

HEMSÖ

2021

Annual Report



**We strengthen the
backbone of society**

Nursing homes | Education | Health care | Justice system

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

Annual Report and Sustainability Report 2021

The statutory Annual Report, including the Directors' Report, for Hemsö Fastighets AB (publ), Corp. Reg. No. 556779-8169 has been audited and comprises pp. 59–114. The Directors' Report comprises pp. 59–76. Hemsö has also prepared a separate Sustainability Report using the GRI Standards, which also comprises Hemsö's statutory Sustainability Report pursuant to the Swedish Annual Accounts Act.

Hemsö

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



Nursing homes



Education



Health care



Justice system

Tenants are state, municipal, regional and private operators with taxpayer-funded operations. Hemsö's principal owner is the Third Swedish National Pension Fund (AP3).

Vision

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

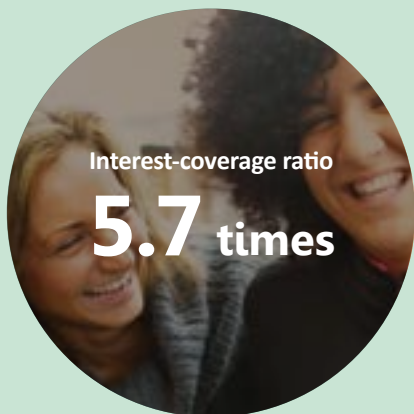
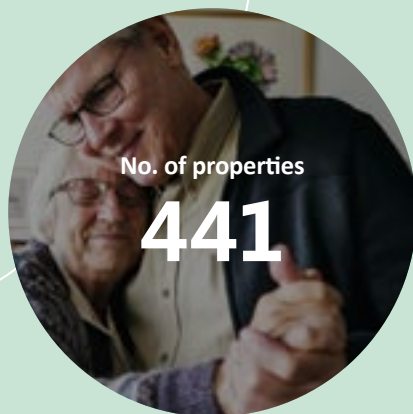
Mission

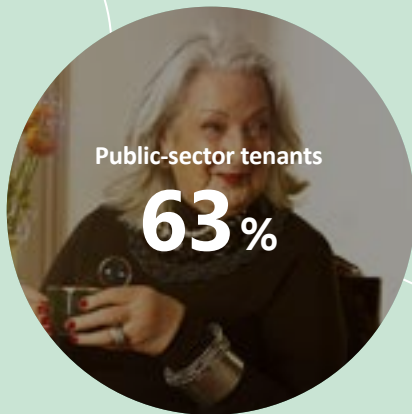
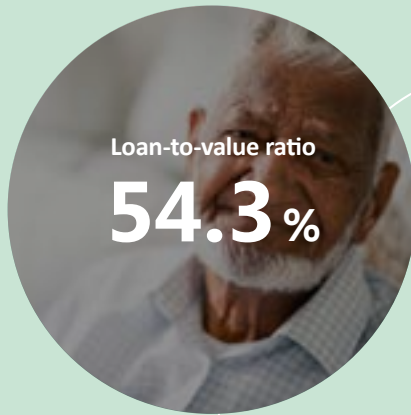
Hemsö shall make its employees and customers proud.

Business concept

To sustainably own, manage and develop public properties.

Hemsö in figures







Significant events in 2021



- Hemsö issued a seven-year EUR 500 million bond. The coupon rate was set at zero per cent, with an effective annual interest rate of 0.12 per cent.
- A 20-year rental agreement

New nursing home in Germany

was signed with Victor's Group for the development of a new nursing home in Kleinmachnow outside Berlin.

- Hemsö acquired all buildings and ongoing development projects in the Paavola Campus area. The City of Lahti signed a 20-year rental agreement for all areas.
- Fitch upgraded Hemsö's credit rating to A+ with a stable outlook.

Acquisition of campus in central Uppsala

- Hemsö acquired the Kronåsen Campus in central Uppsala for conversion into an upper-secondary school. The investment amounted to approximately SEK 1 billion and a ten-year rental agreement was signed with Uppsala Municipality.
- Hemsö's shareholders decided to make an additional equity injection of SEK 1 billion. The capital was injected in the third quarter.
- A new municipal preschool and elementary school for 900 students as well as a sports centre will be developed in Ektorp in Nacka. The investment amount was approximately SEK 400 million and a 25-year rental agreement was signed with Nacka Municipality.

- The plans for Barkarby Hospital entered a new phase when Hemsö acquired land with development rights for 42,000 sqm from Järfälla Municipality.
- In September, S&P affirmed Hemsö's credit rating of A- with a stable outlook, the same credit rating from S&P that Hemsö has had since 2015. Hemsö is now rated according to the criteria for traditional real estate companies.

Hemtag formed together with Tagebad

- Hemsö and Tagebad formed Hemtag Fastigheter AB, a 50/50-owned joint venture, to develop, own and manage municipal aquatics and pool centres.

- Hemsö signed a SEK 1 billion loan agreement with the European Investment Bank (EIB). The capital will be used to build more energy-efficient public properties in Sweden and Finland.

Acquisition of Tensta upper-secondary school

- Hemsö signed an agreement to acquire the Lilla Tensta 1 property, comprising the Tensta upper-secondary school and Tensta Träff buildings, from Skolfastigheter i Stockholm AB (SISAB).
- Sweden Green Building Council (SGBC) named Hemsö winner of the Noll-CO₂ Project of the Year for the Sköndalsvillan nursing home and short-term residential facility in Tyresö, and BREEAM-In-Use Building of the Year for the Torp medical centre in Lerum.



CEO statement

An eventful year with highs and lows



The joy and relief that came as the pandemic began to fade was quickly replaced by dismay and horror when Russia invaded Ukraine. The war is a fact, and we do not know how it will end. What we do know, however, is that war causes great human suffering and at the time of writing, millions of people have fled their homes in Ukraine.

Hemsö offers vacant premises to municipalities in the countries where Hemsö operates, and to the Swedish Migration Agency for people who need protection from the horrors of war. We also collaborate with Zossen Municipality outside Berlin, an important tenant where we have recently built a school. Here we are renovating a vacant school building so that it can be used to house refugees. We are also proud to support the UN Refugee Agency (UNHCR). Hemsö's support is aligned with the UN Global Compact, which Hemsö signed in 2021. However, the core values of the Ten Principles – human rights, labour, environment and anti-corruption – have long been incorporated into the company's strategies, policies and procedures.

COVID-19

As I look back over the past year, however, there were many bright moments. I would like to praise my colleagues who never lost hope or the courage to work hard for what they believe in. I would like to commend all of the people who created a normality despite the upheaval of the pandemic. And that applies to most of our tenants who conduct operations in health care, social care and education. Despite heavy workloads and difficult conditions, you created a sense of security and care for the most vulnerable people

in our society. We must not forget that now that the restrictions have ended and we are adjusting, somewhat dazed, to the new normal.

While our tenants were not financially impacted by the pandemic, the rampant community transmission of the virus caused widespread illness among employees. Nursing home employees also experienced logistical and emotional challenges. While working to reduce the transmission in buildings, they were also taking care of seriously ill residents. They also dealt with the intense grief that disease and death brought for loved ones. In countries where schools remained open, school staff were hard hit by illness and quarantine periods. At the same time, the vast majority of students continued to attend school and after-school activities. Hemsö focused on support and solutions to reduce transmission and also offered temporary hospital beds.

Hemsö performed well in the second year of the pandemic and delivered the strongest year ever. I am both happy and humbled by these results. In light of the hardships caused by the pandemic, it feels fantastic. Despite the stress that the pandemic caused for Hemsö's employees, they continued to contribute to the development of Hemsö's operations and helped to create new, sustainable school places and nursing home beds.

Climate focus

Our business concept is to sustainably own, manage and develop public properties. We want to be a sustainability leader in our segment. The community needs more new public properties with indoor and outdoor environments that create conditions for sustainable social development.

At the same time, our industry has a significant effect on the planet due to the resources we use for new development and redevelopments. Reducing the property sector's emissions is a major challenge. Radical changes are needed to achieve internal and national targets. By making demands on sustainable solutions, increasing the focus on innovation in our own projects and choosing the right partners, Hemsö can be an industry leader in emissions reduction.

During the year, we intensified our focus on emissions from construction and gained even more insight into how we can reduce them. Climate change remains a top priority for Hemsö.

Renting and owning public properties – not either/or

There is still a major need for new public properties in the markets where Hemsö operates. The populations of Finland and Sweden are growing, while the population structure in Germany is undergoing a demographic shift.

Hemsö collaborates with many municipalities and regions in all of these three countries. During the year, collaboration agreements were signed with Kungälv, Uddevalla, Trelleborg and Bjuv Municipalities in Sweden, and with Lahti Municipality in Finland.

The reason why Hemsö exists and is growing is because, in collaboration with the public sector, we are helping to identify sustainable solutions for a future where more children will need new schools and more elderly people will need homes adapted to their needs.

We are experts at managing, developing and owning public properties. We do it all the time, and that's why we are so good at it. There is one more aspect that contributes to Hemsö's success and that is our ambition to contribute to positive social development.

I would dare to say that most municipalities would benefit from not actually owning all of their public properties. I know for a fact that involving a player like Hemsö in their property strategy creates added value.

Private companies are not always the solution for everyone, but I urge municipalities to consider such collaboration carefully before choosing the way forward. They should also determine the private player that is best suited to the task, not all private property players are the same. Choose a stable and financially strong party with the most experience in terms of breadth and depth. By working together, we can meet the need for social infrastructure where it is needed most.

Physical activity and social interaction

The public sector also needs many new sports, aquatics and swimming centres. Over the past two years, Hemsö has commenced the construction of ten new sports centres and is planning an additional ten start-ups in the very near future. Like schools and nursing homes, these are major investments. The investment required for a swimming centre is an estimated SEK 40–60 billion in the upcoming period.

Everyone benefits from exercise, no matter what age they are. Wellness and health are important, as well as the social aspect of participating in a sport. In addition to a good school and education, a football club or dance studio could play a vital role in making the right choices in life. That applies to both children and adults.

Aquatic and swimming centres are a municipal activity and a social and democratic meeting place where everyone is welcome, regardless of age, gender or background. The Swedish National Agency for Educa-

tion has made swimming a mandatory part of the school curriculum. Municipalities need to meet the need for school swimming lessons and to ensure that the target for swimming skills is achieved.

In autumn 2021, Hemsö and Tagebad formed the joint venture Hemtag. Hemtag's aquatic and swimming centres are being developed with Tagebad's expert knowledge and experience in aquatic centres combined with Hemsö's long-term approach, implementing power and financial strength. The joint venture offers municipalities and regions an opportunity to rent aquatic centres instead of owning them.

A stable partner

Hemsö is growing at a steady rate through both acquisitions and new development in Sweden, Finland and Germany. We have made several acquisitions in all of these countries. We have also commenced the construction of another new nursing home in Kleinmachnow outside Berlin. This is Hemsö's second nursing home development in Germany.

In March, Fitch upgraded Hemsö's credit rating to A+ with a stable outlook, and affirmed Hemsö's short-term credit quality of F1+. This was a gratifying announcement and a good rating that reflects Hemsö's strong credit profile, especially in light of the pandemic. Standard & Poor's also affirmed Hemsö's credit rating of A- with a stable outlook, the same credit rating we have had since 2015.

In January, we issued a seven-year EUR 500 million bond with interest expense of 0.12 per cent that was oversubscribed 3.6 times. That is the lowest interest rate for a seven-year bond ever issued in the European bond market by a European property company.

We can be found where we're needed

During the year, Hemsö grew in the municipalities where we already have properties. We also increased our presence in socially vulnerable areas. Our new elementary school in Tjärna Ängar in Borlänge was inaugurated during the autumn. I was there, and

celebrated together with proud and happy students and teachers. We are already active in Rosengård in Malmö, and Vivalla in Örebro.

We are not afraid to take on new challenges and to make a difference where it's really needed. In early 2022, I took part in a roundtable discussion in Tensta, a particularly vulnerable part of Stockholm where Hemsö has acquired Tensta upper-secondary school and Tensta Träff.

The conversations that took place that evening were very rewarding. Local associations and Tensta residents expressed their anger and frustration over all the closed doors, closed schools and lack of investment in the area. The entrance of private operators into the community was also met with scepticism, a fear that even more would be taken away from them. At the same time, there was a huge amount of positive energy, many initiatives and ideas for how Tensta could be developed to help children, young people and adults.

Here at Hemsö, we are doing what we can to create conditions for a school campus and to re-open Tensta upper-secondary school and Tensta Träff. Collaboration between all social stakeholders is required and Hemsö is helping to achieve that.

School is the place for faith in the future

Hemsö is already active in socially vulnerable areas across Sweden. Investment in more good schools is particularly important. It should be given more priority than it has to date. By investing in good schools that are designed for learning, creativity, security and physical activity, we can help more children and young people choose the right path.

This is an investment that pays off in the short and the long term – for the individual, and from a socio-economic perspective. Hemsö is making a contribution and investing where we can. My aim, and my desire, is that we will increase our presence in more areas where change is needed.

Nils Styf,
CEO



Strategy and value creation

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

Demand for public properties is projected to rise sharply in the coming 20-year period due to strong population growth and a demographic shift. The 80+ age group, in particular, will grow sharply. This will create a major need for new nursing homes and schools. At the same time, the public sector is facing a need for the renewal and modernisation of its existing property portfolio. To help municipalities and regions with these challenges, Hemsö has also – in addition to being a long-term property manager – built up extensive development project capacity. This means that we can be a professional partner to the public sector throughout the entire life cycle and help with planning, development and property management of new sustainable public properties.

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

funded. 94 per cent of Hemsö's rental income is directly or indirectly derived from public funds, ensuring a reliable and predictable cash flow.

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



Purpose-built



Taxpayer-funded



Public services

Hemsö's business model

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

- rising demand driven by demographic changes
- financially stable tenants
- long-term rental agreements
- low vacancies
- low sensitivity to economic fluctuations

Hemsö's markets

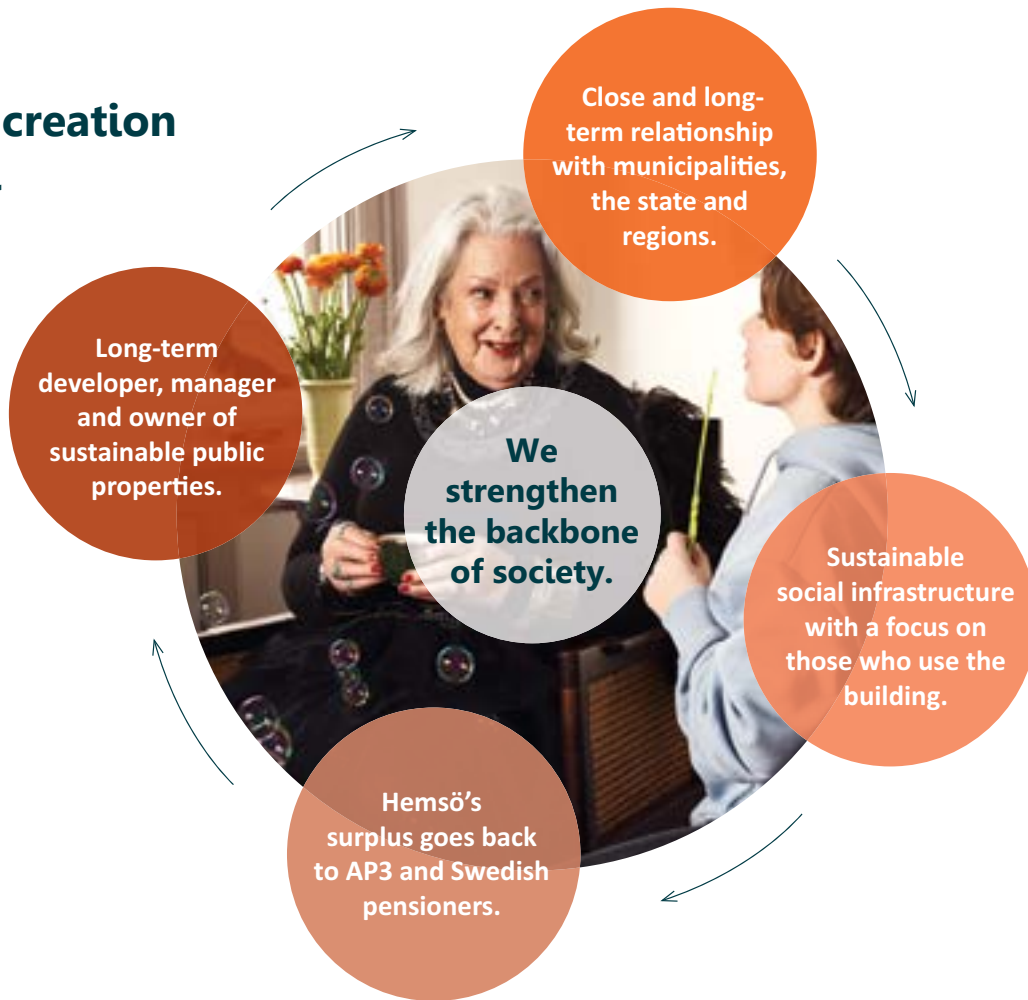
Market	Sweden	Germany	Finland
Credit rating, S&P	AAA	AAA	AA+
Public sector share of GDP	53%	51%	57%
GDP growth 2021	4.9%	2.7%	3.5%
Hemsö's market value, share	67%	17%	16%

Population	Sweden	Germany	Finland
Population 2021	10,450,000	83,220,000	5,550,000
Population 75+	1,050,000	9,400,000	550,000
Projected population growth, 2040	11%	-2%	0%
Projected population growth for 75+, 2040	42%	38%	57%

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



Value-creation model



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

Financial capital

- Equity: SEK 28,350 million
- Borrowed capital: SEK 42,498 million
- Profit from property management: SEK 2,145 million
- Shareholder dividends: SEK 905 million

Employees

- Employees: 153
- Engagement Index: 88/100
- 89 per cent of employees are satisfied with their competence development
- Employee attendance: 99.4%

Owners

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

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

- Customer Satisfaction Index: 73/100 Sweden
- Customer Satisfaction Index: 3.81/5 in Finland
- Rental duration: 9.6 years

Properties

- Properties: 441
- Market value of properties: SEK 75,737 million
- Investments: SEK 7,590 million in new development, acquisitions and existing properties

Sustainable social infrastructure with a focus on those who use the building

Completed beds and area since Hemsö was founded

- Lettable area: 2,218 tsqm for social infrastructure
- Nursing home beds: 1,430
- School places: 11,600
- College/university places: 7,000

Environment

- Environmentally certified buildings: 70
- CO₂ emissions* Sweden: 4.0 kg CO₂e/m²
- CO₂ emissions* Finland: 21.1 kg CO₂e/m²
- Energy Sweden: 113 kWh/m²
- Energy Finland: 226 kWh/m²

* Scope 1 and 2

Targets and strategies to support the achievement of the SDGs



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



Goal 3 – Good health and well-being

Hemsö strives for the buildings to contribute to a safe and healthy indoor environment, for example through environmental certification, stringent building material requirements, environmental inventories of older buildings, and development and innovation projects to promote healthy indoor and outdoor environments.



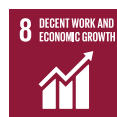
Goal 4 – Quality education

Hemsö works to create and manage sustainable, inclusive and safe learning environments through, for example, the Hemsö Apple concept. In the Skolgårdslyftet project, we are intensifying our focus on the outdoor environment of our schools.



Goal 7 – Affordable and clean energy

We work systematically to reduce our energy use in buildings and place high demands on energy efficiency in new buildings. Extensive investments in photovoltaic systems and geothermal energy are further examples of how we are supporting the achievement of this goal.



Goal 8 – Decent work and economic growth

Hemsö's activities create social value through the public properties we build and manage. We generate returns for Sweden's national pension system and are a long-term and stable employer with satisfied and healthy employees. We are responsible and take a long-term approach to our business, and our relationships with tenants and suppliers.



