEK 983 million (857).
- » Profit from property management increased 19 per cent to SEK 572 million (481).
- » Changes in the value of investment properties amounted to SEK 1,734 million (589) and changes in the value of financial instruments to SEK -3 million (40).
- » Profit after tax for the period increased to SEK 1,934 million (935).
- » The market value of the properties amounted to SEK 79,987 million (65,528).
- » During the period, SEK 942 million (762) was invested in the existing property portfolio.
- » During the period, 17 properties (17) were acquired for SEK 1,316 million (1,522) and no properties were divested (one property was divested in the comparative period for SEK 7 million).
- » Hemsö acquired four nursing homes in the states of Bavaria and Brandenburg in Germany. The total investment amounted to EUR 46 million.
- » Hemsö acquired a centrally located property in Malmö with the intention of redeveloping the building and turning it into a new upper secondary school. The investment amount was SEK 280 million.
- » Hemsö has signed an agreement to develop a new elementary and upper secondary school for 860 students as well as 98 new housing units for students and researchers in the Kristiansborg area by Mälardalen University in Västerås. The City of Västerås and Jensen Education have signed 15-year rental agreements for the schools. The total investment is estimated at SEK 400 million.
- » Hemsö has signed a ten-year lease with Fria Läroverken for a new upper secondary school and has signed a 15-year rental agreement with Nordic International School for an elementary school in Ystad.
- » The credit rating agency Fitch Ratings has affirmed Hemsö's long-term credit rating A+ with stable outlook and Hemsö's short-term credit rating F1+.

### Significant events during the first quarter

- » During the quarter, Hemsö issued sustainable bonds in the amount of SEK 1.4 billion and borrowed the equivalent of SEK 1 billion from the European Investment Bank (EIB).

### Hemsö in summary

	Jan-Mar 2022	Jan-Mar 2021	Apr 2021-Mar 2022	Jan-Dec 2021
Rental income, SEK million	983	857	3,740	3,614
Profit from property management, SEK million	572	481	2,236	2,145
Profit after tax, SEK million	1,934	935	9,188	8,189
Operating cash flow, SEK million	532	379	2,096	1,944
Loan-to-value ratio, %	53.6	60.2	53.6	54.3
Interest-coverage ratio, times	6.6	5.3	6.0	5.7
Market value of properties, SEK million	79,987	65,528	79,987	75,737
NOI margin, %	71.8	72.6	75.1	75.4
Economic occupancy rate, %	97.9	98.0	97.9	97.9
Rental duration, years	9.6	9.8	9.6	9.6
Lettable area, tsqm	2,286	2,101	2,286	2,218



## CEO statement

The war in Ukraine has now been ongoing for over two months. The human suffering is enormous and the events that are taking place in the country are beyond all bounds of decency. Hemsö is in discussions with municipalities and authorities in the countries in which we have operations and we are, for example, offering premises for refugees and for other public services. We have also made a donation to UNHCR in support of humanitarian aid.

From a business perspective, access to building materials and delayed deliveries could affect Hemsö's project activities. We are continuously monitoring developments but can currently not see any material effects on our operations.

### Good schools should be available everywhere

All major cities are currently facing challenges in the form of districts and neighbourhoods that are designated as vulnerable. Most people agree that the long-term solutions are based on giving children and young people a good chance in life by offering them a solid education.

This conclusion forms a key part of our vision for Tensta upper-secondary school in Stockholm. The decision to sell the school and Tensta Träff to Hemsö was approved in February and since then we have been working in a focused manner to create a first-rate school and dynamic setting in and around these illustrious buildings.

We already have operations established in other locations with similar needs, and we can bring valuable experience with us to Tensta. We will learn a great deal over the course of our journey and this knowledge will benefit other municipalities that will need our help going forward.

### Sustainable finances

To enable Hemsö to make essential investments in social infrastructure, like in Tensta, long-term access to capital is crucial.

During the first quarter, Hemsö issued sustainable bonds in the amount of SEK 1.4 billion and borrowed the equivalent of

SEK 1 billion from the European Investment Bank (EIB). Our sustainable financing underpins Hemsö's sustainability activities with a focus on energy-efficient and environmentally certified buildings and social infrastructure.

Our reported average interest rate is 0.92 per cent, which is the lowest it has ever been, despite a long loan maturity and fixed-rate period of 6.6 and 5.8 years, respectively. This is the result of a strategic effort over many years to diversify our financing, which has enabled Hemsö to secure unique access to long-term financing.

In March, the credit rating agency Fitch Ratings affirmed Hemsö's long-term credit rating A+ with stable outlook and Hemsö's short-term credit rating F1+.

Hemsö's business model stands firm despite the pandemic and geopolitical uncertainty.

### Successful partnerships

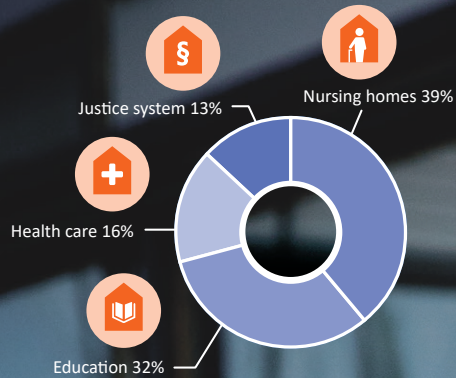
Hemsö is continuing to grow in Germany. During the quarter, we acquired four nursing homes in the states of Bavaria and Brandenburg. In Västerås, we are expanding our presence by developing 98 housing units for students and researchers as well as a new elementary school for 860 students. In Malmö, we acquired a centrally located property that we intend to redevelop into a new upper secondary school. We have also signed rental agreements to establish several new schools in Gothenburg and Ystad during the quarter.

The reason why Hemsö is growing in areas where we already have operations and establishing ourselves in new areas is because the public sector has seen the benefits of partnering with us. We are grateful for the trust placed in us, and our approach is that no one can be the best at everything. When developing new and existing properties, we put the pieces of the puzzle together with our tenants, and our various strengths complement each other. And as each piece is put in the right place, our shared goal of creating sustainable public properties that benefits both the individual and society at large, begins to take shape.

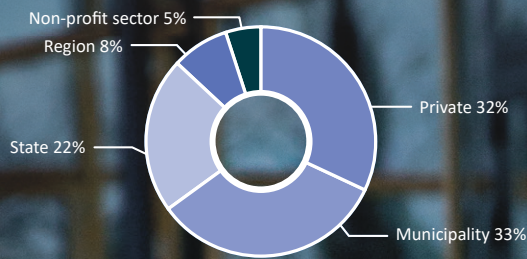
Nils Styf, CEO



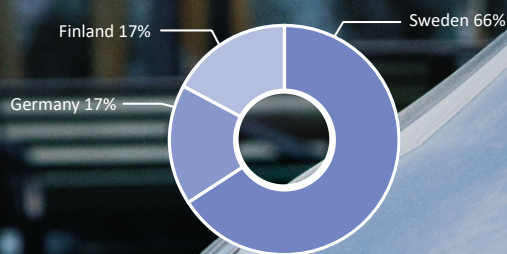
### Contracted rent per property category



### 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 80.0 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-March 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 increased 15 per cent to SEK 983 million (857), primarily attributable to completed development projects and acquisitions. Rental income rose 9 per cent in Sweden, 29 per cent in Germany and 22 per cent in Finland.

Rental income in the comparable portfolio rose SEK 41 million. Exchange rate fluctuations had a positive impact of SEK 11 million on rental income.

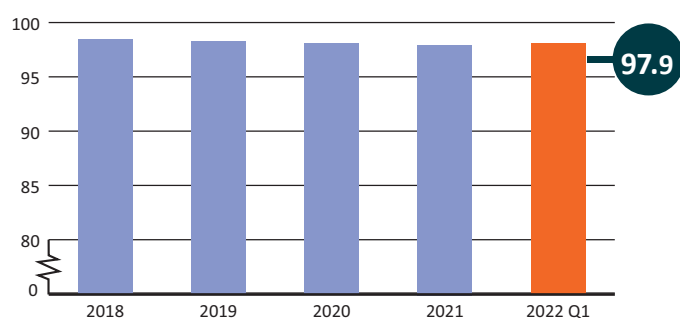
At period-end, contracted annual rent amounted to SEK 3,906 million (3,487) before rent reductions of SEK 20 million (24). Economic vacancies amounted to SEK 85 million (72). The economic occupancy rate was in line with the preceding year and was 97.9 per cent (98.0) at period-end.

Rental agreements with an annual rent of SEK 172 million are subject to renegotiation in 2022, corresponding to 4 per cent of Hemsö's contracted rental income. The rental duration was 9.6 years (9.8).

## Property costs

Property costs amounted to SEK 279 million (236), up SEK 42 million. Costs rose as a result of a larger property portfolio and increased operating costs, primarily for higher costs for energy. Maintenance costs increased SEK 4 million year-on-year. In the comparable portfolio, property costs rose SEK 27 million, or 12 per cent.

## Economic occupancy rate, %



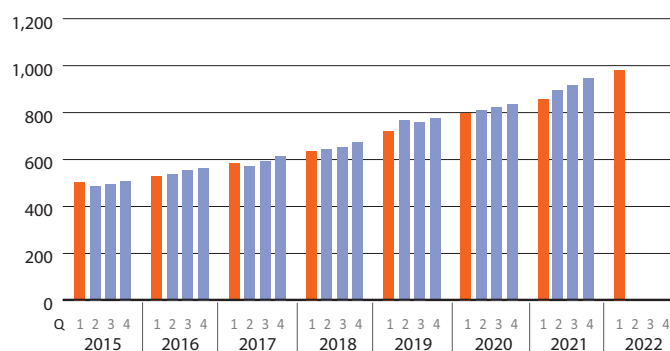
## Vacancy changes

SEK million	Jan-Mar 2022
Opening vacancy	84
Terminated rental agreements	3
Adjusted for vacancy rents	7
New rental agreements	-9
Acquired	-
Divested	-
<b>Closing vacancy</b>	<b>85</b>

## Rental maturity

Year	Annual rent, SEK million	Share, %
2022	172	4
2023	262	7
2024	201	5
2025	280	7
2026	173	4
2027	229	6
2028	267	7
2029	200	5
2030	251	6
2031	295	8
>2031	1,576	40
<b>Total</b>	<b>3,906</b>	<b>100</b>

## Rental income, SEK million



# SEK 983 million

Rental income

## Net operating income

Net operating income increased to SEK 711 million (627). The increase was mainly attributable to acquisitions and completed development projects. The NOI margin decreased to 71.8 per cent (72.6), mainly a result of the higher cost of utilities.

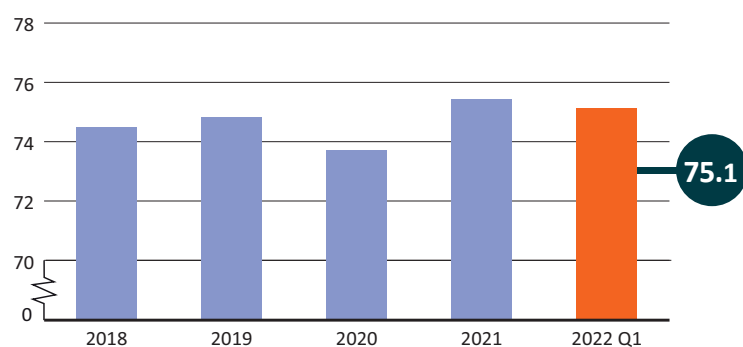
In the comparable portfolio, net operating income increased to SEK 622 million (609), due to increased rental income and a positive impact of changes in exchange rates.

## Comparable portfolio

	31 Mar 2022	31 Mar 2021	Change
No. of properties	353	353	–
Market value of properties, SEK million	63,768	56,150	13.6%
Property return, %	4.0	4.3	-0.3

SEK million	Jan-Mar 2022	Jan-Mar 2021	Change, %
Rental income	862	821	4.9
Other income	5	5	-11.8
Operating costs	-180	-157	14.6
Maintenance costs	-45	-41	9.9
Other costs	-20	-20	-0.4
<b>Net operating income</b>	<b>622</b>	<b>609</b>	<b>2.1</b>

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



## Administration

Administrative expenses for the period rose year-on-year to SEK 39 million (31). 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 -114 million (-125). 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 the interest expense.

The average interest rate declined to 0.9 per cent (1.2), and the fixed-rate period was 5.8 years (6.6). Interest-bearing liabilities rose to SEK 44,375 million (41,626).

## Financial items

SEK million	Jan-Mar 2022	Jan-Mar 2021
Interest income	1	0
Other financial income	0	8
Interest expense	-96	-114
Other financial expenses	-12	-12
Ground leases and leasehold properties	-7	-7
<b>Total financial items</b>	<b>-114</b>	<b>-125</b>

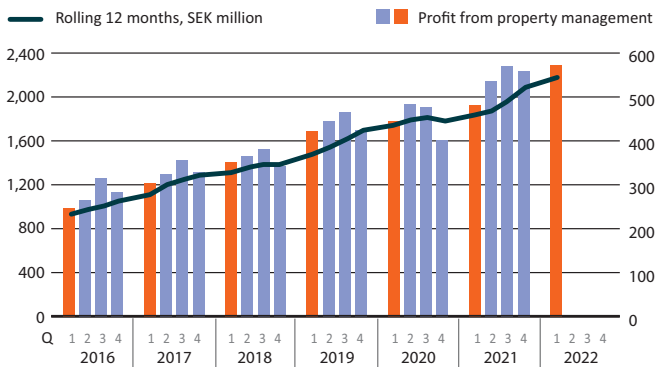
# SEK 711 million

Net operating income

## Profit from property management

Profit from property management rose 19 per cent to SEK 572 million (481), mainly attributable to a larger property portfolio and a decrease in net financial items. Exchange-rate fluctuations had a positive impact of SEK 12 million on profit from property management.

### Profit from property management, SEK million



Market value of properties

**SEK 80.0 billion**

Properties

**458**

Lettable area

**2,286 tsqm**

## Change in value of investment properties

Change in the value of investment properties for the period amounted to SEK 1,734 million (589), of which unrealised value changes amounted to SEK 1,734 million (589).

Unrealised value changes were attributable to lower return requirements primarily in Sweden and to property management and development projects. The return on the property portfolio, excluding development properties, was 4.0 per cent (4.5). The total return was 16.9 per cent (9.0).

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

SEK million	Sweden	Germany	Finland	Total
Attributable to				
– Property management and development projects	249	4	260	514
– Market factors	1,075	–	145	1,221
<b>Total unrealised value changes</b>	<b>1,324</b>	<b>4</b>	<b>406</b>	<b>1,734</b>



### Change in value of property portfolio

	SEK million	No. of
Market value of properties, opening balance	75,737	441
Acquisitions	1,316	17
Investments in construction, extension and re-developments	942	
Exchange-rate fluctuations	258	
Unrealised value changes	1,734	
<b>Market value of properties, closing balance</b>	<b>79,987</b>	<b>458</b>

### Change in value of financial instruments

Changes in the value of financial instruments had a negative impact of SEK -3 million (40) on profit. Changes in the value of interest-rate derivatives had a positive impact of SEK 27 million (97) on profit, which is attributable to rising market rates. Derivatives attributable to currency risk management had a negative impact of SEK -30 million (-57) on profit.

### Tax

Recognised tax for the period amounted to SEK -438 million (-226), of which current tax accounted for SEK -40 million (-37) and deferred tax for SEK -398 million (-189). Deferred tax expense mainly consisted of changes in the temporary difference between the market and taxable value of investment properties. Deferred tax assets amounted to SEK 8 million (38) at period-end. Deferred tax liabilities amounted to SEK 6,527 million (4,535). Deferred tax assets were netted against deferred tax liabilities on the balance sheet.