Goal 11 – Sustainable cities and communities

We are working every day to create environmentally sustainable public properties with a focus on social, local and human needs. In our own operations and in collaboration with our tenants, municipalities, suppliers and our industry network, we run development and innovation projects with a focus on both health and the environment.



Goal 12 – Responsible consumption and production

Property construction and operation is resource-intensive, and we are working actively to minimise our use of resources with measures ranging from resource-efficient buildings with floor space optimisation to transitioning to renewable energy and climate-change adaptation in new buildings.



Goal 13 – Climate action

Hemsö has adopted a climate strategy and is working actively to reduce our emissions in both construction and property management with measures ranging from choice of energy sources and building materials to participating in pilot projects in initiatives linked to climate-change adaptation in buildings, such as NollCO₂, Roadmap 2045 and Local Roadmap for a carbon-neutral Building & Construction Industry in Malmö 2030 (LFM30).



Hemsö's four property frameworks

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

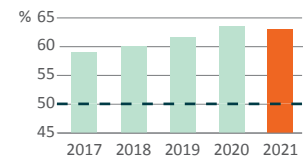


Public-sector tenants

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

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

Outcome:

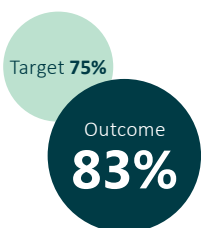
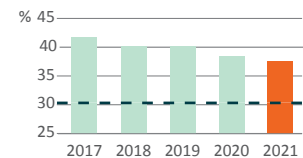


Nursing homes

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

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

Outcome:

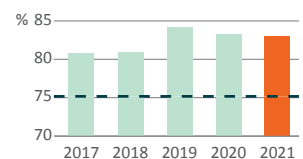


Metropolitan areas and large cities

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

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

Outcome:

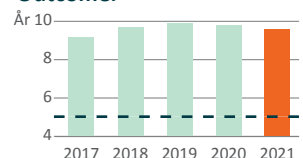


Rental duration

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

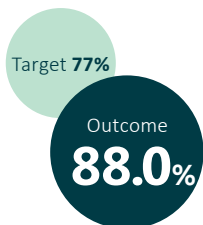
development normally have a duration of 15–25 years, with annual rent adjustments to reflect increases in the consumer price index.

Outcome:



Hemsö's targets

Target for sustainable business



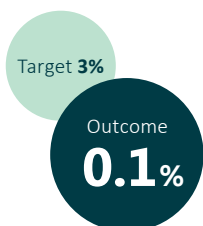
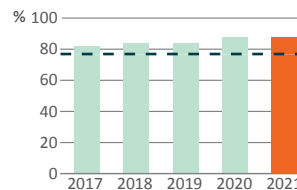
Engagement Index (EI).

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

also received high scores during the year.

Outcome: 88 per cent, which means that the target for 2021 was achieved.

Outcome:

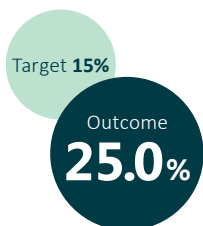
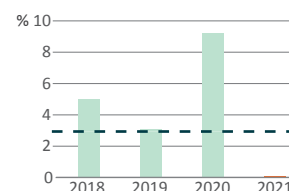


Energy use

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

Outcome: In 2021, energy savings in the comparable portfolio in Sweden were 0.1 per cent.

Outcome:

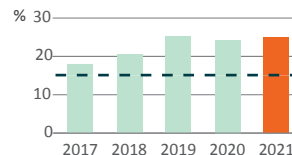


Return on equity

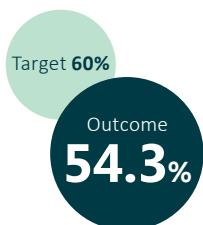
Target: Average return on equity shall amount to 15 per cent over a five-year period.

Outcome: At the end of 2021, the average return on equity over a five-year period was 25 per cent.

Outcome:



Financial policy



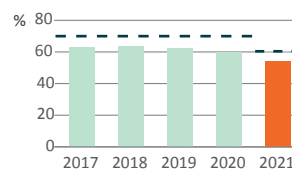
Loan-to-value ratio

Target: A maximum loan-to-value ratio of 60 per cent.

Outcome: In 2021, Hemsö's loan-to-value ratio declined to 54.3 per cent (60.0) due to share-

holder contributions, positive income from property management and rising property values.

Outcome:

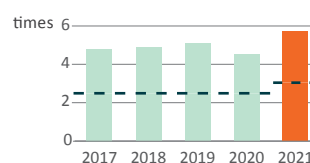


Interest-coverage ratio

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

Outcome: In 2021, the interest-coverage ratio was 5.7 times.

Outcome:



Hemsö is strengthening the backbone of society – in partnership with the public sector

Hemsö's business concept is to sustainably own, manage and develop public properties for nursing homes, education, health care and the justice system – the properties that form the backbone of our society.

We develop, own and manage public properties in Sweden, Finland and Germany, with a goal to ensure the long-term sustainability of the buildings and that they offer a healthy environment for the people who use them. For us at Hemsö, that means everything from financial sustainability and eco-friendly building materials to reduce our emissions, to including the social aspect in the design of both indoor and outdoor environments. Our profits are mainly returned to Sweden's pensioners through our largest owner, the Third Swedish National Pension Fund.

Our vision is to strengthen the backbone of society. In partnership with the public sector, we are helping to solve the major need for schools, nursing homes and other public properties. With our expertise and experience, we are helping each other to think in new ways. This means that the building as a workplace, and the activities that take place there, have the best conditions now as well as in the years ahead.

Long-term and close collaboration

Hemsö is a long-term owner of public properties and when we establish us in a municipality or region, we intend to stay. We are a professional partner for all stages of the life cycle, from planning and development to long-term management of the building.

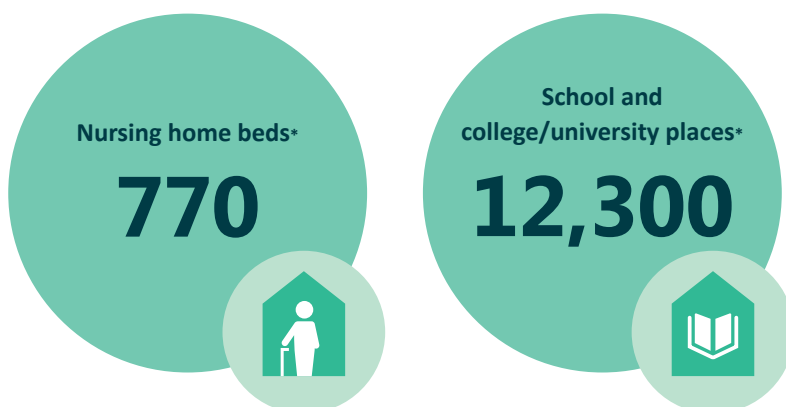
In 2021, we initiated development projects that will add 770 new nursing home beds and 12,300 new school places in the markets where we operate. We have excellent knowledge of the activities that are conducted on our premises, and we design and manage our buildings with a focus on the people who use them.

Development is a natural part of a long-term partnership. We find solutions in close dialogue and collaboration with our tenants. We manage demographic shifts and other new situations by adapting our existing premises to meet changing operational needs. This allows us to meet tenant needs today, and to develop buildings and properties over time.

Many municipalities are choosing to partner with Hemsö

The property strategy of a municipality can range from owning everything themselves, to only renting, or to have a mix of both systems for their public properties.

There is several reasons why municipalities are choosing to involve a player like Hemsö in their strategy. Unlike municipalities or regions, public properties are our core business and we incorporate the lessons we have learnt in new projects, which saves both time and costs in all processes – from procurement to development and management. Our efficient development and manage-



*Number of places/beds added by development projects initiated in 2021.



ment process combined with an innovative approach enables us to create purpose-built buildings at the right rental cost.

Our experience makes it possible to design efficient buildings with a lower total rent. We often have lower operating and maintenance costs than municipalities. Our specialised asset and property management organisation combined with our size enables strategic purchasing, economies of scale and access to our expertise as a property partner. Renting from us also frees up capital for municipalities – money that can be used to provide health care, social care and education.

Development with a sustainability focus

Hemsö has high ambitions when it comes to property technology and several new projects were launched in 2021. Real estate digitisation touches all levels – from infrastructure for optimised operation and maintenance to new solutions for adding user and business value, such as sensors, digital interfaces and digital aids. These solutions free up time and increase productivity for the activities taking place in the properties and reduce costs and emissions by, for example, lowering energy use.

In 2021, as part of our “Den smarta fastigheten” (Smart Property) area, we initiated a basic process with a focus on planning and starting up key infrastructure in the form of fibre networks, property IT, data-driven property management and real estate automation. The aim is to create basic conditions for infrastructure, data, services and user benefits. All of these initiatives are designed to reduce emissions, improve the indoor climate, enable more efficient management and provide a platform for welfare technology to support and enhance the activities carried out in our buildings. Read more under Property Management.

Hemsö also participates in various collaborations and research projects. Together with other property companies and the Swedish University of Agricultural Sciences (SLU) in Alnarp, we are participating in a project with Vinnova that focuses on green outdoor environments and their significance for the workplace environment. The aim is to develop a tool for assessing and developing high-quality outdoor environments, based on a model for rest and recovery in the workplace. The goal is to enhance the well-being and performance of students and employers.

The Skolgårdslyftet project

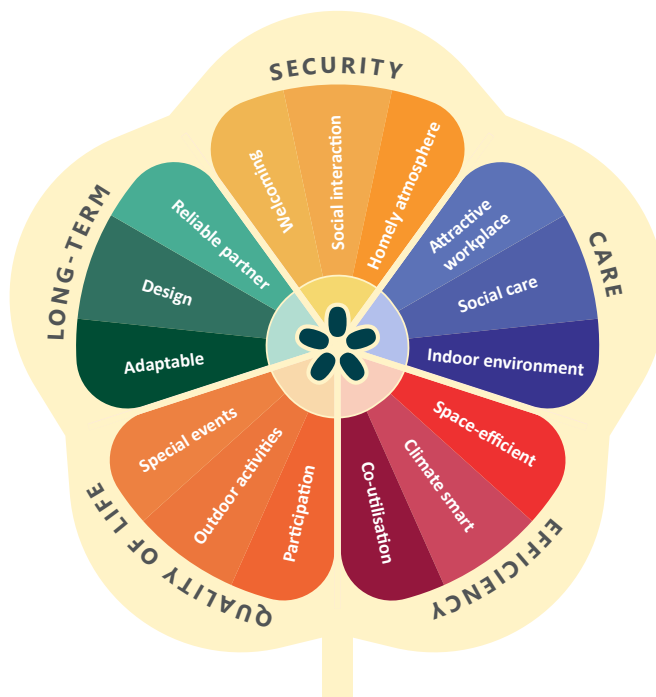
Hemsö has been running the ‘Skolgårdslyftet’ project for several years, aimed at raising the quality of our school playgrounds. Our goal is to make an inventory of all school playgrounds in the Swedish portfolio by 2022, in order to upgrade them according to needs. School playgrounds are not only a place for recess and play, they also play a vital role in learning for children and young people. Research findings from the Swedish University of Agricultural Sciences (SLU) in Alnarp show how the planning of outdoor environments is important for how children play and interact with nature. School playgrounds with both greenery and areas for play and social interaction promote learning and reduce stress. The outdoor environment should therefore be stimulating, but also a place for peace, quiet and reflection. In 2021, four school playgrounds were completed.

The Hemsö Flower

At Hemsö, we know that the creation of sustainable and attractive nursing homes involves many factors. A safe and welcoming home, a workplace to be proud of, a place to share all of life's memories and moments with loved ones. To simplify a holistic approach in our work with nursing homes, we have developed the Hemsö Flower.

The Hemsö Flower combines our own property expertise with the business knowledge of our tenants and research linked to the elderly and care premises. The flower's petals describe key dimensions for a nursing home, such as caring about employees or how we create more community engagement. In close collaboration with the operation, we want to enable each nursing home to do their best based on their own conditions and priorities.

The Hemsö Flower serves as support and inspiration from early dialogues in the new development stage to the continued development of existing nursing homes. The tool is continuously developed by systematically feeding back knowledge and experience.

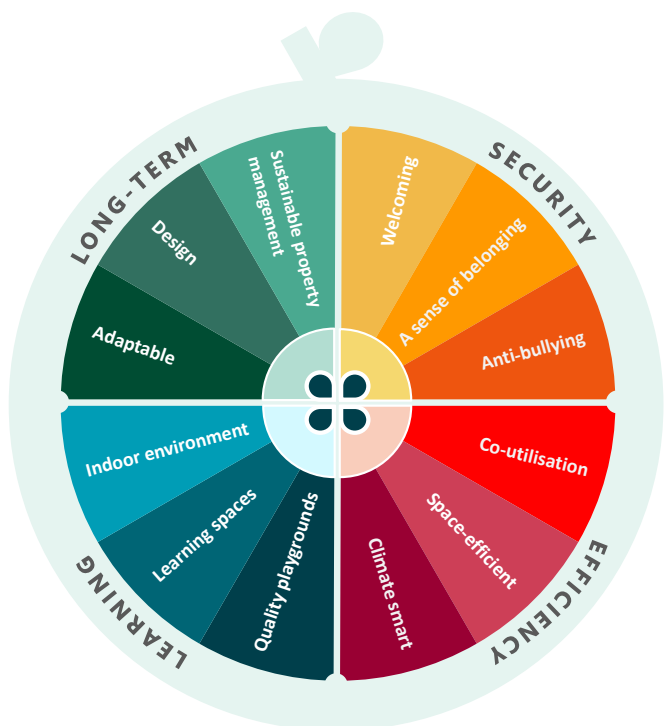


The Hemsö Apple

Just like our nursing homes, we do not believe there is a one-size-fits-all solution. We work closely with the staff and students of each school to best meet their specific needs, opportunities and challenges. The Hemsö Apple contains our combined property expertise, the operational knowledge of the schools and research into learning environments.

The Hemsö Apple is a tool that gives us and our tenants a holistic view and the right conditions for creating sustainable and high-quality schools together. In autumn 2021, we evaluated four of the schools that we manage together with their students, staff and principals. The ideas and insights we capture will be incorporated into the maintenance of each school. This is also building the knowledge bank we are gathering in each segment of the Hemsö Apple.

The Hemsö Apple is continuously updated as experience from various schools is documented.



Hemsö as partner

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

7

reasons why municipalities choose Hemsö

✓ Specialised knowledge

With more than a decade of experience in public properties, we have good knowledge of the activities conducted on our premises and their specific requirements.

✓ A stable and long-term partner

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

✓ Long-term property management

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

✓ Access to capital

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

✓ Availability and fast decision-making

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

✓ Hemsö's surplus is mainly returned to Swedish pensioners

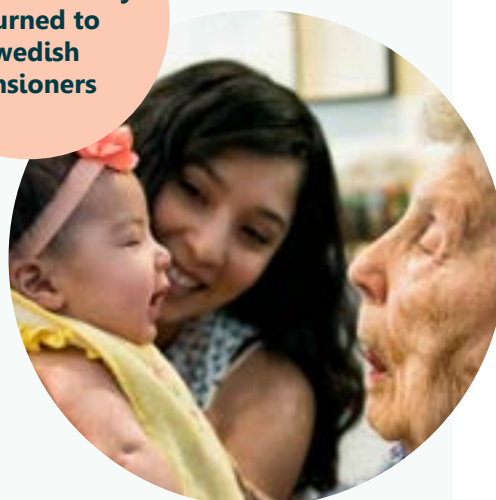
Hemsö is 85-per cent owned by the Third Swedish National Pension Fund.

✓ Ability to compare

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



Hemsö's surplus is mainly returned to Swedish pensioners





Berit Christenson, Head of Southern Region and David Andersson, technical manager Southern Region.



Employees

Everyone who works at Hemsö is a passionate expert – our goal is to make the world a little bit better every day. We want our colleagues, tenants and investors to be proud of what we do both today and tomorrow. That is the key to an infinitely sustainable workplace and company.

We believe in you

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

The employee survey conducted in 2021 showed that all index scores have increased and, according to the Employee Net Promoter Score

(eNPS), the percentage of ambassadors has continued to rise. The employee engagement score also rose and was above the high-performance benchmark, which is a comparison with the absolute top companies.

How Hemsö worked during the pandemic

2021 was also impacted by COVID-19. Virtual discussions, meetings and workshops have now become second nature. We have paid close attention to our employees and followed up their mental and physical well-being, their home workspace and how contact with their colleagues and manager has worked. Frequent pulse surveys, health activities and online training courses were introduced.

During the autumn, restrictions were lifted in the countries where Hemsö operates and employees have gradually returned to the office. HR has continuously monitored the occupancy rate in our offices, as well as the needs and ability of employees to make a positive and sound transition back to the office. New guidelines for flexible working were also introduced during the summer. These authorise each manager to set the frameworks for remote working.

Employee development

It's no coincidence that our employees choose to stay for a long time. The company offers many opportunities for employees to develop. All employees are able to influence their own role as well as the business. That lays the founda-



Beate Pfahler,
Asset and Property
Management Assistant, Berlin.



Jennifer Jennerhed, Project Developer, Stockholm.

tion for motivated and committed employees. As a basis for professional development, all employees have an individual development plan that is established together at their annual performance review. We offer continuous competence development through training and by giving employees more responsibility and more advanced tasks. We always try to recruit internally first. Hemsö's employees have high levels of competency and are willing to learn new skills.

We also help each other to develop. Many employees have unique cutting-edge knowledge and experience, and Samhällsskolan (the Social School) was established in 2017 to disseminate that knowledge. This form of knowledge transfer has been highly appreciated. Every year, we measure employees' perception of their competence development. In the latest employee survey, 89 per cent responded positively and 9 per cent neutrally to the question 'Are you able to develop in your role?'

Universum named Hemsö 'Career Company of the Year' for the fifth

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

Leadership and company culture with a common set of values

Leadership is important to us. Strong leaders who can motivate, develop and support their colleagues is our leadership philosophy. Management days with a focus on leadership are held every year. This event was also held virtually in 2021, and focused on remote leadership and leadership during change. When recruiting new managers, our leadership competencies guide the selection of candidates. Our core values are integral to everything we do at Hemsö. The Hemsö School plays a key role in building a common set of values. In this school, new employees complete practical and theoretical exercises in order to understand and embrace Hemsö's value words – accessible, reliable and progressive.

Hemsö's core values

Accessible

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

Reliable

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

Progressive

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

Hemsödagarna (Hemsö Days) – an internal company conference for all employees – is also held every year. Due to COVID-19, we decided to gather in smaller groups instead of holding a conference for the whole company.

Code of Conduct

Hemsö's Code of Conduct describes how our values, visions and obligations guide our everyday actions, and also provide guidance for other stakeholders. Our aim is that all new employees will undergo training in Hemsö's Code of Conduct. We have a whistleblowing system at hemso.se that guarantees complete anonymity for all reporters. The function makes it easier for internal and external stakeholders to submit anonymous reports of suspected unethical conduct or irregularities in the company's operations.

To reduce the risk of corruption, there are procurement procedures and signature authority rules in place. Any cases of non-compliance are handled according to a special procedure and reported to the Board. In 2021, no incidents of corruption or legal violations were reported in connection with our operations.

Hemsö is growing fast

Despite COVID-19, Hemsö has recruited many new employees. We welcomed 28 new people during the year. Hemsö a strong employer brand and our advertised positions attract many qualified applicants.

To attract young talent, we meet students every year at labour market events, or at meetings where students are invited to Hemsö's head office. The company also offers summer jobs, internships and support to several students for their degree projects in urban planning and property management. In 2021, we employed our seventh trainee. We offer all employees a permanent position with attractive employee benefits.

Health and work-life balance

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

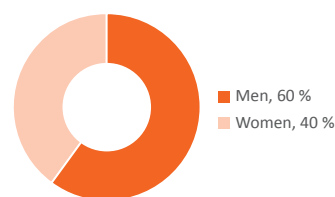
In 2021, Hemsö's employee attendance rate was 99.4 per cent and there were zero work-related accidents or fatalities.