### Earnings

Profit after tax for the period totalled SEK 1,934 million (935). 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 40 per cent to SEK 532 million (379). 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 532 million (328). The change in working capital was SEK 334 million (206). Investing activities had a negative impact of SEK -2,259 million (-2,303) on cash flow, while increased borrowings and loan repayments had a positive impact of SEK 1,508 million (2,509) on cash flow from financing activities. The overall change in cash and cash equivalents during the period was SEK 115 million (740).

### Parent Company

The operations of the Parent Company, Hemsö Fastighets AB, mainly consist of managing the Group's properties in the property-owning subsidiaries. Parent Company sales amounted to SEK 29 million (23) and consisted of fees for services to the subsidiaries.

Administrative expenses increased to SEK -53 million (-49), mainly attributable to higher personnel costs due to more employees. Financial items amounted to an expense of SEK -126 million (-166). Financial items included interest income of SEK 165 million (159), interest expense of SEK -108 million (-125), and exchange-rate differences of SEK -183 million (-200). Changes in the value of financial instruments amounted to SEK 74 million (83) and comprehensive income for the period totalled SEK -58 million (-87).

### 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-Mar 2022	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2021	31 Mar 2022	31 Mar 2021
Sweden East	234	225	166	162	21,901	19,341
Sweden Central	124	116	81	74	9,514	7,609
Sweden North	167	140	120	104	13,143	9,896
Sweden South	99	90	60	53	8,675	6,352
Germany	165	128	148	117	13,552	11,403
Finland	195	159	137	117	13,202	10,927
<b>Total</b>	<b>983</b>	<b>857</b>	<b>711</b>	<b>627</b>	<b>79,987</b>	<b>65,528</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. In parallel, the Central/North region was renamed North and the West region was renamed Central. The comparative figures have been restated in accordance with 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 79,987 million (65,528), 66 per cent (66) was attributable to Sweden, 17 per cent (17) to Germany and 17 per cent (17) to Finland.

At period-end, Hemsö owned properties in 63 municipalities in Sweden, 62 municipalities in Germany and 29 municipalities in Finland. The largest share of the market value of properties, 82 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 39 per cent of the market value of properties, followed by Education at 35 per cent. Health care accounts for 15 per cent and the Justice system for 11 per cent. At 31 March 2022, Hemsö's property portfolio comprised 458 properties (408) with a total lettable area of 2,286 tsqm (2,101).

### Property transactions

Quarter	No. of	Value, SEK million	Area, sqm
<b>Acquisitions</b>			
Q1	17	1,316	68,636
<b>Total</b>	<b>17</b>	<b>1,316</b>	<b>68,636</b>
<b>Divestments</b>			
Q1	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

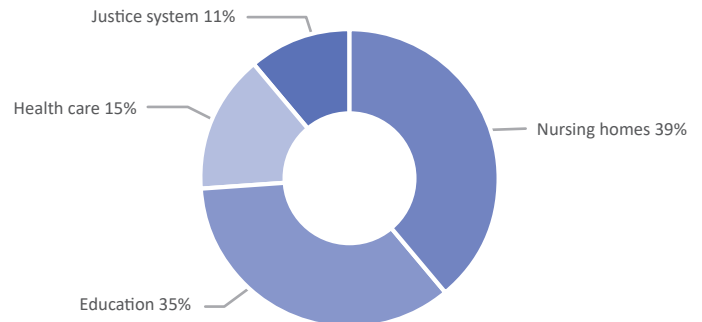
### Investments

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 942 million (762) was invested, including SEK 818 million (603) in construction, extension and re-developments, while SEK 124 million (158) pertained to improvements and new lettings.

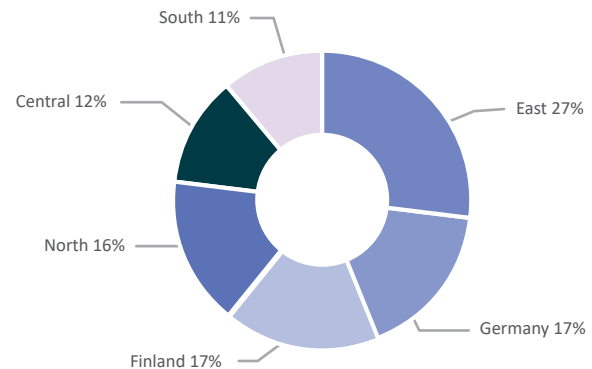
### Hemsö's property categories

	Nursing homes	Education	Health care	Justice system	Total
No.	232	142	58	26	<b>458</b>
Lettable area, tsqm	1,003	749	308	226	<b>2,286</b>
Rental duration, years	9.6	10.9	7.9	8.4	<b>9.6</b>
Market value of properties, SEK million	30.9	28.4	11.9	8.9	<b>80.0</b>
Rental income, SEK million	374	321	161	128	<b>983</b>
Net operating income, SEK million	273	238	104	96	<b>711</b>
Economic occupancy rate, %	98.5	98.8	96.1	95.9	<b>97.9</b>
Property return, %	3.8	3.9	4.0	4.5	<b>4.0</b>

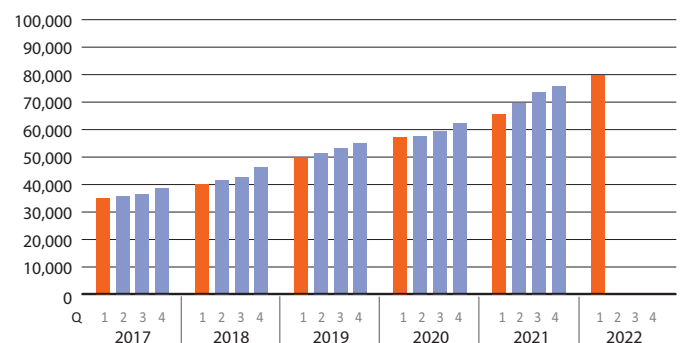
### Market value of properties per property category



### Market value of properties per segment



### Market value of properties, SEK million





## Tenants

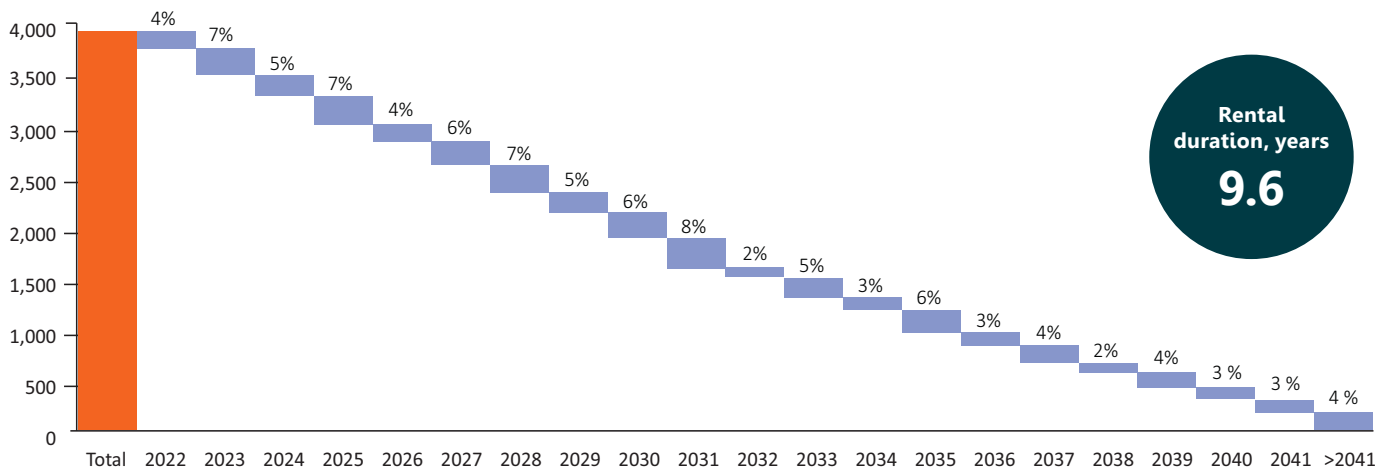
Hemsö's business model is based on long-term rental agreements with public-sector tenants or private operators that are taxpayer-funded. Hemsö's rental agreements have indexation clauses allowing the rent to increase by approximately 90 per cent of each country's consumer price index (CPI).

Of Hemsö's total rental income, 94 per cent was derived from taxpayer-funded services. The share of contracted annual rent for public-sector tenants was 63 per cent. Rental agreements with municipalities accounted for 32 per cent, state for 23 per cent and regions for 8 per cent. Private operators accounted for 32 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, Attendo and Academedia, which jointly accounted for 21 per cent of 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.

## Rental maturity, annual rent, SEK million



Rental duration, years  
**9.6**

## Hemsö's 20 largest tenants

Tenant	Category	Annual rent, SEK million	Share, %	No. of rental agreements
Swedish Police	State	222	5.7	33
Region Stockholm	Region	201	5.2	78
City of Turku (FI)	Municipality	153	3.9	14
Attendo	Private	128	3.3	82
Academedia	Private	128	3.3	22
Ministry of Justice (FI)	State	120	3.1	13
City of Västerås	Municipality	106	2.7	19
Mälardalen University	State	105	2.7	3
AWO (GER)	Non-profit	94	2.4	12
Ambea	Private	77	2.0	10
Alloheim (GER)	Private	74	1.9	10
Norrköping Municipality	Municipality	74	1.9	15
Västra Götaland Region	Region	72	1.9	65
Karolinska Institute	State	64	1.6	4
HEWAG (GER)	Private	58	1.5	9
North Rhine-Westphalia (GER)	State	55	1.4	1
Gävle Municipality	Municipality	53	1.4	19
Mehiläinen (FI)	Private	49	1.3	9
Esperi Care (FI)	Private	48	1.2	16
University of the Arts Helsinki (FI)	State	47	1.2	3
<b>Total</b>		<b>1,929</b>	<b>49.6</b>	<b>437</b>

## Rental value – public-sector tenants

Tenant	Annual rent, SEK million	% of Hemsö's rental value
Swedish municipalities	920	24
Swedish state	500	13
Swedish regions	322	8
Finnish municipalities	306	8
Finnish state	227	6
German state/states	120	3
German municipalities	51	1
<b>Total</b>	<b>2,446</b>	<b>63</b>

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

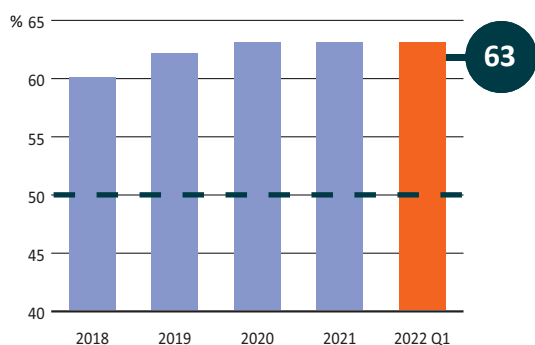
## Property frameworks

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.

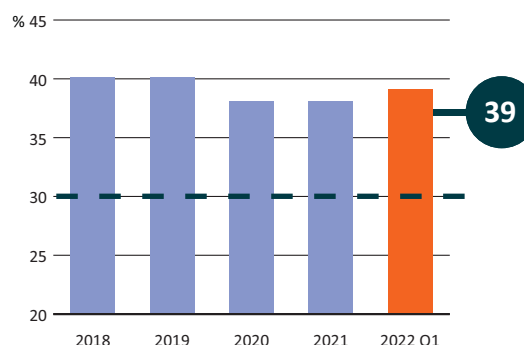
### Public-sector tenants

– At least 50 per cent of rental income



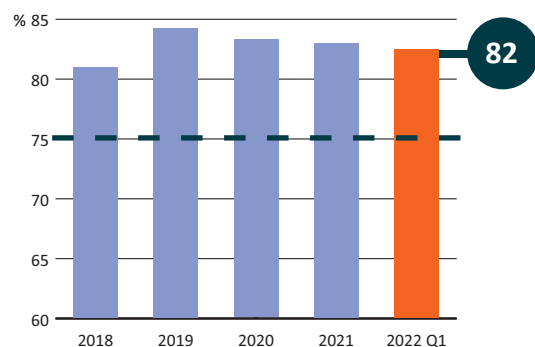
### Nursing homes

– At least 30 per cent of rental income



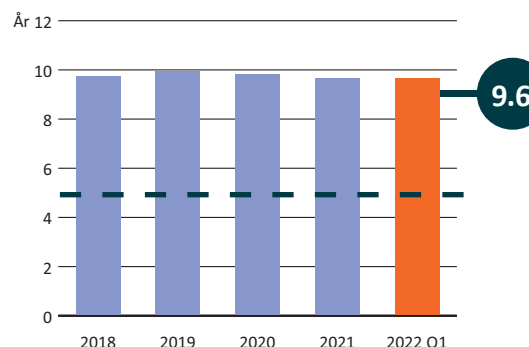
### Metropolitan areas and large cities

– 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. 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 79,987 million (65,528).

## Earning capacity

The table reflects Hemsö's earning capacity on a 12-month basis at 31 March 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 transfers. 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 based on

## Earning capacity

SEK million	31 Mar 2022	31 Mar 2021	Change, %
Rental income	3,887	3,463	12
Property costs	-937	-881	6
<b>Net operating income</b>	<b>2,950</b>	<b>2,582</b>	<b>14</b>
Central administrative expenses	-164	-140	17
Associated companies	62	41	51
Financial items	-463	-510	-9
<b>Profit from property management</b>	<b>2,385</b>	<b>1,973</b>	<b>21</b>

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, 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	870	678	34	61	2024
Silverkällan	Gothenburg	Nursing home	C	Miljöbyggnad	12,400	505	140	40	96	2022
Stavsborgsskolan	Nacka	Education	C	Miljöbyggnad	13,000	412	275	30	100	2023
IES Trelleborg	Trelleborg	Education	C	Miljöbyggnad	11,200	355	67	27	100	2022
Paavola Campus <sup>1)</sup>	Lahti	Education	R	–	21,100	338	199	22	100	2022–2023
Sköndalsvillan	Tyresö	Nursing home	C	Miljöbyggnad	7,000	305	30	15	100	2022
IES Staffanstorps	Staffanstorps	Education	C	Miljöbyggnad	7,000	300	55	17	100	2022
Kadetten	Stockholm	Education	R	–	11,400	273	34	39	100	2022
Campus Kronåsen	Uppsala	Education	R	–	16,200	250	240	34	100	2023
Vågen Vilunda	Upplands Väsby	Nursing home	C	Nordic Swan	6,200	226	82	16	100	2022
Arkadiankatu 24	Helsinki	Education	R	–	5,800	188	65	16	100	2022
Södra Källtorp	Västerås	Nursing home	C	Miljöbyggnad	5,100	176	27	8	100	2022
Büttelborn	Büttelborn	Nursing home	C	–	6,200	171	95	11	100	2022
Kleinmachnow	Potsdam-Mittelmark	Nursing home	C	–	6,700	167	88	10	100	2022
Bylegård	Täby	Nursing home	C	Miljöbyggnad	5,500	154	26	13	100	2022
Växthuset, S:t Lars	Lund	Education	C	–	4,700	123	101	9	100	2023
Kamreerintie 6	Espoo	Health care	R	–	4,900	116	8	15	100	2022
Lauritsa	Villmanstrand	Justice system	C	–	3,100	114	73	7	100	2022
<b>Total</b>					<b>196,400</b>	<b>5,044</b>	<b>2,281</b>	<b>361</b>		

Public-sector tenant

Private-sector tenant

Type of investment: C=Construction R=Re-development

<sup>1)</sup> 2 of 5 sub-projects were completed in Q1 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 5,044 million, of which the

remaining investment amounted to SEK 2,281 million. The total volume of ongoing construction and re-development projects amounted to SEK 6,856 million, of which the remaining investment amount is SEK 3,223 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	81	12	7	100
<b>Total</b>					<b>3,700</b>	<b>81</b>	<b>12</b>	<b>7</b>	

Public-sector tenant

Private-sector tenant



### Hemsö is developing a public property in Karlastaden, Gothenburg

In the emerging city district of Karlastaden in Gothenburg, Hemsö is developing a public property comprising 10,000 sqm for education and social care. The investment amount is SEK 400 million. A ten-year rental agreement has been signed with Folkuniversitetet, which will move its Balettakademien and KV Konstskola schools into the property in autumn 2023. During the first quarter of 2022, a 15-year agreement was signed with the City of Gothenburg in relation to a premises for a BmSS/LSS home<sup>1)</sup> (residence with special services/assisted living residence) with an area of 1,000 sqm across two floors. After the close of the quarter, a 15-year rental agreement was signed with Amerikanska Gymnasiet for a school to accommodate 550 students with an area of 3,500 sqm. The block in question, Capella, comprises two parts with buildings of a varying nature.