Diversity and inclusion

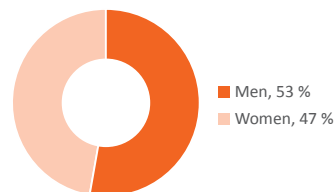
We aim to employ people with diverse backgrounds and experiences. This helps to broaden the company's knowledge base and create a more dynamic work environment. Variation in terms of gender, age and background is important for Hemsö's development and competitiveness. We have an even gender balance across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

Hemsö has a zero tolerance approach to harassment and takes clear preventive measures. We measure and monitor these issues regularly in, for example, the employee survey. We also work actively to achieve equality in the workplace, in terms of both gender balance and equal pay for equal work. We have an even gender balance across the entire company, as well as in senior management. However, the most recent salary survey in 2021 revealed the existence of a few pay gaps that cannot be explained at present. We

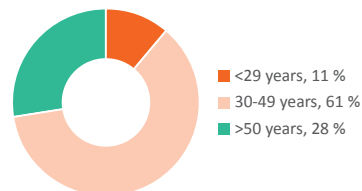
Gender balance, management



Gender balance, total



Age balance



intend to work actively with this in 2022 to eliminate any gender pay gaps.

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

New employees

In 2021, Hemsö recruited several new employees. Three of them – Tobias Lagerwall, Kirsi Viheriaranta and Sara Lofthammar – explain why they wanted to start working at Hemsö.



Tobias Lagerwall,
Project Director Sweden West

Where did you work before you came here?

"I was most recently at NCC Property Development and before that with Lokalförvaltningen in Gothenburg. In other words, I've been working with the same kind of areas but in other types of premises. I worked with schools, preschools and nursing homes at Lokalförvaltningen, and commercial premises and hotels at NCC.

Why did you choose Hemsö?

"I missed working with premises that provide important services and ultimately contribute to a better society. Working with large-scale and prestigious projects is great, but it doesn't have the same feeling. Some concrete is more important than other concrete, kind of thing. And when you have your own children, it feels even more important to be contributing to this type of operation. So it was mainly the products that attracted me, but I already had a good feeling about the company at my interview and it's grown gradually stronger since then."



Kirsi Viheriaranta,
Project Director Finland

What does your role involve?

"I come into the project at an early stage, as soon as the building permit has been granted. My main role is to be the tenant's contact person and take care of any needs or concerns they might have – and keep the designers and contractors informed. Due to my experience with refurbishment and conversion projects, I'm responsible for analysing technical feasibility and costs for development projects.

Why did you choose Hemsö?

"The more time I spend in this industry, the more important a company's values are for me, and how they are as an employer. These issues are a top priority for Hemsö, so it felt easy to say Yes when they offered me a job. I also think that social equality and well-being are important, and I'm really happy to be part of a company whose projects are contributing to a positive trend in these areas."



Sara Lofthammar,
Junior Project Developer

Why did you choose Hemsö?

"When I was studying for my Masters Degree in Surveying at Lund University, I met Hemsö several times at job fairs. When I saw a job ad for a student employee in development projects, based in the Malmö office, I applied and was accepted. When I completed my Master's thesis last spring, which was based on property valuation at Hemsö, I contacted them to see whether it would be possible to stay with the company after my degree, but work from Stockholm. And it was!"

What made you want to stay at Hemsö?

"It didn't take long to realise that this is an organisation that shares my values and that I feel proud to work for. I've felt welcome and valued since the very first moment. I've been given responsibility, but also received support. And then it feels good to be involved in helping to create social value, through what we own and develop, but also because Hemsö's profit is returned to Swedish pensioners via our owner – the Third Swedish National Pension Fund."

Market overview

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

94 per cent of Hemsö's total rental income is derived from taxpayer-funded operations.

In Sweden, municipalities pay a sum of money (a school voucher) to the independent schools where students

are enrolled. For nursing homes in Germany, a long-term care insurance fee is paid to the nursing home where the care recipient chooses to live.

Definition of a public property

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

SWEDEN

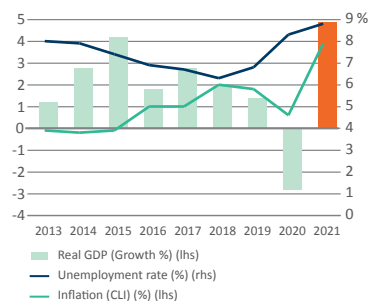


Economic outlook

In 2021, the GDP growth rate was 4.9 per cent in Sweden, which was a stronger than expected recovery from the preceding year's level of -2.8 per cent. The unemployment rate fell in Sweden, mainly during the second half of 2021, and continued to decrease from July down to 8.2 per cent in December. About 42 per cent of all Swedish job vacancies were in the Greater Stockholm region, due to a mismatch in skills between job vacancies and unemployed labour.

Following low levels of inflation during the pandemic year of 2020, the inflation rate stabilised at normal levels during the first half of 2021. During the year fourth quarter, the CPI reached high levels of 3.3 per cent in November and 3.9 per cent in December – the highest levels since July 2011. This increase was mainly driven by increased electricity prices.¹

GDP growth, unemployment and inflation in Sweden



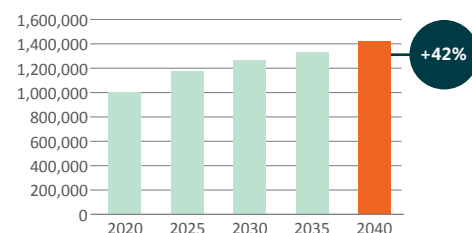
Source: Oxford Economics, CBRE House View (January 2022)

Demographics

The Swedish population is projected to rise by 1.1 million people by 2040, up 11 per cent from 10.4 million in 2021. During the same period, the share of the population aged 75+ is projected to rise by more than 40 per cent. Life expectancy is projected to increase in all municipalities, which is another factor behind the growing elderly population. Average life expectancy is projected to be 84.6 years by 2030, and 85.9 years by 2040. This figure was 83.1 years in 2020.

According to the Swedish Board of Housing, Building and Planning (Boverket), the number of people aged 80+ is expected to reach 8 per cent of the Swedish population by 2040 (912,000 people), compared with 5 per cent (or approximately 545,000 people) today. This represents an increase of nearly 400,000 people aged 80+ by 2040. This also means that more and more people every year will reach an age that for many entails a major need for care. According to Boverket, the need for special forms of housing for the elderly will increase across most parts of Sweden.

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



Source: CBRE Research.

¹ Statistics Sweden

Transaction market

2021 was a record year for the Swedish transaction market with a total volume of SEK 304 billion, up 60 per cent compared with 2020. The transaction year opened on a relatively weak note with SEK 30 billion in the first quarter, but recovered when SEK 100 billion changed hands in the second quarter. In the third and fourth quarters, investment volumes were SEK 65 billion and SEK 110 billion, respectively.

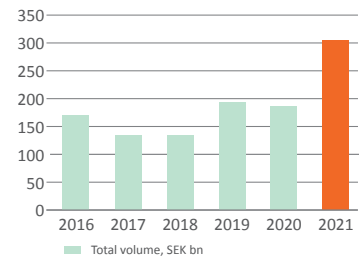
Residential (38 per cent) and Office (34 per cent) segments accounted for the largest volume, followed by Industrial (11 per cent). The segments that accounted for the highest year-on-year volume growth were Office (243 per cent), Hotel (97 per cent), Residential (87 per cent), Retail (30 per cent) and Alternative (28 per cent). Segments with the highest year-on-year decline in transaction

volumes were Public properties (-50 per cent) and Industrial & Logistics properties (-18 per cent).

The decline in the Industrial segment was due to a limited supply of modern and attractive assets. The decline in public properties, however, was mainly due to SBB's acquisition of Hemfosa. In 2021, however, the transaction volume for public properties was the second highest ever – 82 per cent higher than 2019, and 218 per cent higher than 2018.

In 2021, the volume of foreign investments rose 90 per cent compared with 2020. The share of foreign investment compared with domestic rose from 21 per cent in 2020 to 25 per cent in 2021. This means that domestic capital investment accounted for most of the record-high volume.

Total transaction volume per year, Sweden



Source: CBRE Research.

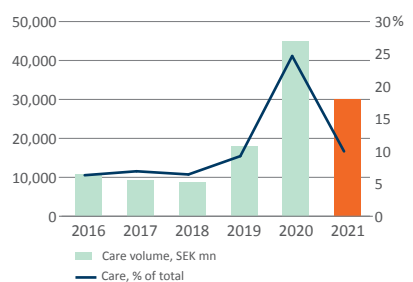
Transaction market for public properties

67 per cent of all transactions occurred outside the three largest cities. Stockholm (16 per cent), Gothenburg (9 per cent) and Malmö (8 per cent) accounted for the remaining 33 per cent. The large transaction volume in this segment was mainly attributable to a higher share of structured and portfolio transactions.

Transactions for education properties rose 13 per cent year-on-year to SEK 6.7 billion, corresponding to 22 per cent of the total volume in the segment. The Greater Stockholm region accounted for more than 50 per cent of transactions in the Education segment with a volume of over SEK 3.5 billion.

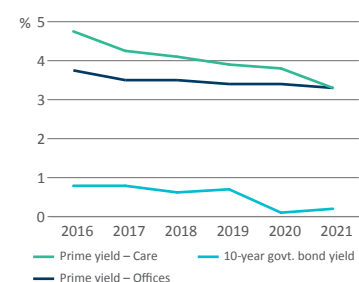
The transaction volume for other public properties (in addition to nursing homes, education, the justice system and health care) declined from 2020 levels but accounted for 14 per cent of the total volume in the sector. The transaction volume for health care and nursing homes was relatively low, but rose significantly during the year compared with 2020.

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



Source: CBRE Research.

Prime yield and 10-year government bond, Sweden



Source: CBRE Research.

FINLAND

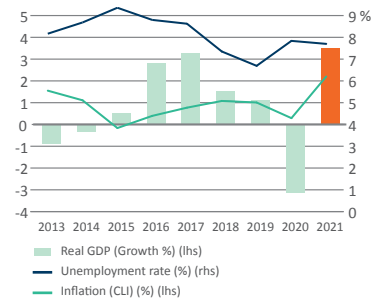


Economic outlook

The Finnish economy rebounded to higher than pre-pandemic levels. In 2021, Finland's GDP grew 3.5 per cent and unemployment fell to 7.7 per cent. The inflation rate rose to 2.2 per cent during the year and global supply chain bottlenecks created problems for the export-driven Finnish economy. Consumer demand rose significantly due to eased restrictions and the economic recovery was mainly driven by domestic demand. The Finnish government continued to raise loans during the year to maintain growth,

while government support packages stimulated demand and supported companies. The Finnish government has continued its social care reforms with the aim of meeting the growing demands of the public sector, which include an ageing population. Municipal deficits continue to grow and the public sector's outsourcing of care services continues as the population grows older and the non-working population increases.

GDP growth, unemployment and inflation in Finland



Source: Oxford Economics, CBRE House View (January 2022)

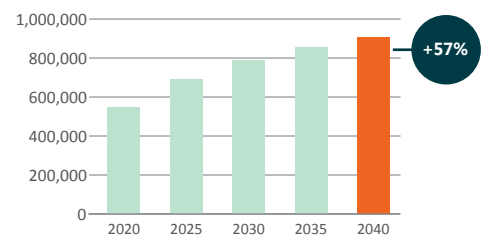
Demographics

The Finnish population is growing older and the number of people aged 75+ is expected to grow by 57 per cent (330,000 people) by 2040. Over the next 20 years, the Finnish population is expected to be the fastest growing ageing population in the EU.

Annual population growth is expected to remain low until 2035 (0–0.15 per cent) due to low net migration and low birth rates. After 2035, the population is projected to slowly decline. The population projection from Statistics Finland show that

the Finnish population will reach 5.6 million by the end of 2022. The demographic trend of an ageing population is continuing to place demands on public properties in Finland.

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



Source: Statistics Finland

Transaction market

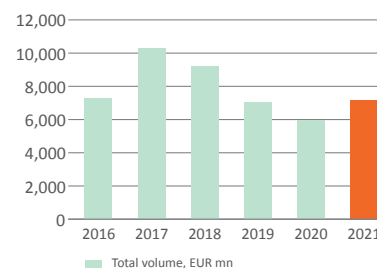
During the year, the transaction market for properties in Finland reached EUR 7.1 billion, up 20 per cent from 2020. The fourth quarter was strongest with a volume of SEK 2.4 billion, up 30 per cent year-on-year.

The Finnish property market has historically had a high proportion of international capital. Over the past five years, international capital has accounted for 60 per cent of the transaction volume. This did not change significantly in 2021, when international capital accounted for 58 per cent of the volume. The Helsinki region continued to account for

most of the country's volume with 55 per cent of Finland's transaction volume.

The largest segments during the year were Residential (33 per cent) and Office (31 per cent). The third-largest was Industry & Logistics with 13 per cent of the total volume. Yields for the most attractive assets, mainly in the Helsinki region, continued to fall during the year. The prime yield was 2.9 per cent for Residential and 3.9 per cent for Industry & Logistics, while Office declined to the pre-pandemic level of 3 per cent.

Total transaction volume per year, Finland



Source: CBRE Research.

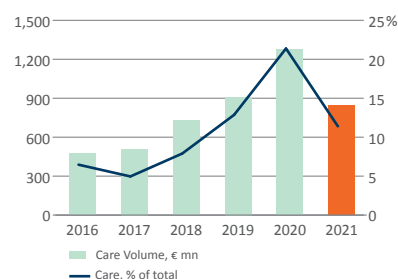
Transaction market for public properties

In 2021, the investment volume for public properties in Finland reached EUR 850 million, down 34 per cent from 2020. Despite a considerably lower volume year-on-year, the number of transactions rose significantly. The public properties segment was fourth-largest, with 12 per cent of the total transaction volume and investment interest has continuously grown in recent years. Investments in this segment have ranged from traditional health care properties to more niched properties, such as fire and rescue stations and other public properties.

Investors are mainly attracted to the public properties segment because of the demographic and structural changes that are driving the need for nursing homes. The segment is attracting investors seeking reliable and long-term cash flows. The public properties market in Finland is dominated by Finnish and Nordic players

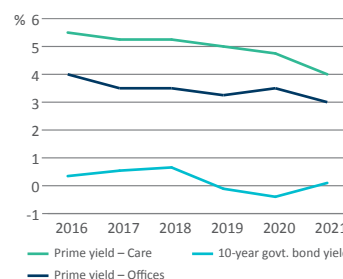
and the share of non-Nordic capital is smaller compared with other segments. Foreign players have entered the market in recent years, however, mainly from Belgium. In 2021, yields for the most attractive nursing homes continued to fall – from 4.75 per cent to 4.0 per cent – driven by keen interest from investors and attractive market conditions.

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



Source: CBRE Research.

Prime yield and 10-year government bond, Finland



Source: CBRE Research.

GERMANY



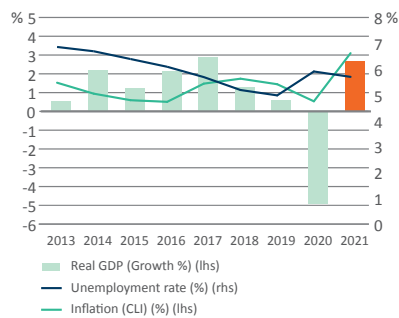
Economic outlook

The German economy continued to recover some of the losses caused by the pandemic, despite restrictions and supply chain disruptions. Despite negative GDP growth from 0.5 to 1.0 per cent during the fourth quarter of the year due to new coronavirus variants, the growth rate rose 2.7 per cent for the full-year. The German economy has not yet recovered from the pandemic, but the outlook for coming years is highly positive.

In 2021, production rebounded in most sectors. The service industry was particularly strong compared with 2020. Office-related profes-

sions, including lawyers, engineers and consultants saw strong growth of 5.4 per cent year-on-year. Price-adjusted value growth in the manufacturing sector rose 4.4 per cent compared with 2020. Retail, restaurant and hotel sectors also rebounded and turnover rose 3.0 per cent. The unemployment declined 0.2 percentage points to 5.7 per cent. In the construction industry, however, which was relatively unaffected by the pandemic in 2020, production fell slightly by 0.4 per cent year-on-year.

GDP growth, unemployment and inflation in Germany



Source: Federal Statistical Office (Destatis), Federal Employment Agency.
Note: GDP growth is price and calendar adjusted.

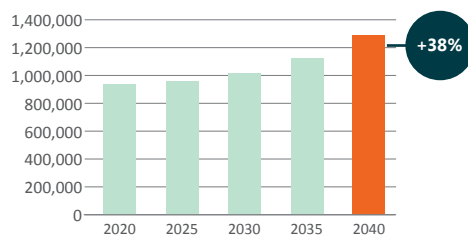
Demographics

According to the Federal Statistical Office of Germany (Destatis), 83.2 million people were living in the country at the end of 2021, which means that population growth has stagnated since 2019. The reason was lower birth rates in relation to death rates. The country's positive net migration during the year compensated the difference, however. Due to the demographic trend, the number of people aged 75+ in Germany is projected to rise by 38 per cent to 12.9 million by 2040.

According to data from 2019, approximately 4.1 million people in Germany were in need of long-term care. Compared with corresponding data from 2017, this is a 21 per cent increase. We can already see clear signs of a demographic change in

Germany with an ageing population. The majority of those in need of care (80 per cent) are treated in their homes by family members or via care services, while 820,000 people receive full inpatient care in nursing homes. The need for nursing homes will therefore be even greater moving forward.

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



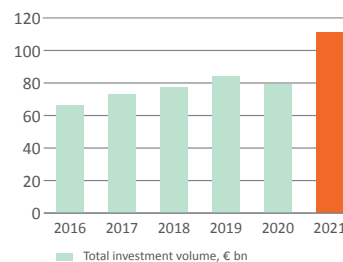
Source: Federal Statistical Office (Destatis; 14th coordinated population projection – base 2018).

Transaction market

In 2021, the transaction volume in the German property market reached EUR 111 billion, up 40 per cent from 2020, which means that turnover in the German market exceeded EUR 100 billion for the first time. Despite the high transaction volume, supply is still very low in relation to the high demand from both German and international capital. With Vonovia's billion Euro acquisition of Deutsche Wohnen in the fourth quarter, the German real estate market once again reached the second-highest transaction volume in the world after the US.

Due to strong demand, yields plunged in nearly all asset classes. The portfolio transaction share of the total transaction volume rose slightly, from 47 per cent in 2020 to 51 per cent. Residential was the strongest segment during the year with a turnover of EUR 49 billion (up 145 per cent year-on-year). Office accounted for the second-highest turnover of EUR 30 billion (up 11 per cent year-on-year) and Industry & Logistics outperformed Retail with the third-highest turnover of EUR 10 billion (up 34 per cent year-on-year).

Real estate transaction volume total* (commercial real estate and multi-family properties**) per year, Germany



Source: CBRE Research, 2021.

* Excluding minority interests in the context of corporate takeovers.

**Multi-family transactions with 50 or more units.

The transaction market for public properties*

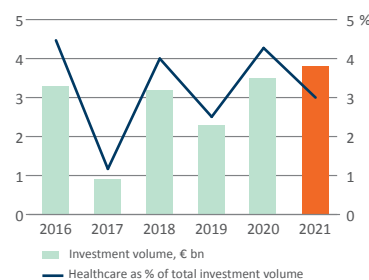
During the year, the transaction volume for public properties in Germany reached EUR 3.8 billion, of which most pertained to the previously mentioned Vonovia deal. This represents a year-on-year increase of 8 per cent.

In 2021, a growing interest in public properties was noted, with more and more players keen to invest in the segment. However, the market remains characterised by short supply and demand is many times higher than supply. While foreign investors have historically accounted for most of the transaction volume in this segment, German companies accounted for more than half of the volume in 2021 due to the Vonovia deal.

Strong demand led to sustained yield compression in 2021. In the fourth quarter, yields of 3.9 per cent were noted for the most attractive assets in elderly care.