<sup>1)</sup> BmSS, residence with special services, is a home for people with disabilities that require assistance in their daily lives. This form of support is applied for and granted pursuant to the Swedish Act concerning Support and Service for Persons with Certain Functional Impairments (LSS).

## 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 a sustainable society. 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.

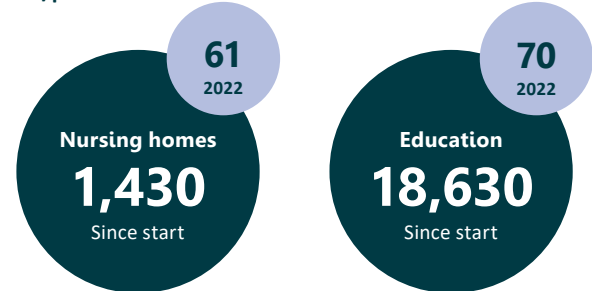
### Energy and climate

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. During the first quarter of 2022, most of our properties recorded lower energy consumption than in the corresponding period in the preceding year, thereby resulting in a reduction in total energy use. As in the previous quarter, the outcome was impacted by a large property that is currently undergoing re-development and is not therefore included in the statistics.

### Environmental certification

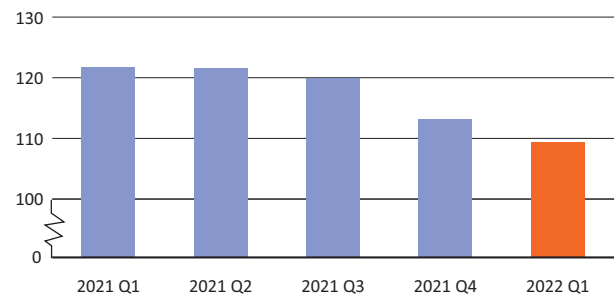
Hemsö aims to certify all of its new developments and parts of its existing portfolio. At the end of the first quarter, 25 per cent of the property portfolio was certified, based on lettable area. This represents an increase of 2 percentage points on the preceding quarter. The number of certified buildings 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



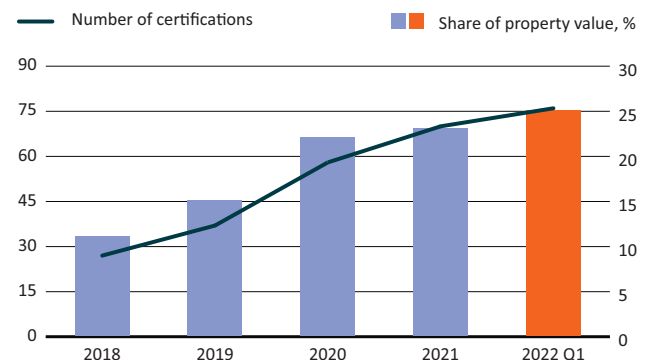
The totals pertain to the number of beds/places that Hemsö has added through completed development projects between 2009 and the first quarter of 2022.

### Energy consumption, 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.

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



<sup>1)</sup> Environmental certifications with SGBC-certified, Silver rating or the equivalent level of certification. Comprises Sweden, Finland and Germany.



### Hemsö reduces its climate impact through reuse

Reuse helps to reduce the climate impact from construction. As a means of intensifying efforts to promote reuse in our projects, Hemsö has joined CC Build – the Center for Circular Construction. It is a network and digital platform for reuse and circular material flows in the property sector. The Kronåsen project, where Hemsö is conducting an extensive development of the school campus in central Uppsala, was first to use the tool. The Kronåsen 1:15 property consists of 20 buildings and the school campus accommodates 2,400 students.

## Associated companies

At 31 March 2022, Hemsö owned shares in three associated companies: Turku Technology Properties Oy (TTP), Lanthem Samhällsfastigheter AB (Lanthen) and Hemtag Fastigheter AB (Hemtag). Ownership of Hemtag is shared equally by Hemsö and Tagebad AB. These companies are reported in Hemsö's consolidated

accounts using the equity method. The value of the share of Lanthen is recognised at SEK 211 million (157), the value of the share of TTP at SEK 1,151 million (614) and the value of the share of Hemtag at SEK 1 million (–). Total participations in associated companies amounted to SEK 1,363 million (796).

### 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 Frilasarettet 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 31 March 2022, 66 per cent of rental income was derived from public-sector tenants and the rental duration was eight years.



TTP	31 Mar 2022	31 Mar 2021
Shareholding, %	44	40
Rental value, SEK million	363	307
No. of properties	25	23
Economic occupancy rate, %	96	96
Market value of properties, SEK million	4,760	4,146
Rental duration, years	8	8
Share of public-sector tenants, %	66	64

### Lanthen

In 2017, Hemsö entered into a partnership with Lantmännen Fastigheter AB by forming a joint venture, Lanthen 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. Lanthen currently has two ongoing development projects for new nursing homes. Ownership of Lanthen Samhällsfastigheter AB is shared equally by Hemsö and Lantmännen Fastigheter AB.



Lanthen	31 Mar 2022	31 Mar 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	702	487
Rental duration, years	8	9
Share of public-sector tenants, %	30	30

### Profit from associated companies, Jan-Mar 2022

SEK million	TTP	Lanthen	Other	Total
Profit/loss from property management	13	1	-1	14
Value changes, investment properties	-1	–	–	-1
Value changes, financial instruments	85	–	–	85
Tax	-17	0	–	-17
<b>Profit/loss recognised</b>	<b>81</b>	<b>1</b>	<b>-1</b>	<b>81</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 53.6 per cent (60.2) and the interest-coverage ratio was 6.0 times (4.7).

Hemsö issues bonds in Swedish and European capital markets and certificates in 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

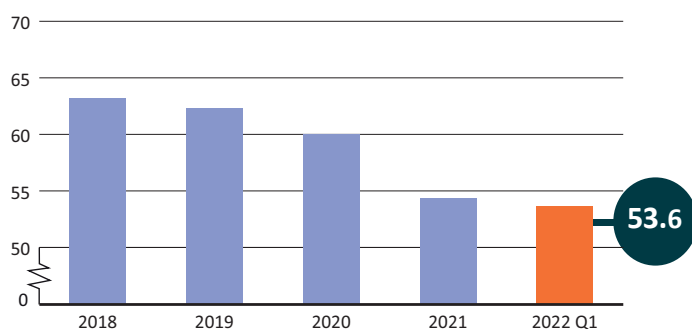
Credit rating agency	Long-term	Short-term	Outlook	Date
Fitch Ratings	A+	F1+	Stable	30 Mar 2022
Standard & Poor's	A-	A-2	Stable	2 Sep 2021

### Interest-bearing liabilities

At period-end, Hemsö's interest-bearing liabilities amounted to SEK 44,375 million (41,626). The increase was mainly due to a high rate of investment.

At period-end, Hemsö had undrawn committed credit facilities totalling SEK 11,500 million (12,500), which lowers the company's refinancing risk and secures access to capital. Cash and cash equivalents amounted to SEK 795 million (1,673). Available liquidity therefore totalled SEK 12,295 million (14,173). The debt-coverage ratio was 160 per cent (160).

### Loan-to-value ratio, %



Sustainable  
finance

SEK 9.8  
billion

### Sources of funding, SEK million

	Q1 2022	Q1 2021
Bonds, SEK	12,365	14,030
Bonds, EUR	17,708	17,524
Bonds, AUD, NOK, USD	3,565	1,825
<b>Total bonds</b>	<b>33,638</b>	<b>33,380</b>
Commercial papers, SEK	5,275	3,789
European Investment Bank, SEK, EUR	3,888	2,889
Nordic Investment Bank, SEK	800	800
Schuldschein, EUR	775	768
<b>Total interest-bearing liabilities</b>	<b>44,375</b>	<b>41,626</b>

### Capital structure, SEK million

	Q1 2022	Q1 2021
Interest-bearing liabilities	44,375	41,626
Current investments	–	390
Cash and cash equivalents	795	1,283
<b>Net debt</b>	<b>43,580</b>	<b>39,953</b>
Market value of properties	79,987	65,528
Investments in associated companies	1,363	796
<b>Total</b>	<b>81,350</b>	<b>66,324</b>
<b>Loan-to-value ratio</b>	<b>53.6%</b>	<b>60.2%</b>
<b>Share of secured debt</b>	<b>0.0%</b>	<b>0.0%</b>

Hemsö uses derivatives to adjust the company's currency and interest rate risk. During the first quarter, Hemsö redeemed all of its outstanding interest-rate derivatives given that the company, to an increasing extent, is applying fixed-rate periods directly in its loans.

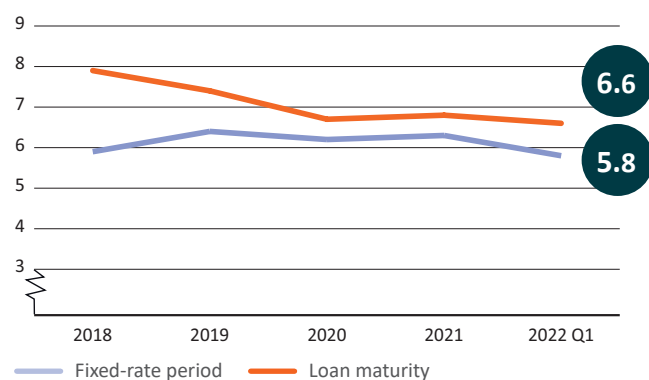
At period-end, the nominal value of the interest-rate derivatives was SEK 0 million (6,300). The nominal value of derivatives used to manage currency risk corresponded to SEK 4,246 million (1,672). Currency exposure amounted to 7.8 per cent (5.0) of equity.

At period-end, the average loan maturity was 6.6 years (6.9) and the average fixed-rate period was 5.8 years (6.6). The average interest rate was 0.9 per cent (1.2).



Hemsö is developing a new elementary and upper secondary school in Västerås

Loan maturity and fixed-rate period, years



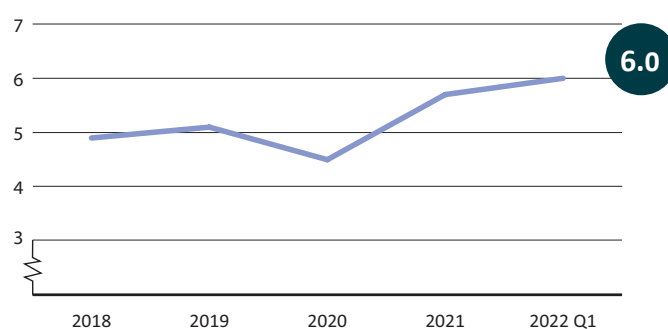
### Committed credit facilities and underwriting commitments, SEK million

	Q1 2022	Q1 2021
Banks	6,500	7,500
Third Swedish National Pension Fund	5,000	5,000
<b>Total committed credit facilities</b>	<b>11,500</b>	<b>12,500</b>
Current investments	–	390
Cash and cash equivalents	795	1,283
<b>Available liquidity</b>	<b>12,295</b>	<b>14,173</b>
Short-term borrowings	7,678	8,864
Debt-coverage ratio	160%	160%

### Currency exposure, SEK million

	Q1 2022	Q1 2021
Properties, EUR	26,755	22,330
Associated companies, EUR	1,151	614
Cash, EUR	276	245
<b>Assets, EUR</b>	<b>28,182</b>	<b>23,188</b>
Debt, EUR	21,571	20,381
Currency swaps, EUR	4,246	1,672
<b>Exposure, EUR</b>	<b>2,365</b>	<b>1,135</b>
Secured debt AUD, NOK, SEK, USD	4,615	1,825
Currency swaps AUD, NOK, SEK, USD	-4,615	-1,825
<b>Exposure AUD, NOK, SEK, USD</b>	<b>0</b>	<b>0</b>
Currency hedging	–	–
<b>Currency exposure</b>	<b>2,365</b>	<b>1,135</b>
Equity	30,337	21,079
<b>Currency exposure</b>	<b>7.8%</b>	<b>5.4%</b>

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



## Summary of financial policy

Financing risk	Policy	Outcome
Loan-to-value ratio	Max. 60%	53.6%
Loan maturity	At least 3 years	6.6 years
Debt-coverage ratio	At least 125%	160%
Share of secured debt	Max. 20%	0.0%
<b>Interest-rate risk</b>		
Interest-coverage ratio	At least 3.0 times (rolling 12-month period)	6.0 times
Fixed-rate period	Average fixed-rate period, 3–8 years	5.8 years
Fixed-rate maturity	Max. 40% within 12 months	31%
<b>Counterparty risk</b>		
Financial instruments	Bank with a minimum credit rating of A- (S&P)	Fulfilled
<b>Currency risk</b>		
Currency exposure	Max. 20% of equity	7.8%



Construction commenced on the new Växthuset sports facility in Lund



Hemsö acquired and took possession of the Kornellen residential care facility in Örebro

## Loan maturity and fixed-rate period

Year	Loans and committed credit facilities, SEK million	Loan maturity			Fixed-rate period	
		Loans, SEK million	Share, %		SEK million	Share, %
2022	1,151	1,151	3		12,879	29
2023	4,152	3,652	8		2,350	5
2024	13,481	3,481	8		1,049	2
2025	3,500	2,500	6		1,150	3
2026	6,499	6,499	15		5,699	13
2027	100	100	0		–	–
2028	5,234	5,234	12		5,134	12
2029	4,091	4,091	9		4,091	9
2030	2,172	2,172	5		2,172	5
>2030	10,221	10,221	23		9,852	22
<b>Total</b>	<b>50,600</b>	<b>39,100</b>	<b>88</b>		<b>44,375</b>	<b>100</b>
Commercial papers		5,275	12			
<b>Total</b>		<b>44,375</b>	<b>100</b>			