Yields for forwardfunding of assisted living facilities were compressed in particular, since this is relatively new asset class that is considered a safe haven in combination with short supply. During the year, yields for these assets were 3.25 per cent.

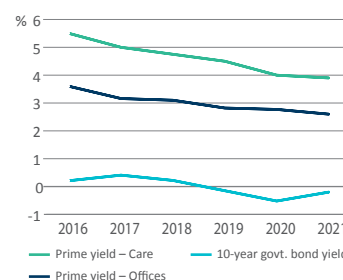
Total transaction volume for public properties and share of total volume, Germany.



Source: CBRE Research, 2021.

* As of 2018, health/medical centres, (rehab) clinics and co-housing units are included.

Prime yield and 10-year government bond, Germany



Source: Bundesbank, CBRE Research, 2021.



Property portfolio

Hemsö's property portfolio contains properties for nursing homes, education, health care and the justice system in Sweden, Finland and Germany. The portfolio is well-diversified and at year-end, the market value was SEK 75.7 billion.

At year-end, the market value of Hemsö's property portfolio was SEK 75.7 billion and comprised 441 properties in four categories: nursing homes, education, health care and the justice system. The lettable area was 2,118,000 sqm and contracted annual rent amounted to SEK 3,815 million. Net operating income amounted to SEK 2,742 million.

Hemsö owns properties in Sweden, Germany and Finland. At year-end, the Swedish portfolio accounted for 67 per cent of the market value and the foreign property portfolio accounted for 33 per cent.

Portfolio development

Hemsö is growing through acquisitions, investments in existing proper-

ties and by developing new properties. In 2021, a total of 38 properties were acquired for SEK 3,456 million. Property acquisitions amounted to SEK 1,172 million in Sweden, SEK 1,328 million in Germany and SEK 956 million in Finland. Acquisitions were made in all of Hemsö's property categories, and met Hemsö's requirements in terms of quality and geographic concentration to regions with demographic growth.

In recent years, Hemsö has built up extensive development project capacity in Sweden. This has mainly been driven by the major need of Swedish municipalities to build new schools and nursing homes. Hemsö also has started to develop new properties in Finland and Germany.



In 2021, Hemsö invested SEK 3,294 million in new development and SEK 839 million in existing properties.

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

Hemsö's focus on modern public properties with long-term rental agreements and concentration in growth regions has not only increased underlying net operating income – the portfolio has also shown positive value growth. At year-end, the rental duration was almost 10 years, 63 per cent of income was directly derived from public-sector tenants and 83 per cent of the properties were located in metropolitan areas or large cities.

Property portfolio in growth regions

City	Population, 1,000 inh.	Market value of properties, SEK million	% of portfolio
Stockholm	2,390	20,900	28
Helsinki	1,540	5,800	8
Malmö	700	5,500	7
Västerås	160	3,900	5
Gothenburg	1,060	3,400	4
Norrköping	140	2,700	4
Ruhr	5,120	2,600	3
Turku	190	2,300	3
Uppsala	230	1,700	2
Berlin	5,340	1,600	2
Umeå	130	1,200	2
Eskilstuna	110	1,200	2
Frankfurt	2,730	1,200	2
Gävle	100	1,100	1
Växjö	90	1,000	1
Wiesbaden	280	800	1
Pori	80	800	1
Gotland	60	800	1
Linköping	160	700	1
Lahti	120	700	1
Total 20 largest		59,940	79
Other		15,797	21
Total Hemsö		75,737	100

 Metropolitan area or large city
 Small city



Sweden

SEK **51** billion
67 %

	SEK million	No.
Value, Jan 2021	42,026	270
Acquisitions	1,172	13
Investments	3,242	–
Divestments/disposals	-2,090	-5
Changes in value	6,160	–
Re-allotment	–	16
Value, Dec 2021	50,509	294

Finland

SEK **12** billion
16 %

	SEK million	No.
Value, Jan 2021	10,044	56
Acquisitions	956	10
Investments	669	–
Divestments	0	–
Changes in value	610	–
Exchange-rate differences	207	–
Value, Dec 2021	12,486	66

Germany

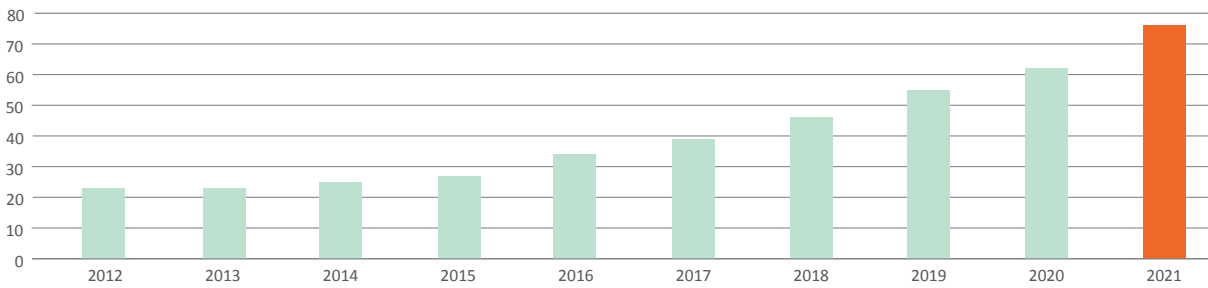
SEK **13** billion
17 %

	SEK million	No.
Value, Jan 2020	10,171	66
Acquisitions	1,328	15
Investments	223	–
Divestments	0	–
Changes in value	810	–
Exchange-rate differences	210	–
Value, Dec 2021	12,742	81



Nursing home in Södra Källtorp, Västerås.

Market value of properties, SEK billion

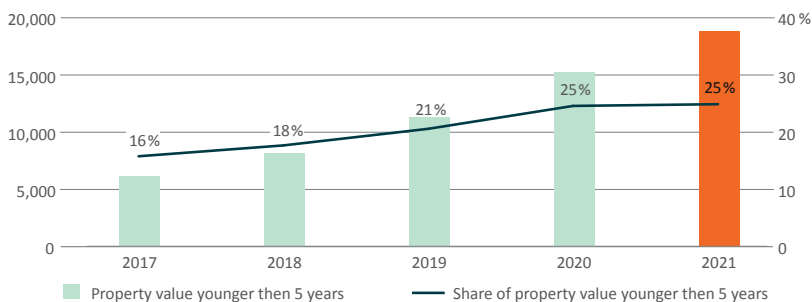


Property portfolio development 2021

	SEK million	Number
Market value of properties, opening balance	62,240	392
Acquisitions	3,456	38
Investments in new construction, extension and refurbishment	4,133	–
Divestments/disposals	-2,090	-5
Re-allotment	–	16
Exchange-rate fluctuations	417	–
Unrealised value changes	7,579	–
Market value of properties, closing balance	75,737	441



Share of property value younger than 5 years

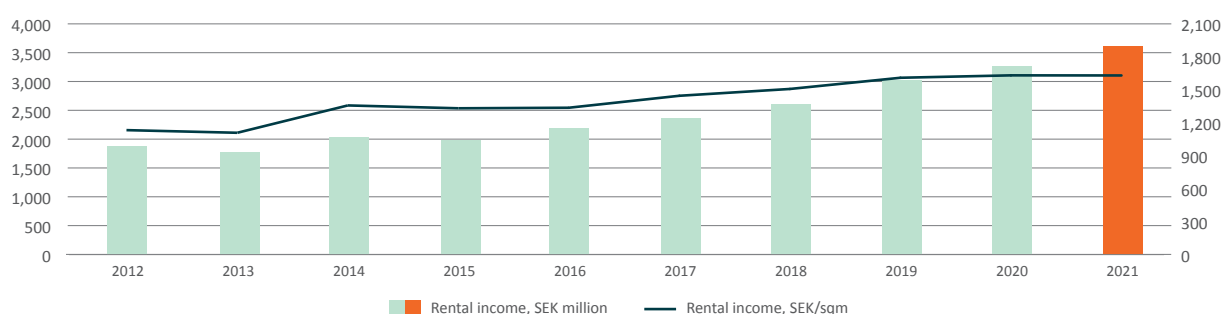




Nursing home in Hämeenlinna, Finland.



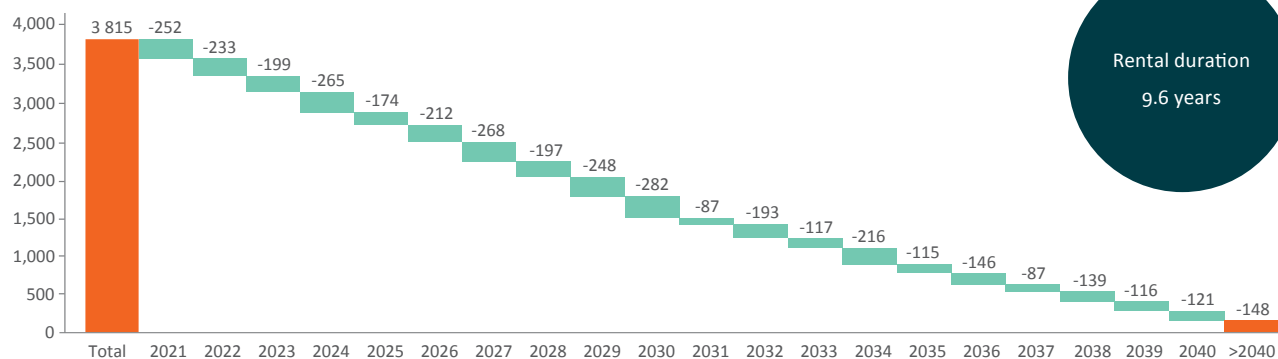
Rental income per sqm



Key ratios per property category

	Nursing homes	Education	Health care	Justice system	Total
Market value of properties, SEK million	28,980	26,701	11,502	8,555	75,737
Lettable area, tsqm	965	718	308	226	2,218
No. of properties	223	136	57	25	441
Market value/property, SEK million	130	196	202	342	172
NOI margin, %	75	76	67	78	75
Economic occupancy rate, %	98	99	96	96	98
Rental duration, years	9	11	8	8	10
Share of large cities, %	77	83	96	87	83
Rental income, SEK million	1,392	1,119	624	479	3,614
Rent/sqm, SEK	1,448	1,565	2,039	2,156	1,641
Net operating income, SEK million	1,062	865	433	382	2,742
Property yield, %	3.9	4.0	4.0	4.6	4.0

Rental maturity, annual rent, SEK million



Rental duration
9.6 years

Tenants

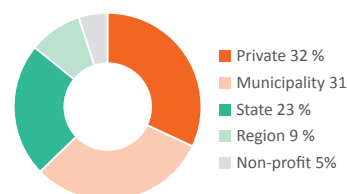
94 per cent of Hemsö's rental income was derived from taxpayer-funded services. The share of contracted annual rent with public-sector tenants was 63 per cent, where rental agreements with state operators accounted for 23 per cent, municipal operators for 31 per cent and regional operators 8 per cent. About 5 per cent of Hemsö's tenants are non-profit organisations.

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

If the residents are unable to pay for their own expenses, funding is provided through a municipal contribution. In Germany, Hemsö is usually able to obtain collateral for the rental income through pledges of the operators' entitlements to municipal contributions.

12 of Hemsö's 20 largest tenants were state, municipal or regional operators. Hemsö's five largest tenants are the Swedish Police Authority, Region Stockholm, the City of Turku, Academedia and Attendo.

Contracted rent per category



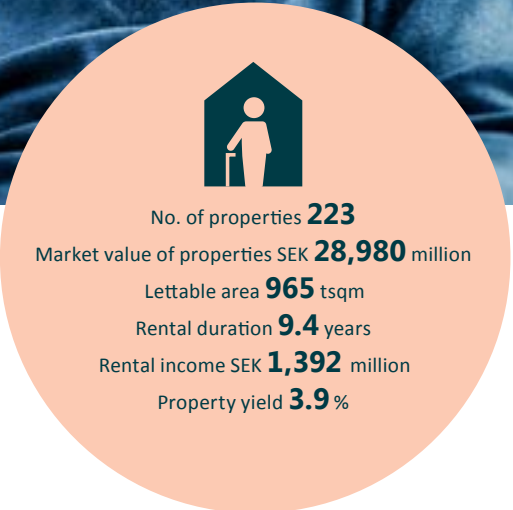
Hemsö's 20 largest tenants

Tenant	Category	Annual rent, SEK million	Annual rent, %	No. of rental agreements
Swedish Police	State	219	5.8	32
Region Stockholm	Region	201	5.3	76
City of Turku (FI)	Municipality	151	4.0	14
Academedia	Private	126	3.3	22
Attendo	Private	124	3.3	82
Ministry of Justice (FI)	State	115	3.0	13
City of Västerås	Municipality	106	2.8	19
Mälardalen University	State	105	2.8	3
AWO (GER)	Non-profit	92	2.4	12
Ambea	Private	77	2.0	9
Norrköping Municipality	Municipality	74	1.9	15
Alloheim (GER)	Private	72	1.9	10
Västra Götaland Region	Region	72	1.9	65
Karolinska Institute	State	64	1.7	5
HEWAG (GER)	Private	57	1.5	9
North Rhine-Westphalia (GER)	State	53	1.4	1
Gävle Municipality	Municipality	53	1.4	19
Mehiläinen (FI)	Private	49	1.3	9
University of the Arts Helsinki (FI)	State	47	1.2	3
Raoul Wallenberg School	Private	46	1.2	8
Total		1,904	50.2	426

Public-sector tenant
Private-sector tenant

Rental value – public-sector tenants

Tenant	Annual rent, SEK million	% of Hemsö's rental value
Swedish municipalities	876	23
Swedish state	519	14
Swedish regions	320	8
Finnish municipalities	292	8
Finnish state	219	6
German state/states	145	4
German municipalities	20	1
Total	2,391	63



Property portfolio – Nursing homes

Portfolio and tenants

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

Hemsö owns 223 nursing home properties, of which 116 are in Sweden, 35 in Finland and 72 in Germany.

The premises accommodate:

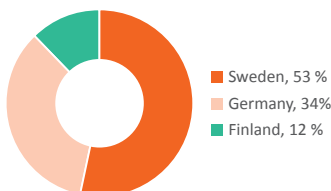
- residential care facilities
- dementia care facilities
- short-term residential facilities
- Assisted living/group homes
- residential facilities for people in need of extra support and assistance

Of the contracted annual rent, public-sector tenants accounted for 44 per cent, and private taxpayer-funded operators for 56 per cent. In Sweden, public-sector tenants accounted for 67 per cent and private-sector

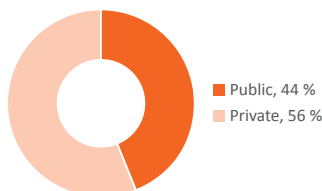
tenants for 33 per cent of contracted annual rent. In Finland, public operators accounted for 22 per cent, and private operators for 78 per cent, of contracted annual rent.

In Germany, Hemsö mainly has non-profit and private-sector tenants in the nursing home category, with the exception of one residential facility with a municipal tenant. The three largest tenants in this category are AWO (Germany), Attendo and Norrköping Municipality.

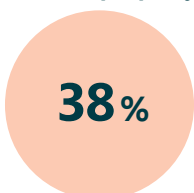
Market value per country



Annual rent per customer category



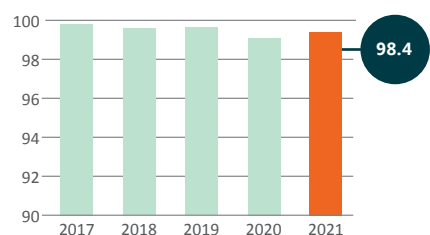
Share of property value



No. of beds

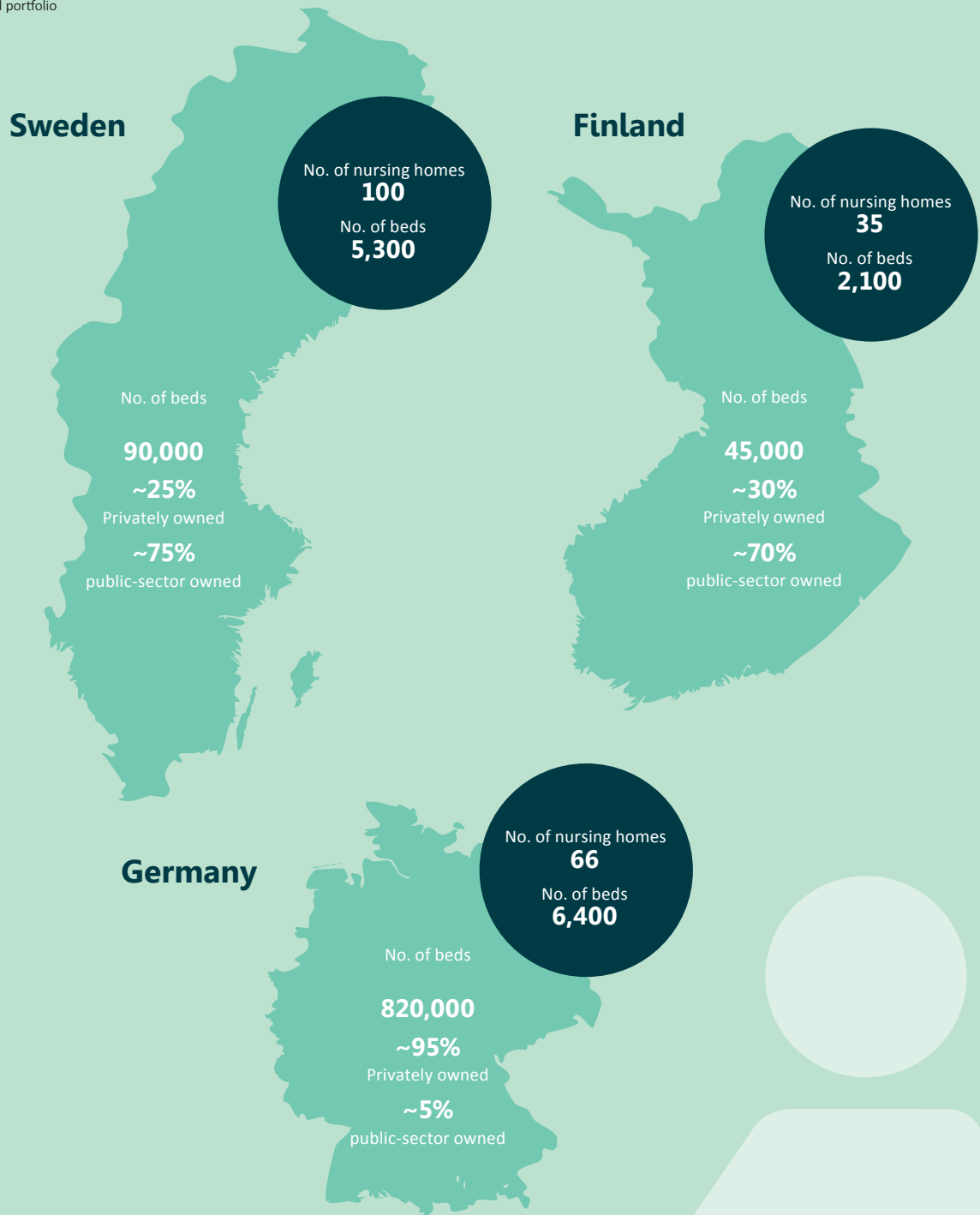


Economic occupancy rate, %



Nursing homes per country

- Hemsö's portfolio
- Total portfolio



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





Property portfolio – Education

Portfolio and tenants

Education is Hemsö's second-largest property category and at year-end, accounted for 35 per cent of the total property value. Schools are an important place for learning, reflection and physical activity for children and young people. Together with teachers, students and other school staff, we create safe and stimulating indoor and outdoor environments according to needs and possibilities, in both existing properties and new development.