## Quarterly overview, Q1 2022

Amounts in SEK million	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
<b>Income statement</b>									
Rental income	983	946	917	894	857	838	824	811	797
Other income	6	7	5	6	6	7	5	5	6
Property costs	-279	-251	-200	-209	-236	-252	-203	-202	-210
<b>Net operating income</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>	<b>594</b>
Central administrative expenses	-39	-43	-41	-41	-31	-45	-39	-33	-42
Profit/loss from participations in associated companies	81	98	0	18	61	8	12	-8	-11
<b>Operating profit</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>	<b>541</b>
Financial items	-114	-114	-122	-125	-125	-157	-124	-105	-114
<b>Profit after financial items</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>	<b>427</b>
<i>- of which Profit from property management</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>	<i>445</i>
Value change, properties	1,734	2,679	2,404	1,915	589	1,809	299	223	110
Value change, financial instruments	-3	70	27	72	40	20	27	-49	-70
<b>Profit before tax</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>	<b>467</b>
Current tax	-40	10	-35	-44	-37	-3	-29	-49	-34
Deferred tax	-398	-618	-532	-439	-189	-421	-119	-79	-68
<b>Profit for the period</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>	<b>364</b>
Other comprehensive income	53	-3	20	-21	62	-145	0	-104	161
<b>Comprehensive income for the period</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>525</b>
<b>Balance sheet</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>Q1 2020</b>
Investment properties	79,987	75,737	73,516	69,619	65,528	62,240	59,658	57,533	57,300
Right-of-use assets	801	759	724	723	730	605	611	612	629
Participations in associated companies	1,363	1,271	1,168	1,160	771	698	719	706	745
Derivatives	309	161	33	-	-	-	-	-	-
Other assets	865	892	730	706	781	758	680	686	706
Cash and cash equivalents and short-term investments	795	687	533	519	1,673	891	1,249	1,173	994
<b>Total assets</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>60,375</b>
Equity	30,337	28,350	25,646	22,203	21,079	20,082	18,443	16,789	17,239
Deferred tax liabilities	6,519	6,082	5,467	4,923	4,497	4,270	3,875	3,763	3,706
Derivatives	-	-	-	32	95	231	293	287	287
Interest-bearing liabilities	44,375	42,498	43,067	43,097	41,626	38,652	38,431	38,136	37,307
Lease liabilities	801	759	724	723	730	605	611	612	629
Non-interest-bearing liabilities	2,089	1,819	1,800	1,748	1,457	1,353	1,264	1,124	1,206
<b>Total equity and liabilities</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>60,375</b>
<b>Key ratios</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>Q1 2020</b>
<b>Financial ratios</b>									
Loan-to-value ratio, %	53.6	54.3	57.0	60.1	60.2	60.0	61.6	63.5	62.6
Interest-coverage ratio, times <sup>1)</sup>	6.0	5.7	4.8	4.7	4.7	4.5	5.0	5.0	4.9
Operating cash flow, SEK million	532	536	533	517	379	421	445	453	377
<b>Property-related key ratios</b>									
Property yield, %	4.0	4.0	4.3	4.4	4.5	4.5	4.6	4.7	4.7
Total yield, % <sup>1)</sup>	16.9	15.8	14.8	11.7	9.0	8.5	6.8	7.3	8.3
Economic occupancy rate, %	97.9	97.9	98.0	97.9	98.0	97.9	97.9	98.1	98.1
NOI margin, %	71.8	73.7	78.3	76.7	72.6	70.1	75.5	75.3	73.9
No. of properties	458	441	426	421	408	392	381	383	376
Lettable area, tsqm	2,286	2,218	2,226	2,155	2,101	2,005	1,954	1,923	1,890

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

## Group – Condensed statement of comprehensive income

Amounts in SEK million	Jan-Mar 2022	Jan-Mar 2021	Apr 2021-Mar 2022	Jan-Dec 2021
Rental income	983	857	3,740	3,614
Other income	6	6	24	24
Operating costs	-206	-169	-633	-595
Maintenance costs	-48	-44	-230	-226
Other property costs	-24	-23	-76	-75
<b>Net operating income</b>	<b>711</b>	<b>627</b>	<b>2,826</b>	<b>2,742</b>
Central administrative expenses	-39	-31	-163	-156
Profit from participations in associated companies	81	61	197	177
- of which profit from property management	14	10	49	45
- of which changes in value	85	65	202	183
- of which tax	-17	-13	-54	-50
<b>Operating profit</b>	<b>754</b>	<b>657</b>	<b>2,860</b>	<b>2,764</b>
Financial items	-114	-125	-475	-486
<b>Profit after financial items</b>	<b>640</b>	<b>533</b>	<b>2,385</b>	<b>2,278</b>
- of which Profit from property management	<b>572</b>	<b>481</b>	<b>2,236</b>	<b>2,145</b>
Value change, investment properties	1,734	589	8,732	7,587
Value change, financial instruments	-3	40	167	209
<b>Profit before tax</b>	<b>2,371</b>	<b>1,162</b>	<b>11,284</b>	<b>10,075</b>
Current tax	-40	-37	-109	-107
Deferred tax	-398	-189	-1,988	-1,779
<b>Profit for the period</b>	<b>1,934</b>	<b>935</b>	<b>9,188</b>	<b>8,189</b>
<b>Profit for the period attributable to</b>				
Parent Company shareholders	1,814	925	8,843	7,953
Non-controlling interests	119	10	345	236
<b>Other comprehensive income</b>				
Profit for the period	1,934	935	9,188	8,189
Translation difference	53	62	50	58
<b>Comprehensive income for the period</b>	<b>1,987</b>	<b>997</b>	<b>9,238</b>	<b>8,247</b>
<b>Comprehensive income for the period attributable to</b>				
Parent Company shareholders	1,867	986	8,892	8,011
Non-controlling interests	120	11	345	236



## Group – Condensed statement of financial position

Amounts in SEK million	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>ASSETS</b>			
Investment properties	79,987	65,528	75,737
Right-of-use assets	801	730	759
Participations in associated companies	1,363	771	1,271
Derivatives	309	–	161
Receivables from associated companies	–	25	–
Other non-current assets	40	35	39
<b>Total non-current assets</b>	<b>82,500</b>	<b>67,089</b>	<b>77,967</b>
Current receivables	826	721	853
Current investments	–	390	–
Cash and cash equivalents	795	1,283	687
<b>Total current assets</b>	<b>1,621</b>	<b>2,394</b>	<b>1,541</b>
<b>TOTAL ASSETS</b>	<b>84,121</b>	<b>69,483</b>	<b>79,508</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>30,337</b>	<b>21,079</b>	<b>28,350</b>
Deferred tax liabilities	6,519	4,497	6,082
Non-current interest-bearing liabilities	36,697	32,764	34,898
Lease liabilities	801	730	759
Derivatives	–	95	–
<b>Total non-current liabilities</b>	<b>44,017</b>	<b>38,086</b>	<b>41,738</b>
Current interest-bearing liabilities	7,678	8,862	7,600
Other current liabilities	2,089	1,457	1,819
<b>Total current liabilities</b>	<b>9,767</b>	<b>10,319</b>	<b>9,419</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>84,121</b>	<b>69,483</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
Comprehensive income (1 Jan 2021-31 Mar 2021)	–	–	61	925	11	997
<b>Closing equity, 31 Mar 2021</b>	<b>1</b>	<b>7,535</b>	<b>209</b>	<b>12,715</b>	<b>619</b>	<b>21,079</b>
Opening equity, 1 Apr 2021	1	7,535	209	12,715	619	21,079
Dividends	–	-700	–	-205	–	-905
Shareholder contributions received	–	1,000	–	–	–	1,000
Contributions from minority interests	–	–	–	–	5	5
Minority acquisition	–	–	–	–	-4	-4
Minority divestment	–	–	–	–	-76	-76
Comprehensive income (1 Apr 2021-31 Dec 2021)	–	–	-3	7,028	225	7,251
<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
Comprehensive income (1 Jan 2022-31 Mar 2022)	–	–	53	1,814	120	1,987
<b>Closing equity, 31 Mar 2022</b>	<b>1</b>	<b>7,835</b>	<b>259</b>	<b>21,353</b>	<b>889</b>	<b>30,337</b>