Hemsö owns 136 educational properties, of which 115 are in Sweden, 17 in

Finland and four in Germany. The premises accommodate:

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

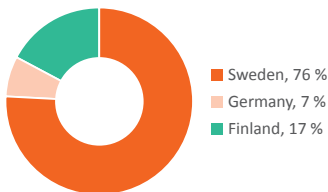
Of the contracted annual rent, public-sector tenants accounted for 69 per cent, and private taxpayer-funded operators for 31 per cent. In Sweden, public-sector tenants accounted for 59 per cent and private-sector tenants for 41 per cent of contracted annual rent. In principle, all of Hemsö's private-sector tenants

in Sweden are taxpayer-funded via school vouchers.

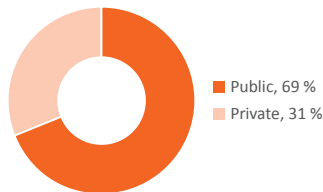
In Finland, public operators accounted for 96 per cent, and private operators for 4 per cent, of contracted annual rent. In Germany, all educational properties are let to public-sector tenants. In 2021, Hemsö's first own-developed school in Germany was completed, the municipal Dabendorf secondary school in Zossen, south of Berlin.

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

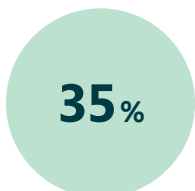
Market value per country



Annual rent per customer category



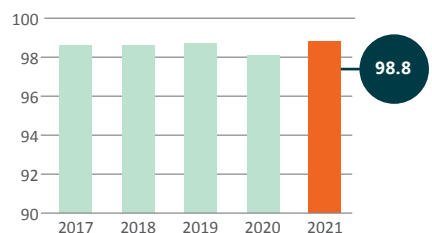
Share of property value



No. of students

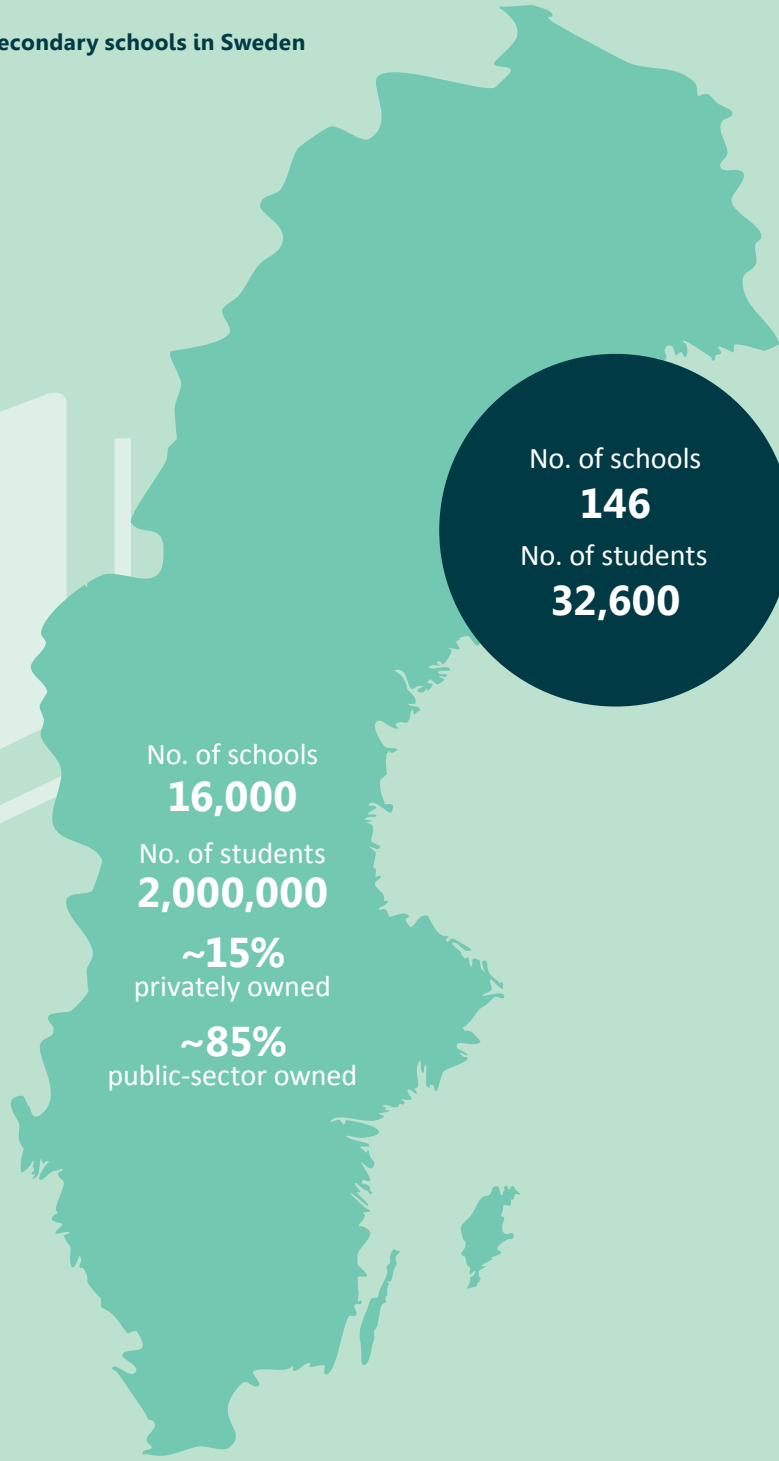


Economic occupancy rate, %

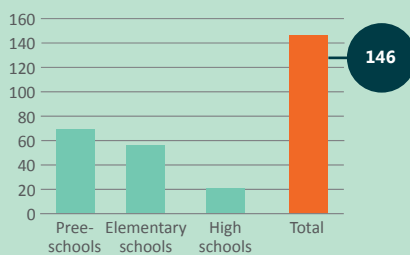


Schools – preschools to upper-secondary schools in Sweden

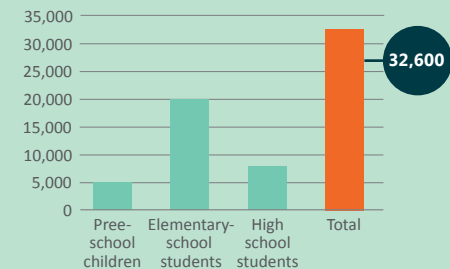
- Hemsö's portfolio
- Total portfolio



No. of schools per category, Sweden



No. of students per category, Sweden



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



No. of properties **57**
 Market value of properties SEK **11,502** million
 Lettable area **308** tsqm
 Rental duration **8.1** years
 Rental income SEK **624** million
 Property yield **4.0** %

Property portfolio – Health care

Portfolio and tenants

At year-end, health care properties accounted for 15 per cent of Hemsö's total property value. We develop and manage our health care properties with a focus on the operations conducted on the premises. The buildings shall be accessible and safe for both care receivers and employees. Hemsö owns 57 health care properties, of which 50 are in Sweden and seven in Finland. The premises accommodate a range of operations, including:

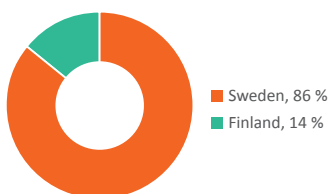
- hospitals
- local hospitals
- medical centres
- dental practices
- pharmacies
- palliative care
- rehab clinics
- child health clinics
- maternity centres
- child and adolescent psychiatry
- emergency centres

Of the contracted annual rent, public-sector tenants accounted for 81 per cent, and private taxpayer-funded operators for 19 per cent.

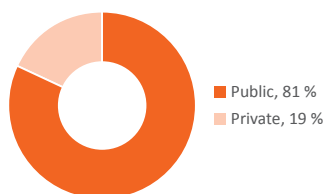
In Sweden, public-sector tenants accounted for 79 per cent, and private operators for 21 per cent, of the contracted annual rent. In Finland, public operators accounted for 93 per cent, and private operators for 7 per cent, of contracted annual rent.

The three largest tenants in this category are Region Stockholm, the City of Turku and the Karolinska Institute.

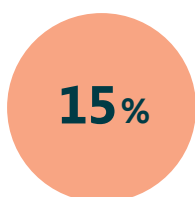
Market value per country



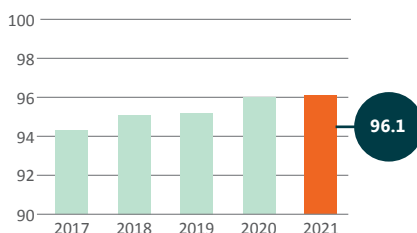
Annual rent per customer category



Share of property value



Economic occupancy rate, %





Property portfolio – Justice system

Portfolio and tenants

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

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

Hemsö owns 25 justice system properties, of which 13 are in Sweden, seven in Finland and five in Germany.

The premises accommodate:

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

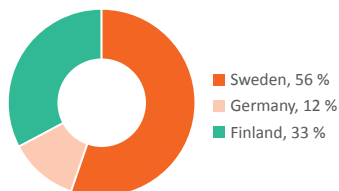
The properties are characterised by a large proportion of purpose-built areas with high security requirements. The tenants often choose to

co-locate in legal centres, which can accommodate police stations, prisons and courts.

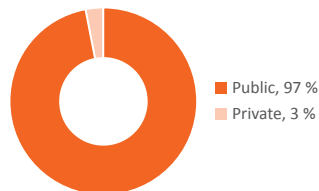
Of the contracted annual rent, public-sector tenants accounted for nearly 100 per cent in Sweden, Finland and Germany.

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

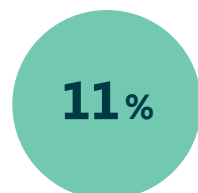
Market value per country



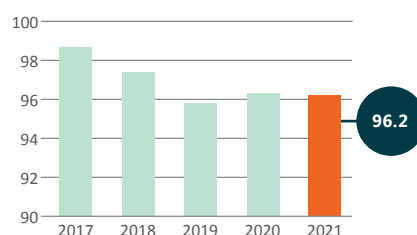
Annual rent per customer category



Share of property value



Economic occupancy rate, %





University of the Arts Helsinki, Finland



Sarah Jorgol, Property Manager in Germany.



Property management

A clear focus on property management with a local presence creates conditions for sustainable, innovative, efficient and customer-oriented operations in our three markets: Sweden, Germany and Finland.

Hemsö has combined processes, services and execution into value creation activities. Property management is carried out by our own employees and we have a specialised organisation based locally for technical and financial management. Property operations are outsourced.

We are focused on the needs of our customers and end-users, which is why our properties are optimised for the public services provided there. The aim is that our property management will offer the same high quality for tenants regardless of where they are located. We have a

zero accident vision for our properties. Safety rounds and inspections are conducted in all properties to check, for example, maintenance, fire safety and other issues related to premises liability. In 2021, there were no accidents in Hemsö's properties due to property owner negligence.

NOI margin

75.4%

Rental duration

9.6 years

Economic
occupancy rate

97.9%



RWS Bagartorpsskolan, Solna.



Karim Ramzi, Property Manager in Stockholm.



School in Zossen, Germany.

Local property management organisation

We have a clear focus on management with a local presence, which creates the best conditions for sustainable, innovative and customer-oriented operations.

Due to our specialised and efficient asset and property management organisation, we can continuously streamline our operating and maintenance costs. Our asset and property management organisation consists of our own employees, and we have a local organisation that handles financial and technical management. Property operations are procured externally.

Higher level of tenant satisfaction

Tenant satisfaction is important to us. We are focused on the needs of our customers and end-users, which is why our properties are optimised for the public services provided in each property. We maintain continu-

ous contact with our tenants to capture their needs and views. Customer satisfaction surveys are carried out on a regular basis by external suppliers who ensure the quality of the results. Service, property quality and maintenance are key areas for our customers and something we prioritise. We attach great importance to customer feedback, and work pro-actively to continuously improve both our business operations and our offering.

We also follow up tenant satisfaction in connection with fault reports. In 2021, our customer satisfaction rate was 94 per cent.

The most recent customer satisfaction survey in Finland was carried out in 2020 with a score of 3.81 using a 1-5 scale. In Sweden, a customer satisfaction survey was carried out in January 2021 and showed an increase from 71 in 2019 to 73 in 2020. Our target is a customer satisfaction score of 75 within a five-year period.

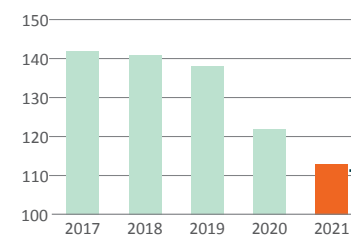
A focus on energy efficiency

Hemsö's overall objective is to reduce energy use by 3 per cent annually in the comparable portfolio, meaning the properties that Hemsö has owned over the past two years.

In the comparable portfolio, energy use dropped 0.1 per cent between 2020 and 2021 for the Swedish portfolio. We noted a 4.7 per cent decline for the Finnish portfolio.

In Germany, tenants sign their own contracts with energy suppliers. Hemsö does not therefore have access to consumption statistics.

Energy use in Sweden kWh/m² A-temp



113

In 2021, the outcome for the entire portfolio as a separate year was 113 kWh/m² (122) for heating and electricity (including business electricity) for Sweden, and 226 kWh/m² (254) for Finland.

The decrease in energy use in the Swedish portfolio was mainly attributable to our systematic efforts with energy efficiencies, and the fact that new energy-efficient buildings are added to the portfolio through new development.

Climate strategy for reduced emissions

Our long-term climate strategy aims to reduce emissions from operations and construction, as well as the physical risks of climate change. Our target is to achieve 100 per cent non-fossil energy use and net-zero emissions for the existing portfolio by 2035.

District heating accounts for most heating, but the proportion of properties with geothermal heating is growing, which is also helping to reduce emissions.

In Finland, Turku City Hospital is undergoing extensive refurbishment to improve energy-efficiency. This includes an upgrade of the existing system to improve energy efficiency and the installation of geothermal heating. These measures are expected to reduce the property's emissions by 45 per cent.

Collaboration increases knowledge

During the year, our Sköndalsvillan nursing home project in Tyresö was certified according to the new Swedish NollCO₂ certification scheme. We are raising our knowledge of climate-smart construction through this development project, while also sharing experience and insights with the industry.

Collaboration is a critical success factor in the net-zero transition. Hemsö has now joined the Fossil Free Sweden initiative (Roadmap 2045) and the LFM30 network (Roadmap

Malmö), and we are planning to start up a carbon-neutral development project in Malmö by 2025. We are a member of the Sweden Green Building Council and the Green Building Council Finland. During the year, Hemsö implemented various training courses and workshops to develop skills for addressing climate change and identifying climate-related risks. A scenario analysis was conducted in accordance with the Task Force on Climate-related Financial Disclosures and the results are presented in Hemsö's 2021 Sustainability Report.

67

No. of properties with PV systems.

During the year, the emissions of all completed development projects in Sweden and one development project in Finland were calculated to provide basic knowledge of baselines for various environmental performances.

Solar energy

Hemsö has continued to invest in renewable energy, including more photovoltaic (PV) systems in both new development and the existing portfolio. During the year, we also invested in more PV systems in Finland.

In 2021, another 25 PV systems were completed and Hemsö currently has 67 properties with PV systems. The total installed capacity is 4,880 kWp (3,050) and the expected annual output from the systems is 4,228 MWh (2,710).

Digitisation focus

By combining Myrspöven's AI cloud service, sensors from Talkpool for temperature and CO₂, and the property's own systems for ventilation, we are using artificial intelligence to improve the indoor climate for our tenants. In autumn 2021, we installed Myrspöven's solution in 15 properties with the aim of optimising processes and technology.

In 2021, Hemsö established a basic concept for fibre, property network and professional WiFi offerings. The concept has been designed for tenants in our nursing homes and Hemsö's property management, and implemented in two pilot properties in Stockholm during the year. Another eight properties were added to the pilot project which ran from 2021 to spring 2022. In addition to providing residents with access to high-speed Internet in their rooms, the installation also makes it easier for care providers to introduce modern and efficient welfare services, such as breathing monitors, cameras with night vision and electronic locks.

We have continued to digitise both our working methods and our properties. Some parts of the property portfolio have been digitised to enable the collection of data related to the building's performance and user behaviour, making it easier to ensure a good indoor climate and optimise energy use. Another bonus is that this kind of digital infrastructure can optimise the energy efficiency of the buildings.

Waste management

Waste management is a key aspect of Hemsö's approach to sustainability. In 2022, we will start a project with a focus on tenant waste in existing properties. The aim of the project is to make it easy for tenants to sort their waste in all properties, which is not possible at present. An inventory and inspection will be carried out together with the tenants to find the best kind of waste solution for each type of activity.

Tomorrow's nursing homes

Efforts to develop our nursing home offering continued during the year. We want to create the best conditions for our tenants by listening to their needs, and by using lessons learnt from the early stages of new development to gradually improve property management. We have gathered our property expertise, the business knowledge of our tenants and research in elderly care in our tool, the Hemsö Flower. For more in-



Interior of school in Sandbyhov, Norrköping.

formation about the Hemsö Flower, refer to page 16.

Hospitals

In 2021, Hemsö acquired land for care-related activities near the Barkarbystaden district north of Stockholm. The land includes a total of 42,000 sqm development rights and is situated directly adjacent to the future public transport node with metro, commuter trains and bus interchange at Barkarby Station. Barkarby Hospital will be focused on elderly care and is currently in the planning phase. Housing and offices are also included in the plan.

Hemsö already owns and manages two hospitals in Finland and last year, the most advanced eye hospital in Europe – Patienten 1 – was completed in Hagastaden, Solna, in Sweden. The property was built with the vision of creating an Eye Centre of Excellence to stimulate ophthalmology care, research and development.

Suppliers

Hemsö's main suppliers consisted of contractors and consultants for construction projects and property operations, and utility companies. Strategically important suppliers for property management are monitored on a regular basis through, for example, quarterly contract meetings. Construction projects are monitored in the construction stage through regular construction meetings and a review of the quality, environmental and work environment management (KMA) plan. Purchasing is characterised by high ethical standards, respect for human rights, professionalism, objectivity and equal treatment.

Our suppliers are to act in accordance with set requirements in relation to, for example, the environment, sustainability, quality, reliability and service, as well as social sustainability in terms of labour and human rights. These requirements

are applied for all central purchasing and procurement. Seven central procurements were carried out in 2021. During the year, we also developed our methods for monitoring compliance. We focused on the identification of risks and opportunities for improvement. We standardised the monitoring process in collaboration with our suppliers, which is helping to build more sustainable supplier relationships.

Sponsorship

Hemsö prioritises sponsorships where the efforts are focused on particularly vulnerable groups, and on activities and initiatives that create social value. In 2021, Hemsö supported brain research by making donations to Hjärnfonden. This partnership also enabled us to benefit from the organization's expertise in our management and development of nursing homes and schools. We also have the Hemsögåvan (Hemsö Gift) in Sweden and Finland, which



University property in Lappeenranta, Finland.

we award to people who use our properties every year with the aim of facilitating and enriching their daily lives. In 2021, the Hemsö Gift was awarded to health care and nursing home operations, since many of these had a difficult year due to the pandemic. A total of 16 operations (of 27 applicants) were awarded a contribution for outdoor environments or various activities to promote well-being.

Hemsö also made donations to other organisations. In Germany, Hemsö has been supporting the homeless in Berlin for many years via Stadsmissionens Kältebus. This financial support was doubled in 2021 due to the increased vulnerability of the homeless during the pandemic. Natvandrarna (Night Patrols) and Giving People received donation in Sweden.

Focus in 2022

Based on our experience from the pandemic, we will continue to analyse and develop how we can manage our properties as safely as

possible. Innovation and digitisation are an increasingly clearer elements of our daily processes and property management will continue to improve its structured processes for simplifying and ensuring a similar approach within the company. The aim is to always challenge ourselves to improve – in order to create value and the best possible conditions for the end users of our properties. To further develop the portfolio and maintain the high standard that Hemsö strives for, we will continue to make extensive investments in maintenance measures.

Sustainability will remain central to us. In 2021, we continued our efforts to digitise properties, and to certify existing properties in accordance with the BREEAM-in-Use certification scheme. The rate of investment in energy projects will be high, in order to achieve the targets we have set. Energy use per sqm declined during the year and there is a well-formulated strategy to continue reducing the portfolio's energy use.

One focus area is to accelerate the rate of investment in renewable energy for our properties.

In Germany, Hemsö's property managers are focused on the development potential of the existing property portfolio, the acquisition of older properties with conversion potential, and on implementing Hemsö's sustainability policy in Germany.

Medical centre that attracts new employees and field trips

Twice the size and fully adapted for the medical centre's 45 employees and 16,000 registered patients.

Relocation to the new NOD building in Sandbyhov was not a major move in terms of distance, but a gigantic leap in relation to standard and functionality.

"We're still not used to it, actually. It feels almost luxurious," says Eva Hagberg, Director of the Sandbyhov medical centre.



The Sandbyhov neighbourhood in Norrköping has been undergoing a transformation in recent years, with Hemsö as one of the leading players. Previously, the area was isolated and somewhat gloomy, and dominated by nursing homes, care facilities and long-term care institutions.

That image has changed radically in just a few years. The transformation began in 2015 with the construction of a new nursing home. Two new schools, Sandbyhovsskolan and Sandbyängsskolan, combined with Estethus which is a school building for special classrooms, have been built on the site where several nursing homes used to stand. The new sports centre has also been inaugurated. Over the next three years, Kärnhem will also construct 250 apartments and 22 townhouses in the area.

Vibrant neighbourhood

The NOD building was ready for occupancy in September. With its 17,000 sqm and ten storeys, the building is a landmark for Sandbyhov and a brand new entrance to the neighbourhood.

The first three storeys are shared by a medical centre and a baby clinic that relocated from nearby Hagaborg, and a community dental service clinic that relocated from Cedersborg. Other services include a pharmacy and a community family centre.

The 42 apartments on the remaining storeys have a separate entrance and were built for Hyresbostäder in Norrköping. All apartments were pre-let before the building was occupied.

"I can see lots of adults and children when I look out my window now. There's movement and activity, much nicer than before," says Eva Hagberg.

The former premises in Hagaborg were built in 1967, and were cramped and outdated. It was time to move about ten years ago, but the plans were delayed.

"We got used to skimping to keep costs down. We were going to move soon, so we made do with what we had."

Security mindset

Not only is it twice the size, the new medical centre has also been adapted to more stringent security requirements.

"The reception desk is fitted with security glass and we have both inner and outer perimeter protection. That provides security for both employees and patients.

Planning and designing a new medical centre from scratch is not exactly easy. It takes time and needs change. Eva Hagberg praises the collaboration with Gunilla Billing, Hemsö's Project Developer for Sandbyhov.

"There's movement and activity, much nicer than before."

"Gunilla has been responsive and helpful in terms of both operational and everyday issues. She has really contributed to the success of the new medical centre."

Field trips

Another positive effect of the new premises is the ability to recruit employees, and to create a workplace where employees want to stay.

"That was not possible in our former premises. A tour of the workplace after an employment interview was not exactly inspiring.

Now Eva Hagberg is the director of a medical centre that attracts visitors.

"We've had our own regional politicians here. And at the end of November, a delegation from Region Södermanland came to visit to seek inspiration for a new medical centre and to hear about the lessons we had learned. That felt great!"



From a sausage factory to first-class school building

The former sausage factory on Karlbergsgatan 77 in central Stockholm has been given a new lease of life. The property has become a first-class building for 1,800 upper-secondary students.

“Campus Vasastan will be a real boost for students and employees alike,” says Annica Roxström, Head of Operations and Operational Support for the AcadeMedia Group.



Hemsö and AcadeMedia have good experience of working together. Hemsö has previously converted and adapted premises for the Group's schools, including Sandbacksgatan on Södermalm, where several schools are gathered. When Hemsö acquired the old sausage factory on Karlbergsvägen, which had since been converted into offices, entering into discussion with AcadeMedia seemed a natural progression.

It proved the perfect match. In August, four of AcadeMedia's upper-secondary schools in Stockholm – Sjölin's Vasastan, Klara Norra, Klara Västra and Drottning Blanka – will relocate to Campus Vasastan.

“These schools have both theoretical and practical profiles. We believe that students can benefit from a setting with mixed profiles and differentiation, because that's what society looks like. It gives them another perspective, and the school becomes more dynamic and creative,” says Annica Roxström.

350 more students

Another advantage of Campus Vasastan is that the classrooms (totalling 11,400 sqm) are customised to provide more room for students in the most popular courses.

“These schools currently have about 1,450 students. Campus Vasastan

will provide an additional 350 places. That means a lot in Stockholm, where the need for school places is growing every year.

“We've worked really well together. We got off to a good start and dialogue has been effective.”

Students and staff will be greeted by a large light courtyard at entrance level. The building has a four-storey high open space with a glass ceiling, as well as a reception, café and plenty of seating for meetings and study. All of the schools will share the same kitchen, restaurant, library and three sports halls. Otherwise, they each have their own floor in the nine-storey high property.”

Since project manager Annica Roxström joined the project in March 2021, she's had countless meetings with project director Åsa Östman and project manager Tobias Engqvist from Hemsö.

“We've worked really well together. We got off to a good start and

dialogue has been consistently effective,” says Annica Roxström.

“We don't always think alike, we are both experts in our own fields, but we always find a way to solutions that work for both of us.”

Shared vision

For AcadeMedia, the design of each floor has been important in order to strengthen the profile of each individual school.

“Hemsö has really listened to us here,” says Annica Roxström.

Overall, Hemsö and AcadeMedia share the same vision and objective for Campus Vasastan – that school should be more than just a physical classroom environment.

“School is incredibly important for a student's health and learning and how well they are equipped to meet future challenges. School should feel safe, pleasant and stimulating, but also have the right lighting and good acoustics. Campus Vasastan is a school that has been optimised for learning from floor to ceiling.

Clear environmental profile

Another shared vision is the focus on environment, climate and recycling. It permeates everything – from re-using the old frame in the new building, to purchasing and energy-

efficiency. Campus Vasastan will also have a clear everyday environmental profile. Measuring food waste, CO₂ calculations and waste management are part of the kitchen's sustainable concept. A greenhouse made from recycled glass has been installed on the rooftop terrace.

“We don't always think alike, but we always find ways to solutions that work for both of us.”

“That helps to make environmental thinking a natural part of everyday school work,” says Annica Roxström.

Campus Vasastan will not be a one-off venture for AcadeMedia. Campus Södermalm is also under construction, with 2,400 school places for students from four upper-secondary schools.

“And there could be more. I can almost promise that, even though we don't have any concrete plans right now.”



A school that brings life to Älta

The “village church” is an old concept that has lost its relevance. Nya Stavsborgsskolan in Nacka Municipality will live up to the more modern concept of a “village school.”

“That’s exactly right. Nya Stavsborgsskolan will be a dynamic gathering place for everyone in Älta,” says Vice Principal Jimmy Svensson.



Nya Stavsborgsskolan in Älta is scheduled to open from the autumn term of 2023. The old, worn-out elementary school with about 600 places from preschool to year 9 has already been demolished. Just a stone’s throw away, in temporary premises, students and staff can watch Hemsö and Peab’s construction of their new school with 13,000 sqm and 1,200 school places from years 1-9.

“It’s very much an ‘at last’ feeling. Everyone is longing for this new school that will be attractive, cool, spacious and purpose-built. Nya Stavsborgsskolan will be a shining light. We’ll be a good example for schools and politicians throughout the region as well as the rest of the country,” says Jimmy Svensson.

More than just a school

Hemsö acquired Stavsborgsskolan from Nacka Municipality in 2016 with the aim of demolishing the building and developing a brand new school with twice as many places. The construction of two new sports centres is also included.

The project is based on the concept that the new school will be more than just a school. The premises will also be open to associations, cultural groups and sports clubs in the evenings and on weekends.

“It feels fantastic to be linking the school with the community in such a natural way. There is an African proverb that I like – It takes a whole village to raise a child. Älta, with Stavsborgsskolan in the centre, will be that good community,” says Jimmy Svensson.

“We’ll be a good example for schools and politicians throughout the region as well as the rest of the country”

Being relatively new at the school – he assumed his position in November 2020 – Jimmy Svensson was not involved in the planning of the new school. But he is really looking forward to autumn 2023 when Nya Stavsborgsskolan will be ready to open.

A magnet

“The new school will enable totally new learning opportunities. While most of the

teachers working at Stavsborgsskolan are qualified, the new school will be a magnet for teachers with ambition and will simplify recruitment.

Recycling and an environmental mindset are also fundamental aspects of the development project. The school will be environmentally certified according to Miljöbyggnad Silver, with a Gold rating for energy. In addition, Hemsö is saving parts of the old school, such as banisters, pipes and glass and, together with recycling artist Jonas Torstensson, will reuse the material to decorate the new school.

“This is such a good idea – both re-purposing the old material, and not cutting ties with the old school,” says Jimmy Svensson.



Seniorenresidenz Am Schlosspark – a nursing home with an extra touch

The Seniorenresidenz Am Schlosspark nursing home is located in the old city centre of Dahme/Mark in eastern Germany, opposite the renovated ruins of the city's baroque castle.

“We are creating the best conditions here for our residents to live a peaceful and dignified retirement,” says Axel Theis, CEO of the ProCurand Group.



The building is owned by Hemsö and ProCurand has signed a long-term rental agreement. The building currently has 160 single rooms and 26 assisted living places. In addition to the nursing home, there is a medical centre, hotel, hairdresser, store, pool and amenities. A modern health and social care facility, quite simply.

Positive from the start

The collaboration between ProCurand and Hemsö is still relatively new. The former owner neglected its maintenance obligations and ProCurand was forced to take legal action. But with Hemsö, collaboration has felt positive from the start.

“It seems as though Hemsö handles its assets completely differently and works hard to remedy the faults that the previous owner left behind. We have a clear agreement, with mutually agreed time frames and clear areas of responsibility for both parties.”

Expects an engaged landlord

Good landlords take care of their assets, according to Axel Theis. All agreements are an arrangement between two parties and must be built on trust, he says. The tenant agrees to take care of the facilities and the building – and pay the rent on time. The property owner's obligation is to maintain the structure, to guarantee that the building is safe and fit for purpose.

“As a tenant, there is nothing more frustrating than to have to keep reminding the landlord about repairs. A good landlord is interested in the property and makes sure that it is always well maintained.”

Refurbishment and plans for the future

There's a lot happening at the moment. In a first step, Hemsö is improving the condition of the building and catching up on neglected maintenance. Especially in the kitchen, where the old floor did not meet the standard required for a catering kitchen.

“They did not use the right construction materials which led to extensive damage over time from water and cleaning agents. The floor has to be completely replaced and we'll upgrade the kitchen at the same time.”

Parts of the façade and the building's heating system also need to be upgraded, and planning is already in full swing. Moving forward, ProCurand would like to continue developing the facility. The building has four storeys and the company is now looking into the possibility of converting it into a multi-purpose health care centre.

“We have many square metres at our disposal so the building has great potential, especially when it comes to assisted living and outpatient services. We are looking forward to exploring our options together with Hemsö.”

A familiar ecosystem

The health and well-being of older people is the top priority. Axel Theis refers to the location here, which gives the home a unique atmosphere and charm.

“Our aim is to create care facilities with an extra touch in the regions where people actually live – in rural areas as well as large cities.”

ProCurand wants to promote the independence of its residents which, according to Axel, is the single most important aspect of offering high-quality and meaningful care for the elderly.

“We provide our residents with the best conditions for a peaceful and dignified retirement. We want to create a familiar ecosystem, where our residents can maintain their independence for as long as possible.”



“A modern mid-city campus.” Hemsö and the City of Lahti are developing a vibrant campus with adaptable spaces

In winter 2021, Hemsö and the City of Lahti signed an agreement for the Paavola campus grounds. Hemsö is responsible for the construction project, including the construction, refurbishment and long-term development of the campus grounds.



Lahti, a growing city about 100 km north-east of Helsinki, had already started to plan a new campus in 2017. The construction of a 30,000 sqm campus close to the city centre is the largest development project of its kind in Lahti’s history. The project will be implemented between 2020 and 2023 and completed in stages.

Hemsö entered the arena in early 2021 through the acquisition of all buildings and ongoing project development and will be investing about EUR 80 million. Hemsö will let the campus to the City of Lahti under a 20-year agreement.

Unique mid-city campus

The construction of a large campus so close to the city centre is unique in Finland today. The city has strived

for a modern, vibrant campus that meets the needs of all students and can be adapted to meet changing needs, requirements and purposes.

“Hemsö has an effective operating model and good references”

When Paavola campus is completed, it will house a preschool, elementary school, lower-secondary school, upper-secondary school and an art and design school.

Two of Lahti’s lower-secondary schools that are currently run separately will thereby be merged. In addition, the campus includes a preschool that has already opened, as well as an art and design school that is currently operating as a municipal upper-secondary school.

The campus will be used by a total of 2,500 students and pupils of various ages and

educational levels. It will be a vibrant environment that encourages participation from all students and pupils.

Modern and flexible educational facilities

The agreement also contains specific requirements, as there are several separate construction projects taking place on the campus grounds, all in various stages of completion.

The existing buildings require extensive refurbishment before they become flexible facilities that meet modern needs and standards for education. New buildings will also be constructed. Traffic routes must also be planned on the campus while construction is taking place.

Stable property partner

“Now that we’ve signed the agreement and started collaborating with Hemsö, our overall impression is positive,” says Jouni Arola, Head of Asset Management in the City of Lahti.

“Hemsö’s concept was interesting. They also have an effective operating model and good references from similar development projects. Our collaboration with Hemsö has been positive and all of our expectations have been met so far.





Construction start for a combined preschool and nursing home in Upplands Väsby.



Tensta upper-secondary school, Stockholm.

Development projects

Hemsö is continuously developing new public properties. We help both public and private sector to think in new ways, so that the activities to be conducted in the building receive the best conditions and maintain sustainability.

Growing need for new public properties

The populations of Finland and Sweden are growing, while the population structure in Germany is undergoing a demographic shift. That is creating opportunities for growth and welfare, but also requires an expansion of social infrastructure. This is a major investment that is critical for meeting growing needs and to ensure a sustainable situation for municipal residents. Meeting this need requires money, experience, resources and time – which are in short supply for many municipalities.

According to the OECD, the population of Sweden is expected to be more than 11 million by 2030, nearly

83 million in Germany and over 5.6 million in Finland. By 2040, the 75+ age group is expected to rise between 38 and 57 per cent in the countries where Hemsö operates. At the same time, many children and young people will be of school age.

1,400

new schools will be needed in the coming decade in Sweden.

The challenge facing the public sector is to build many new public properties in the coming years. For

most municipalities and regions, new construction is carried out at several year intervals, while Hemsö develops public properties for both public and private services on an ongoing basis. That gives us broad knowledge and experience in the development of modern, sustainable and purpose-built properties that also have good property management economics.

Our motto is collaboration and transparency

At year-end, Hemsö had 17 large-scale new construction projects under way in the nursing home, education, health care, justice system and fire and rescue service categories. Projects are developed under own

management, and in collaboration with partner companies.

Hemsö's collaboration model is based on leveraging the knowledge and experience of both parties through mutual and ongoing dialogue. All parties are involved at an early stage of the process to achieve consensus on the design of the property. Having shared and clear goals guarantees a modern, purpose-built and functional property from both an operational and property management perspective. Within the framework of the collaboration, we can also develop long-term sustainable solutions that affect the project's overall economy and therefore generate greater social value.

Long-term collaboration – a secure base

Long-term collaboration and responsibility also underpin the collaboration agreements we have signed with several municipalities, such as Lahti in Finland, and Kungälv, Uddevalla, Trelleborg and Bjuv in Sweden.

Collaboration creates synergies, since the knowledge and experience of both parties is leveraged and carried forward to all development projects. We use that knowledge to drive development and innovation for both cost-efficient and well-adapted public properties based on the needs of the operations.

Innovation and sustainability go hand in hand

Hemsö's specialised expertise in development projects, innovation and sustainability is leading to exciting and sustainable solutions for our new development.

Dabendorf

Heat is extracted from wastewater and used to heat the school building.

In Hemsö's new secondary school Dabendorf in Zossen, south of Berlin, a wastewater heat recovery system has been installed. The principle is based on using the heat extracted from wastewater to heat the building in winter and cool the building in summer. The solution is helping to reduce energy use and environmental impacts.

A higher degree of re-use is paramount to reducing emissions from construction. One Hemsö project in central Stockholm was converted from a sausage factory into offices, and is now being converted into a new upper secondary school. The emissions from both the materials and the construction process are greatly reduced by retaining the frame and façade. The project will also re-use pavers and steel doors, and build an outdoor greenhouse from recycled material.

One example of an initiative to promote social sustainability is the collaboration agreement for a multi-generational facility that is under construction in Upplands Väsby. The tenants are Stockholm Sjukhem Foundation and the Raoul Wallenberg School. The aim of Hemsö's initiative is that the tenants will engage in intergenerational activities together to enrich the lives of both nursing home residents and the children in the preschool. Hemsö has also set aside funds in a collaboration fund from which the tenants may apply for money.

Focus on the activities in the building

Hemsö always proceeds from the operations when launching a project. Because our properties serve an important function for public services, the starting point for our development projects is to create conditions for effective health care, social care and education. We have a deep understanding of the activities that take place in our buildings and what they consider important, and the factors that create the right conditions for everyone who uses the buildings. We are therefore able to design effective properties from both an operational perspective and a long-term management and cost perspective. Hemsö always tries to find effective solutions for how premises can be co-utilised, serve multiple purposes and be developed over time.



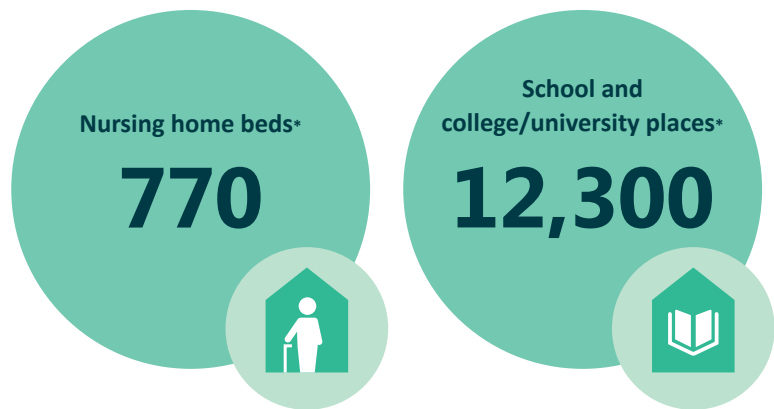
Construction start for a preschool and elementary school in Staffanstorp.



The Kronåsen Campus, Uppsala.

Completed development projects

During the year, Hemsö completed a secondary school in Zossen, Berlin, the Hantverkaren nursing home in Södertälje, the Oulu fire and rescue station, the nursing home in Södra Källtorp in Västerås, the Joensuu conservatory of music, and the Raoul Wallenberg School in Bagartorp, Solna. In 2021, Hemsö initiated development projects that will add 770 new nursing home beds and 12,300 new school places. Since its inception in 2009, Hemsö has completed 1,430 nursing home beds, 11,600 school places and 7,000 college/university places.



*No. of places/beds added by development projects initiated in 2021.

Development projects completed, 2021

Municipality	Project	Category	Certification	Area, sqm	Investment, SEK million	Rental duration, years	Rental value increase, SEK million	Occupancy rate, %
Linköping	Nyponkärnan	Education	Miljöbyggnad	1,688	49	15	3	100
Solna	Bagartorp ¹⁾	Education	Nordic Swan	4,456	169	30	11	100
Zossen	Dabendorf	Education	–	16,250	432	20	26	100
Västerås	Södra Källtorp	Nursing home	Miljöbyggnad	9,975	375	25	21	100
Norrköping	NOD-huset	Health care	Miljöbyggnad	4,495	260	10	13	100
Borlänge	Paradisskolan	Education	–	9,200	240	20	17	100
Oulu	Linnanmaa	Justice system	BREEAM	5,800	157	25	13	100
Stockholm	Princeton ²⁾	Health care	Miljöbyggnad	22,364	1,667	8	106 ²⁾	93
Lahti	Paavola ³⁾	Education	–	7,000	243	20	18	100
Södertälje	Hantverkaren	Nursing home	Miljöbyggnad	4,982	167	20	12	100
Joensuu	Conservatory	Education	BREEAM	3,311	129	20	10	100
Total				89,521	3,888	15	250	

¹⁾ Municipal guarantee.