## Group – Condensed statement of cash flows

Amounts in SEK million	Jan-Mar 2022	Jan-Mar 2021	Apr 2021-Mar 2022	Jan-Dec 2021
<b>Operating activities</b>				
Profit from property management	572	481	2,236	2,145
<i>Adjusted for non-cash items in profit from property management</i>				
Profit from property management participations in associated companies	-14	-10	-49	-45
Depreciation	4	3	16	15
<i>Adjusted for other non-cash items</i>				
Exchange differences, unrealised	0	-51	42	-9
Tax paid	-31	-95	-124	-189
<b>Cash flow before changes in working capital</b>	<b>532</b>	<b>328</b>	<b>2,121</b>	<b>1,917</b>
Increase (+)/decrease (-) in working capital	334	206	334	597
<b>Cash flow from operating activities</b>	<b>865</b>	<b>534</b>	<b>865</b>	<b>2,514</b>
<b>Investing activities</b>				
Acquisition of properties	-1,316	-1,522	-3,251	-3,456
Investments in construction, extension and re-development	-942	-762	-4,313	-4,133
Property divestments	–	7	1,871	1,878
Investments in financial assets	0	-26	-373	-400
Dividends from associated companies	–	–	17	17
Other non-current assets	-1	–	-5	-4
<b>Cash flow from investing activities</b>	<b>-2,259</b>	<b>-2,303</b>	<b>-6,055</b>	<b>-6,099</b>
<b>Financing activities</b>				
Interest-bearing loans raised	3,484	5,279	8,831	10,626
Repayment of interest-bearing liabilities	-1,957	-2,775	-6,522	-7,340
Financial instruments realised	-18	5	-43	-19
Shareholder contributions received	–	–	1,000	1,000
Contributions from non-controlling interests	0	–	5	5
Dividends paid	–	–	-905	-905
<b>Cash flow from financing activities</b>	<b>1,508</b>	<b>2,509</b>	<b>2,366</b>	<b>3,367</b>
<b>Cash flow for the period</b>	<b>115</b>	<b>740</b>	<b>-842</b>	<b>-218</b>
Opening cash and cash equivalents	687	891	1,673	891
Exchange-rate differences in cash and cash equivalents	-7	42	-35	14
<b>Cash and cash equivalents at period-end</b>	<b>795</b>	<b>1,673</b>	<b>795</b>	<b>687</b>
<b>Operating cash flow</b>	<b>532</b>	<b>379</b>	<b>2,096</b>	<b>1,944</b>

## Parent Company – Condensed income statement

Amounts in SEK million	Jan-Mar 2022	Jan-Mar 2021	Apr 2021-Mar 2022	Jan-Dec 2021
Net sales	29	23	113	106
Central administrative expenses	-53	-49	-206	-203
Other operating income	0	0	0	0
<b>Operating loss</b>	<b>-23</b>	<b>-27</b>	<b>-93</b>	<b>-96</b>
Financial items	-126	-166	219	179
Value change, financial instruments	74	83	158	166
Appropriations	–	0	361	361
<b>Profit/loss before tax</b>	<b>-75</b>	<b>-109</b>	<b>645</b>	<b>610</b>
Recognised tax	17	22	-45	-39
<b>Profit/loss for the period</b>	<b>-58</b>	<b>-87</b>	<b>600</b>	<b>570</b>
Other comprehensive income	–	–	–	–
<b>Comprehensive income for the period</b>	<b>-58</b>	<b>-87</b>	<b>600</b>	<b>570</b>

## Parent Company – Condensed balance sheet

Amounts in SEK million	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	3	1	2
Equipment	3	3	3
Shares and participations in Group companies	8,462	7,718	7,962
Deferred tax assets	–	41	19
Non-current receivables	34,975	32,221	33,862
<b>Total non-current assets</b>	<b>43,443</b>	<b>39,985</b>	<b>41,849</b>
<b>Current assets</b>			
Current receivables	7,157	1,371	6,901
Cash and cash equivalents	0	150	0
<b>Total current assets</b>	<b>7,157</b>	<b>1,910</b>	<b>6,901</b>
<b>TOTAL ASSETS</b>	<b>50,600</b>	<b>41,895</b>	<b>48,749</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	5,440	4,746	5,498
<b>Untaxed reserves</b>			
Tax allocation reserve	43	43	43
<b>Liabilities</b>			
Deferred tax liabilities	29	28	29
Interest-bearing liabilities	44,352	36,548	42,477
Non-interest-bearing liabilities	735	531	702
<b>Total liabilities</b>	<b>45,117</b>	<b>37,107</b>	<b>43,208</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>50,600</b>	<b>41,895</b>	<b>48,749</b>

## Other information

### Significant events after period-end

No significant events occurred after period-end.

### Employees

At period-end, Hemsö had 154 employees, of whom 71 were women and 83 men. Of these employees, 34 worked with asset and property management and 26 with development projects. Other employees work with administration, accounting, financing, IT, legal affairs, communication, management, HR and transactions. Of all employees, 130 are employed in Sweden, nine in Germany and 15 in Finland.

### 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 limited partnerships.

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 25 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

Stockholm, 28 April 2022

Nils Styf, CEO

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 yield

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>31 Mar 2022</b>	<b>31 Mar 2021</b>
Net operating income according to income statement	2,826	2,459
Adjusted for 12-month holding period	33	76
Adjusted for development properties	-149	-193
<b>Adjusted net operating income</b>	<b>2,709</b>	<b>2,343</b>
Market value of properties	79,987	65,528
Adjusted for development properties	-11,413	-13,135
<b>Adjusted market value of properties</b>	<b>68,574</b>	<b>52,393</b>
<b>Property yield</b>	<b>4.0%</b>	<b>4.5%</b>

<b>Total yield</b>	<b>Apr 2021-Mar 2022</b>	<b>Apr 2020-Mar 2021</b>
Net operating income	2,826	2,459
Value change, properties	8,732	2,920
<b>Total</b>	<b>11,559</b>	<b>5,379</b>
Opening market value of properties	65,528	57,300
Closing market value of properties	79,987	65,528
Adjustment of value change for the period	-8,732	-2,920
<b>Adjusted average property value</b>	<b>68,391</b>	<b>59,954</b>
<b>Total yield</b>	<b>16.9%</b>	<b>9.0%</b>

<b>Profit from property management</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
Profit after financial items	640	533
Reversal		
<i>Changes in value, associated companies</i>	-85	-65
<i>Tax, associated companies</i>	17	13
<b>Profit from property management</b>	<b>572</b>	<b>481</b>

<b>Interest-coverage ratio</b>	<b>Apr 2021-Mar 2022</b>	<b>Apr 2020-Mar 2021</b>
Operating profit	2,860	2,384
Net financial items	-475	-511
<b>Interest-coverage ratio</b>	<b>6.0 times</b>	<b>4.7 times</b>

<b>Operating cash flow</b>	<b>Jan-Mar 2022</b>	<b>Jan-Mar 2021</b>
Profit from property management	572	481
Tax paid	-31	-95
Reversal		
<i>Loss from property management participations in associated companies</i>	-14	-10
<i>Depreciation</i>	4	3
<b>Operating cash flow</b>	<b>532</b>	<b>379</b>

<b>Loan-to-value ratio</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
Interest-bearing debt	44,375	41,626
Cash and cash equivalents	-795	-1,283
Current investments	–	-390
<b>Net debt</b>	<b>43,580</b>	<b>39,953</b>
Market value of properties	79,987	65,528
Investments in associated companies	1,363	796
<b>Total</b>	<b>81,350</b>	<b>66,324</b>
<b>Loan-to-value ratio</b>	<b>53.6%</b>	<b>60.2%</b>

<b>Debt-coverage ratio</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
Cash and cash equivalents	795	1,283
Current investments	–	390
Undrawn committed credit facilities	11,500	12,500
Available liquidity	12,295	14,173
Short-term borrowings	7,678	8,862
<b>Debt-coverage ratio</b>	<b>160%</b>	<b>160%</b>

<b>Share of secured debt</b>	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
Secured debt outstanding	–	–
Market value of properties	79,987	65,528
<b>Share of secured debt</b>	<b>0.0%</b>	<b>0.0%</b>

<b>NOI margin</b>	<b>Jan-Mar 2022</b>	<b>Jan-Mar 2021</b>
Rental income	983	857
Other property income	6	6
<b>Total property income</b>	<b>989</b>	<b>863</b>
Net operating income	711	627
<b>NOI margin</b>	<b>71.8%</b>	<b>72.6%</b>

**Questions and more information**

For more information, please contact:

CEO, Nils Styf, phone: +46 (0)8 501 170 01, e-mail: nils.styf@hemso.se

CFO and Deputy CEO, Rutger Källén, phone: +46 (0)8 501 170 35, e-mail: rutger.kallen@hemso.se

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

**Financial calendar**

Half-year report Jan-Jun 2022      14 Jul 2022

Interim report Jan-Sep 2022      21 Oct 2022



Accessible  
Reliable  
Progressive