²⁾ A joint venture was formed with SveaNor to deliver the project. The property was sold and exited in Q4 2021.

³⁾ 2 of 5 projects in the project portfolio were completed in Q4 2021.

Completed developed projects

Raoul Wallenberg School in Bagartorp, Solna

Property category: Education
Country: Sweden
Project type: New construction
Project area: 4,456 sqm
Environmental certification: Nordic Swan
Pre-let: 100%

Project description: Hemsö has developed a new high school and sports centre in the Bagartorp area of Solna in collaboration with the City of Solna, with the Raoul Wallenberg School as tenant. The school accommodates 360 students and is the first Nordic Swan Ecolabelled school in Stockholm.



Södra Källtorp, Västerås

Property category: Nursing home
Country: Sweden
Project type: New construction
Project area: 9,975 sqm
Environmental certification: Miljöbyggnad Silver
Pre-let: 100%

Project description: Hemsö has developed a new nursing home with 120 apartments in Södra Källtorp in Västerås. The layout and colour scheme have been adapted to make it easier for residents to find their way around the building. A 20-year rental agreement was signed with the City of Västerås. The home began operating in August 2021.

Joensuu Conservatory

Property category: Education
Country: Finland
Project type: New construction
Project area: 3,311 sqm
Environmental certification: BREEAM Very Good
Pre-let: 100%

Project description: In December 2021, Hemsö completed the new school for music education in Joensuu. The conservatory will accommodate a 250-seat music room and a rehearsal room for 100 musicians. A 20-year rental agreement has been signed with the City of Joensuu.



Dabendorf, Zossen

Property category: Education
Country: Germany
Project type: New construction
Project area: 16,250 sqm
Construction start: 2018
Pre-let: 100%

Project description: Hemsö completed the construction of the Dabendorf secondary school in Zossen, south of Berlin, in July 2021. The City of Zossen is the tenant and has signed a 20-year rental agreement. The school accommodates 1,000 students.

Linnanmaa fire and rescue station, Oulu

Property category: Justice system
Country: Finland
Project type: New construction
Project area: 5,800 sqm
Pre-let: 100%

Project description: The Linnanmaa fire and rescue station in Oulu is an energy-efficient property with a major focus on sustainability, and health and safety. The station is operated by the Oulu-Koillismaa fire and rescue service.



kuva: Arkkitehdit Kontukoski Oy

Ongoing development projects

Hemsö's largest ongoing construction projects >SEK 100 million

Municipality	Project	Certification	Category	Area, sqm	Investment, SEK million	Remaining investment, SEK million	Rental value increase, SEK million	Occupancy rate, %	Completion, year
Huddinge	Nya Novum ¹⁾	BREEAM	Health care	49,000	870	711	34	61	2024
Gothenburg	Silverkällan	Miljöbyggnad	Nursing home	13,458	499	184	40	91	2022
Nacka	Stavsborgsskolan	Miljöbyggnad	Education	13,004	406	309	30	100	2023
Trelleborg	IES Trelleborg	Miljöbyggnad	Education	11,200	356	135	27	100	2022
Lahti	Paavola Campus ^{1) 2)}	–	Education	21,086	319	200	22	100	2021–2023
Staffanstorps	IES Staffanstorps	Miljöbyggnad	Education	6,995	300	86	16	100	2022
Tyresö	Sköndalsvillan	Miljöbyggnad	Nursing home	7,044	262	84	14	100	2022
Stockholm	Kadetten ¹⁾	–	Education	11,410	247	70	38	100	2022
Upplands Väsby	Vågen Vilunda	Nordic Swan	Nursing home	6,157	224	112	16	100	2022
Västerås	Södra Källtorp ³⁾	Miljöbyggnad	Nursing home	5,111	174	46	8	100	2022
Helsinki	Arkadiankatu 24 ¹⁾	–	Education	5,767	186	107	16	100	2022
Büttelborn	Büttelborn	–	Nursing home	6,193	169	125	11	100	2022
Potsdam-Mittelmark	Kleinmachnow	–	Nursing home	6,747	166	166	9	100	2022
Täby	Bylegård	Miljöbyggnad	Nursing home	5,555	158	47	13	100	2022
Lund	Växthuset, S:t Lars	–	Education	4,678	123	113	9	100	2023
Espoo	Kamreerintie 6 ¹⁾	–	Health care	4,888	110	86	15	100	2022
Villmanstrand	Lauritsa	–	Justice system	3,100	109	50	7	100	2022
Total				181,393	4,678	2,631	325		

¹⁾ Conversion.

²⁾ 2 of 5 projects were completed in Q4 2021.

³⁾ Some of the project was completed in Q3 2021.

 Public-sector tenant  Private-sector tenant

Elementary school and nursing home,

Gothenburg

Property category: Education and nursing home

Country: Sweden

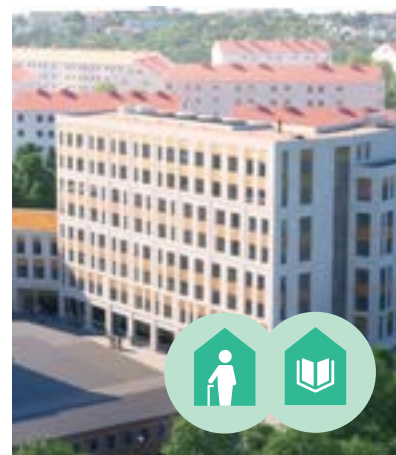
Project type: New construction

Project area: 13,458 sqm

Construction start: 2021

Pre-let: 100%

Project description: Hemsö is developing a unique project with an elementary school and nursing home combined in the same building in the Sandarna area of Gothenburg. The school will accommodate 400 students from preschool to year 6, and the nursing home will have 100 beds. The City of Gothenburg is the tenant for both the elementary school and the nursing home. Occupancy is scheduled for the spring term of 2023.



Paavola campus, Lahti

Property category: Education

Country: Finland

Project type: Construction and refurbishment

Project area: 21,086 sqm

Construction start: 2020

Pre-let: 100%

Project description: Approximately 2,500 children and young people will be educated on the Paavola Campus in the City of Lahti. The buildings are undergoing extensive conversion, and construction is also taking place on the campus grounds. The projects will be completed in stages during 2021–2023. The City of Lahti is the tenant and has signed a 20-year rental agreement for all spaces.

Kadetten, Stockholm

Property category: Education
Country: Sweden
Project type: Conversion
Project area: 11,410 sqm
Construction start: 2021
Pre-let: 100%

Project description: In 2020, Hemsö started the demolition of the property on Karlbergsvägen in central Stockholm. The building is a former sausage factory and has recently been used for a variety of purposes, including offices. The property will now be converted into a modern upper-secondary school. A 12-year rental agreement has been signed with AcadeMedia. The property is scheduled for completion in the third quarter of 2022.



Sköndalsvillan, Tyresö

Property category: Nursing home
Country: Sweden
Project type: New construction
Project area: 7,044 sqm
Construction start: 2020
Pre-let: 100%

Project description: Hemsö is developing a new nursing home with 80 apartments, and a short-term residential facility with 12 apartments, in central Tyresö. A 20-year rental agreement has been signed with the Stora Sköndal Foundation. Sköndalsvillan is Sweden's first NollCO₂-certified nursing home, and also holds Miljöbyggnad Gold certification. Occupancy is planned for the second quarter of 2022.

Nursing home, Kleinmachnow

Property category: Nursing home
Country: Germany
Project type: New construction
Project area: 6,747 sqm
Construction start: 2021
Pre-let: 100%

Project description: Hemsö is developing its second nursing home under own management in Kleinmachnow just outside Berlin. The home will have 86 beds. A 20-year rental agreement was signed with Victor's group, one of the largest care providers in Germany. The nursing home is scheduled for completion by the end of 2022.



Preschool and nursing home, Upplands Väsby

Property category: Education and nursing home
Country: Sweden
Project type: New construction
Project area: 6,157 sqm
Construction start: 2020
Pre-let: 100%

Project description: Hemsö is developing a new multi-generational building with a preschool and residential care facility in Upplands Väsby. The tenants are the Stockholm Sjukhem Foundation and Raoul Wallenberg School. The new multi-generational building will accommodate 80 children and 80 elderly people, and has been designed to promote interaction between children and the elderly. Occupancy is scheduled for the fourth quarter of 2022.

Stavsborgsskolan, Nacka

Property category: Education
Country: Sweden
Project type: New construction
Project area: 13,004 sqm
Construction start: 2021
Pre-let: 100%

Project description: In summer 2021, the construction of a new school for 1,200 pupils from Years 1-9 will start. The new school will replace the school's current premises. A 25-year rental agreement has been signed with Nacka Municipality. The school is scheduled for completion by autumn term 2023.



Family centre, Espoo

Property category: Health care

Country: Finland

Project type: Conversion

Project area: 4,888 sqm

Construction start: 2021

Pre-let: 100%

Project description: Hemsö has acquired a property for conversion into a municipal family centre in Espoo outside Helsinki. The services will include maternity centres and paediatric rehabilitation. The property is undergoing extensive refurbishment and is scheduled for completion in spring 2022. A ten-year rental agreement has been signed with the City of Espoo.



Lauritsala fire and rescue station, Lappeenranta

Property category: Fire and rescue station

Country: Finland

Project type: New construction

Project area: 3,100 sqm

Construction start: 2021

Pre-let: 100%

Project description: Hemsö is developing a modern facility that is adapted to the Fire and Rescue Authority's requirements for leadership skills. All of the necessary equipment is also available indoors. The new station is scheduled for completion by the end of 2022 and will begin operations in early 2023.

Arkadia, Helsinki

Property category: Education

Country: Finland

Project type: Conversion

Project area: 5,767 sqm

Construction start: 2020

Pre-let: 100%

Project description: Hemsö is developing a new elementary school for 700 pupils in the Arkadia 24 property in central Helsinki. The property is undergoing extensive refurbishment and a 15-year rental agreement has been signed with the City of Helsinki. Occupancy of the premises is scheduled for autumn 2022.





Construction start for a preschool and elementary school in Trelleborg.



Hemsö's own-developed school Dabendorf in Zossen, Germany.

Development of sustainable public properties

A key element of Hemsö's development project process is the ongoing analysis of each municipality's conditions and their changing needs for premises over time. The analysis includes such factors as demographics, public finance, job market and property market.

Knowledge of the activities and their users is a key factor. Everyone who uses our buildings should have the best conditions to develop and feel good. To capture all perspectives when developing new public properties, we collaborate with researchers and representatives of the operations. The results of this systematic process have led to the development of schools with as few hidden and dark spaces as possible to reduce the risk of bullying, and school playgrounds designed to encourage physical activity, which promotes the physical and cognitive development of children.

Aim for carbon-neutral new development

Hemsö uses a variety of certification schemes with a focus on indoor environments, building materials and energy efficiency. Our requirement is that new development must be environmentally certified. In 2021, we completed our first Nordic Swan Ecolabelled building.

The number of certified buildings and their share of the total area in the portfolio is steadily increasing due to the growing number of own-produced buildings, where Hemsö imposes demands on environmental certification.

Focus and trends in 2022

In the third quarter of 2021, Hemsö introduced the ambition that all new development in Sweden will be carbon-neutral. The implementation plan is based on efforts in connection with the development of the first NollCO₂-certified nursing home,

All new development will be carbon-neutral

Sköndalsvillan, in Tyresö in Stockholm. Implementation and development of the plan will continue in 2022, and a study of Hemsö's other markets is ongoing.

In 2022, Hemsö will remain focused on the development of public properties on the company's own land, and in municipalities where we are already active. This will be carried out by initiating and driving planning processes. We will also intensify our

focus on innovation projects aimed at generating added value for our tenants, care users and the community.

The trend is moving towards the inclusion of new construction, extension and refurbishment in property acquisitions. Many municipalities have a need to upgrade their portfolios, and are primarily interested in retaining and converting acquired properties. We have extensive experience in assessing whether an object is worth refurbishing, or whether it should be demolished. This procedure is important for maximising resource efficiency and securing a long-term sustainable investment.

We will continue to develop systematic experience feedback to ensure we apply lessons learned to future projects. To achieve cost and time efficiencies, we will intensify our continuous improvement efforts by developing the way we work with technical frameworks for schools and nursing homes.

Directors' Report

The Board of Directors and Chief Executive Officer of Hemsö Fastighets AB, Corp. Reg. No. 556779–8169 hereby present the 2021 Annual Report for the Group and the Parent Company.

About the operations

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

At 31 December 2021, Hemsö owned 441 properties with a market value of SEK 75.7 billion. The properties are located in Sweden, Finland and Germany. Tenants are mostly state, municipal and regional operators. In addition, Hemsö also has tenants that are private operators but provide taxpayer-funded services. The Third Swedish National Pension Fund is the majority owner and holds, directly and indirectly, 85 per cent of Hemsö.

Hemsö presents some performance measures in the Annual Report that are not IFRS-defined measures. Calculations and definitions of these

Profit from property management

SEK million	2021	2020	Δ%
Rental income	3,614	3,270	10.5
Other income	24	23	5.1
Property costs	-896	-867	3.4
Net operating income	2,742	2,425	13.1
Central administrative expenses	-156	-158	-1.6
Profit/loss from associated companies	177	1	
Operating profit	2,764	2,268	21.9
Financial items	-486	-500	-2.8
Profit after financial items	2,278	1,768	28.9
- of which Profit from property management	2,145	1,810	18.5
NOI margin	75.4%	73.7%	
Operating margin	76.0%	68.9%	

alternative performance measures (APMs) can be found on pages 130–132.

Income

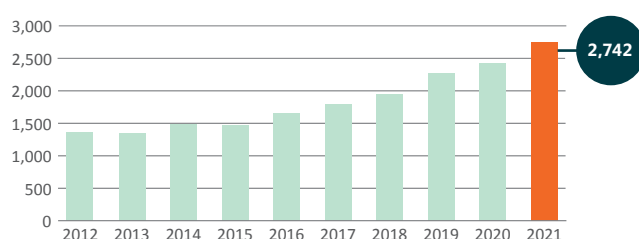
In 2021, rental income amounted to SEK 3,614 million (3,270), up 10.5 per cent. The increase was a result of implemented acquisitions, completed development projects and investments in the existing portfolio. Rental income in the comparable portfolio declined SEK 2 million (24), corresponding to -0.1 per cent (0.9). Exchange rate fluctuations had a negative impact of SEK 35 million on rental income in the comparable portfolio. At year-end, the economic

occupancy rate remained unchanged at 97.9 per cent (97.9) and economic vacancies amounted to SEK 83 million (74). At period-end, contracted annual rent amounted to SEK 3,815 million (3,355) before rent reductions. Hemsö's rental agreements typically include a Consumer Price Index (CPI) clause, enabling inflation-related adjustments. The rental duration was 9.6 years (9.8). The high credit scores of tenants reduce the risk of credit losses.

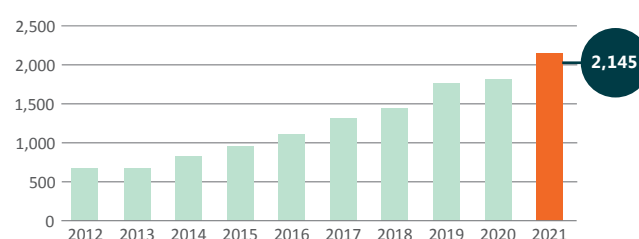
Costs

Hemsö's property costs largely comprise operating costs such as maintenance, heating, electricity

Net operating income, SEK million



Profit from property management, SEK million



and water, and the cost of ongoing and planned maintenance. Property costs amounted to SEK 896 million (867), up SEK 29 million or 3.4 per cent. The increase was due to a larger property portfolio and increased operating costs due to a colder winter.

In the comparable portfolio, costs increased SEK 12 million, or 1.7 per cent, mainly due to higher costs for routine maintenance.

Net operating income

Net operating income rose SEK 317 million to SEK 2,742 million (2,425), up 13.1 per cent. The increase was primarily attributable to acquisitions and completed development projects. The NOI margin was 75.4 per cent (73.7), up 1.7 percentage points year-on-year, mainly due to lower maintenance costs.

In 2021, net operating income in the comparable portfolio declined to SEK 2,186 million (2,201).

Net financial items

Net financial items amounted to an expense of SEK -486 million (-500). The change was mainly attributable to reduced interest expense due to a lower average interest rate. The fixed-rate period was 6.3 years (6.2), and the average interest rate was 1.1 per cent (1.2). Net financial items comprised interest expense of SEK -450 million (-495), other financial expenses of SEK -52 million (-50), interest income of SEK 12 million (11), other financial income of SEK 32 million (57) and interest expense of SEK -28 million (-) on ground leases and leasehold properties.

Profit from property management

Profit from property management totalled SEK 2,145 million (1,810), up 19 per cent. The increase was mainly attributable to a larger property portfolio.

Change in value of properties

At the end of 2021, the market value of properties was SEK 75,737 million (62,240). During the year, changes in the value of properties amounted to SEK 7,587 million (2,441), of which unrealised change in value accounted for SEK 7,579 million (2,408) and realised for SEK 8 million (33).

The value change was mainly attributable to lower yield requirements in all countries, but also to property management and development projects primarily in Sweden.

Change in value of financial instruments

Changes in the value of interest-rate derivatives had a positive impact of SEK 200 million (neg: -45) on profit and were mainly due to rising market rates. Foreign exchange swaps had a positive impact of SEK 9 million (neg: -27) on profit, attributable to currency risk management in connection with property acquisitions in EUR.

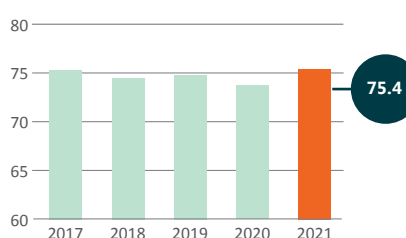
Tax

Recognised tax for the year amounted to SEK -1,885 million (-803), of which current tax accounted for SEK -107 million (-115) and deferred tax for SEK -1,779 million (-688).

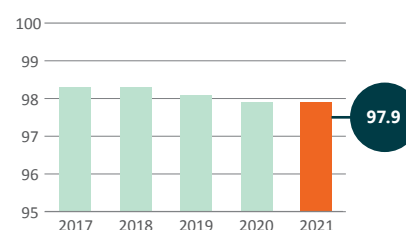
Profit for the year

Profit for the year before tax amounted to SEK 10,075 million

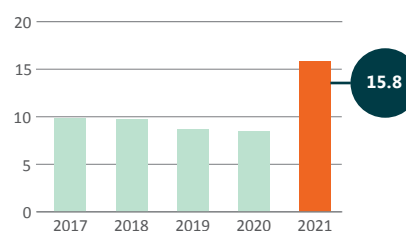
NOI margin, %



Economic occupancy rate, %



Total yield, %



Net operating income per geographic market

	Sweden	Finland	Germany	Total
Property income, SEK million	2,380	678	581	3,639
Property costs, SEK million	-654	-182	-60	-896
Net operating income, SEK million	1,726	496	520	2,743

Key ratios

Share of NOI, %	63	18	19	100
NOI margin, %	72.5	73.2	89.6	75.4

(4,136) and profit for the year after tax to SEK 8,189 million (3,333), up SEK 4,856 million year-on-year. The earnings improvement was mainly attributable to a higher change in the value of investment properties as well as higher profit from property management and improved earnings from associated companies.

Profitability

Return on equity was 33.8 per cent (18.1). Return on equity from profit from property management amounted to 8.0 per cent (8.9). The total yield was 15.8 per cent (8.5).

Investments

Investments refer to investments in existing properties, new development and acquisitions. During the year, Hemsö invested SEK 7,590 million (5,738), of which SEK 3,456 million (2,483) pertained to acquisitions and SEK 4,133 million (3,255) to new construction, extension and refurbishment. 3,294mkr (2,601) was invested in new development and SEK 839 million (654) pertained to improvements and investments in connection with new lettings. For all ongoing construction projects with volumes of more than SEK 100 million, the remaining investment volume totalled SEK 2,631 million (2,474).

Cash flow

Consolidated cash flow from operating activities was SEK 1,917 million (1,675) and operating cash flow was SEK 1,944 million (1,696). Investing

activities had a negative impact of SEK -6,099 million (-5,614) on cash flow, while increased borrowings had a positive impact of SEK 3,367 million (3,989) on cash flow from financing activities. Overall, cash and cash equivalents declined SEK -218 million (-100) during the year.

Parent Company

Parent Company sales amounted to SEK 106 million (83) and consisted of fees for services to the subsidiaries. Administrative expenses increased to SEK -203 million (-176). The increase was mainly attributable to higher personnel costs due to more employees. Financial items amounted to income of SEK 179 million (972). Financial items include profit of SEK 290 million (716) from participations in Group companies, interest income of SEK 671 million (617), interest expense of SEK -501 million (-544), and exchange-rate differences of SEK -281 million (183). Changes in the value of financial instruments amounted to SEK 166 million (-47). Comprehensive income for the year totalled SEK 570 million (1,040).

Employees

At year-end, Hemsö had 153 (138) employees of whom 72 (59) were women. Of all employees, 131 (123) were employed in Sweden, 8 (7) in Germany and 14 (8) in Finland.

Sustainability performance

In accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, Hemsö Fastighets AB has

elected to prepare the mandatory Sustainability Report separately from the Annual Report. The Sustainability Report was submitted to the auditor together with the Annual Report and is available on the company's website (www.hemso.se).

Future trends

Investors are showing a strong interest in public properties but investment properties in this segment are still in short supply. Tenant demand for premises in public properties is high and the supply of new premises is limited. Nursing homes and school premises account for the greatest need, driven by the demographic trend.

Statement by the Board of Directors regarding the proposed dividend

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

The proposed dividend is based on the annual accounts for 2021, which were presented to the Annual General Meeting for adoption on 28 April 2022, and with consideration for the company's investment and liquidity requirements. After the dividend, the equity/assets ratio would be considered satisfactory in light of the continued profitability of the operations conducted by the Parent Company and the Group. Access to liquidity for both the Parent Company and the Group is expected to remain favourable. The Board's view is that the proposed dividend will not prevent the company, or any other Group companies, from meeting their short-term or long-term obligations, or from completing any necessary investments.

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

Comparable portfolio

	31 Dec 2021	31 Dec 2020	Change
No. of properties	319	319	–
Market value of properties, SEK million	53,672	47,677	12.6
Property yield, %	4.1	4.5	-0.4

Amounts in SEK million	Jan-Dec 2021	Jan-Dec 2020	Change, %
Rental income	2,927	2,929	-0.1
Other income	21	21	-3.5
Operating costs	-488	-431	13.3
Maintenance costs	-202	-255	-20.8
Other costs	-72	-64	12.6
Net operating income	2,186	2,201	-0.7

Proposed appropriation of profits

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

Retained earnings	3,926,793,178
Share premium reserve	1,000,000,000
Profit for the year	570,437,795
Total	5,497,230,972

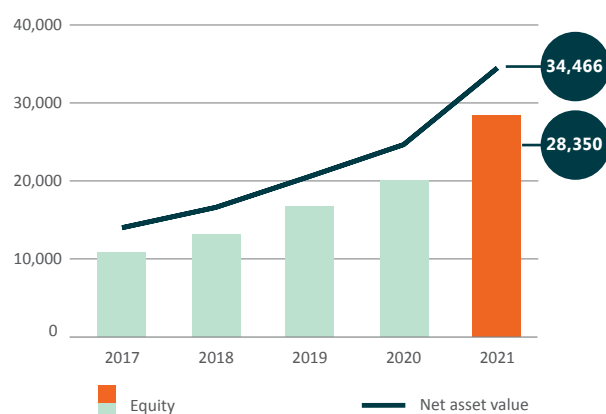
The Board proposes that the profits be appropriated as follows, SEK:

To shareholders	1,072,000,000
To be carried forward	4,425,230,972
Total	5,497,230,972

Dividend policy

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

Development of equity, SEK million



Balance sheet

SEK million	2021	2020	2019	2018	2017
Investment properties	75,737	62,240	55,027	46,236	38,883
Right-of-use assets	759	605	582	–	–
Derivatives	161	–	–	–	–
Other assets	2,164	1,457	1,348	720	660
Cash	687	891	988	450	1,134
Assets	79,508	65,193	57,945	47,406	40,677
Equity	28,350	20,082	16,714	13,199	10,795
Interest-bearing liabilities	42,498	38,652	35,542	29,728	25,575
Lease liabilities	759	605	582	–	–
Derivatives	–	231	211	281	544
Deferred tax	6,082	4,270	3,600	3,067	2,591
Other liabilities	1,819	1,353	1,296	1,131	1,172
Equity and liabilities	79,508	65,193	57,945	47,406	40,677
Payment to shareholders					
Dividend, SEK million	905	860	721	657	555
Financial resilience					
Equity, SEK million	28,350	20,082	16,714	13,199	10,795
Equity/assets ratio, %	35.7	30.8	28.8	27.8	26.5
Net asset value, SEK million ¹	34,466	24,608	20,525	16,547	13,930
Adjusted equity/assets ratio, %	43.3	37.7	35.4	34.9	34.2

¹ The definitions of net asset value and adjusted equity/assets ratio have been updated and now include interest-rate derivatives only. 2020 has been restated.

Financing

Hemsö's financing aims to maintain a stable capital structure and low financing costs. Despite an occasionally turbulent financial market, Hemsö experienced good access to capital during the year. Hemsö continued to diversify its financing by issuing additional bonds in NOK and also adding USD. Hemsö worked actively to maintain the company's loan maturity and fixed-rate periods in order to reduce risk and secure stable cash flows.

Debt management

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

Good access to capital

The fixed-income market has been volatile in recent years and, as in the preceding year, most of the fluctuations can be linked to the pandemic. This was particularly noticeable towards the end of the year, which was characterised by rate hikes to help stave off rising inflation. However, Hemsö had good

access to capital throughout the entire year and did not need to use any credit facilities.

Higher rate of sustainability-linked loans

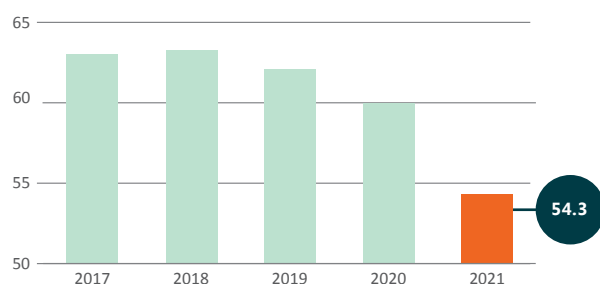
Sustainable finance has become an increasingly important element of Hemsö's lending. In 2021, Hemsö borrowed the equivalent of SEK 900 million under the sustainability bonds framework. In addition, Hemsö signed a SEK 1,000 million loan agreement with the European Investment Bank (EIB). Sustainability-linked loans totalled SEK 7,400 million.

Hemsö's credit rating from Fitch Ratings was upgraded to A+

Hemsö already has a long-term credit rating of 'A-' with a stable outlook from Standard and Poor's.

Standard and Poor's have updated their criteria for Hemsö's category since 2015 (Public & Social Housing Providers), whereby Hemsö is now rated according to the assessment criteria for traditional property companies. Hemsö still has a long-term credit rating of 'A-' with a stable outlook from Standard and Poor's. In March, Fitch Ratings upgraded Hemsö's credit rating to A+ with a stable outlook. To increase transparency, and due to requests from some investors, Hemsö is assessed by two credit rating agencies to enable a better understanding of the company's business model and financial risk profile.

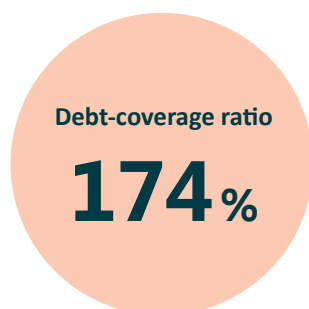
Loan-to-value ratio, %



Capital structure

SEK million	2021	2020
Interest-bearing liabilities	42,498	38,652
Cash and cash equivalents	687	891
Net debt	41,811	37,761
Market value of properties	75,737	62,240
Associated companies	1,271	698
Property assets	77,008	62,938
Loan-to-value ratio, %	54.3	60.0
Secured debt, %	0.0	0.0

Capital structure



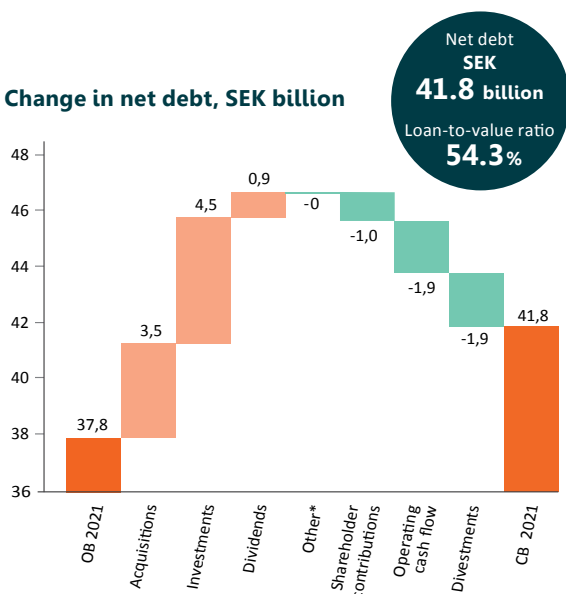
Sources of funding

SEK million	2021	2,020
Bonds, SEK	12,617	14,052
Bonds, EUR	17,514	13,707
Bonds, NOK	2,010	1,155
Bonds, USD	1,085	–
Bonds, AUD	328	313
Total bonds	33,555	29,227
<i>Of which sustainability bonds</i>	<i>3,712</i>	<i>3,802</i>
Commercial papers	4,490	5,023
European Investment Bank	2,887	2,848
Nordic Investment Bank	800	800
Schuldschein	767	753
Secured loans	–	–
Interest-bearing liabilities	42,498	38,652
<i>Of which sustainable finance</i>	<i>7,400</i>	<i>7,450</i>

Committed credit facilities and underwriting commitments

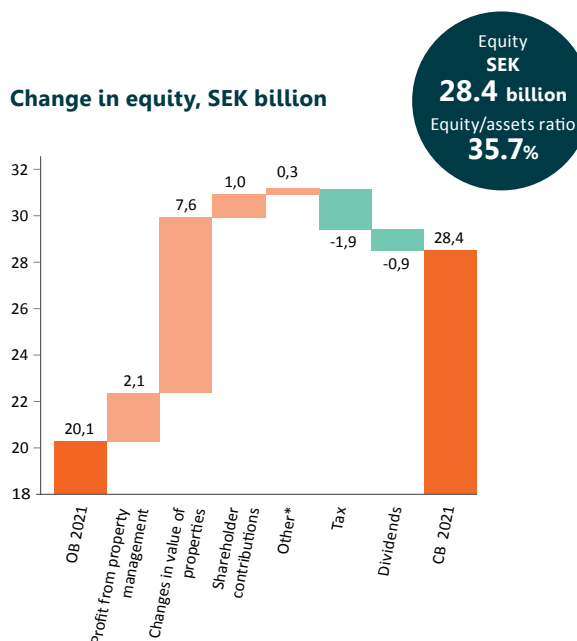
SEK million	2021	2020
Banks	6,500	7,500
Third Swedish National Pension Fund	5,000	5,000
European Investment Bank	1,000	0
Total	12,500	12,500
Cash and cash equivalents	687	891
Available liquidity	13,187	13,391
Short-term borrowings	7,600	9,524
Debt-coverage ratio, %	174	141

Change in net debt, SEK billion



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

Change in equity, SEK billion



** Translation reserve, minority share, adjustment of associated companies and derivatives.



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

Hemsö was assigned a credit rating from Standard and Poor's in 2015, and from Fitch in 2020. The credit rating from S&P is A-. Hemsö's credit rating from Fitch Ratings has been of A+ since March 2021. These official ratings mean that more investors can buy the company's bonds and many new international investors have subsequently chosen to invest in Hemsö.

S&P Global Ratings

FitchRatings

Capital structure

At year-end, assets totalled SEK 79,508 million (65,193). Hemsö financed its operations with equity of SEK 28,350 million (20,082), interest-bearing liabilities of SEK 42,498 million (38,652), deferred tax liabilities of SEK 6,082 million (4,270) and other liabilities of SEK 1,819 million (1,353). The interest-bearing liabilities comprised uncovered bonds of SEK 33,555 million (29,227), Schuldschein of SEK 767 million (753), commercial papers of SEK 4,490 million (5,023), and unsecured loans of SEK 3,687 million (3,648) from EIB and NIB. At year-end, Hemsö's loan-to-value ratio was 54.3 per cent (60.0).

Diversified funding sources

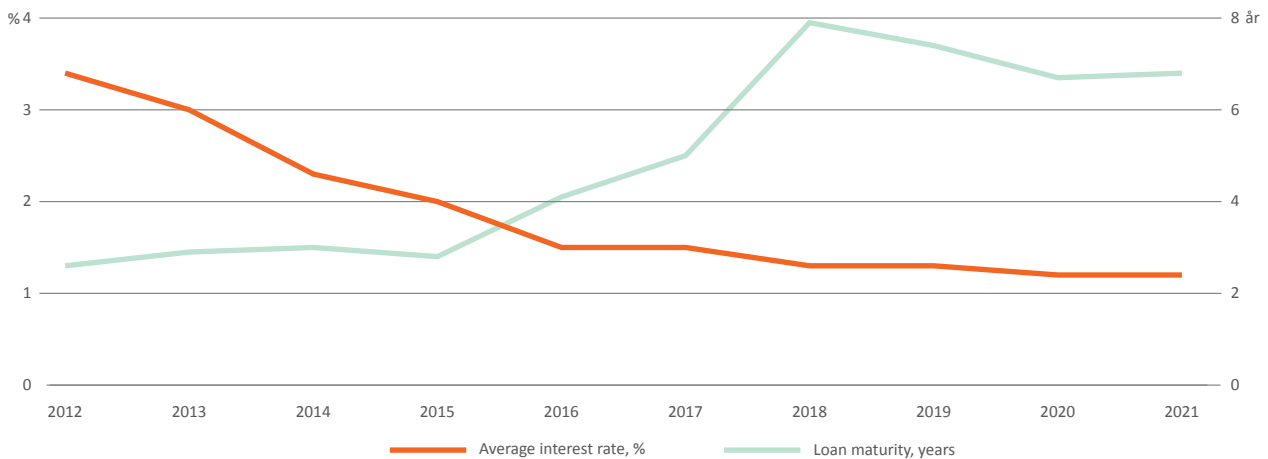
Hemsö is an established issuer in the Swedish and European bond markets. At year-end, Hemsö had outstanding bonds of SEK 12,617 million (14,052) in the Swedish capital market, making the company one of the largest issuers in Sweden. Hemsö has been issuing bonds in the Euro-

pean market since September 2016 and at year-end, the total issuance of outstanding EUR-denominated bonds corresponded to SEK 17,514 million (13,707), making Hemsö an established name among European investors. In recent years, Hemsö has continued to diversify its funding through a large proportion of Asian investors and by raising a loan in the German Schuldschein market. Hemsö has previously issued bonds in AUD and at year-end, had the equivalent of SEK 328 million (313) in AUD bonds. In addition, Hemsö continued to issue bonds in NOK and also added another currency, USD. At year-end, Hemsö had SEK 2,010 million (1,155) in NOK bonds and SEK 1,085 million (-) in USD bonds.

Focus on stable cash flows

Hemsö works pro-actively to secure stable and predictable cash flows for the company. Through access to European capital markets and a well-planned borrowing strategy, the company had a long fixed-rate period

Average interest rate and loan maturity



of 6.3 years (6.2) at year-end. The loan maturity remained long at 6.8 years (6.7). Despite a continued long fixed-rate period, Hemsö's average interest rate decreased to 1.1 per cent (1.2).

Focus on 'unsecured' capital market financing

Hemsö's strategy to focus on unsecured capital market financing will continue. Hemsö had already repaid all remaining secured debt in 2018, and has zero per cent outstanding. The fact that Hemsö has not used any secured debt reduces the risk associated with the company's bonds and commercial papers.

Interest-bearing liabilities

At year-end, Hemsö had interest-bearing liabilities of SEK 42,498 million (38,652), representing a loan-to-value ratio of 54.3 per cent (60.0). Of Hemsö's interest-bearing liabilities, SEK 35,602 million (28,595) car-

ries fixed rates and SEK 6,897 million (10,057) variable rates. The company uses interest-rate derivatives to adjust interest-rate risk. Of Hemsö's liabilities, 80 per cent had a fixed-rate period of more than one year.

Bonds

Hemsö has one EMTN programme with a ceiling of EUR 4,000 million, and another MTN programme with a ceiling of SEK 12,000 million. In 2021, Hemsö issued bonds totalling SEK 8,668 million. At 31 December 2021, the bond volume amounted to SEK 33,555 million (29,227), of which eight sustainability bonds accounted for SEK 3,712 million (3,802). The MTN bonds are traded on Nasdaq Stockholm, and the EMTN bonds on Euronext Dublin.

Commercial papers

Hemsö has one commercial paper programme with a ceiling of SEK

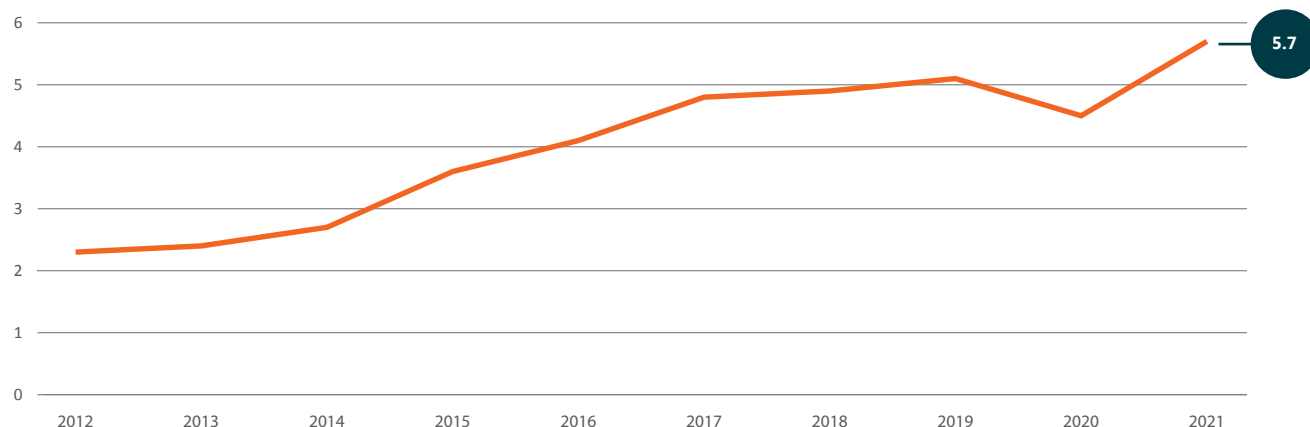
8,000 million. At 31 December 2021, Hemsö had commercial paper outstanding of SEK 4,490 million (5,023).

Committed credit facilities and liquidity

Hemsö has committed credit facilities to reduce the company's liquidity and refinancing risk. Committed credit facilities can be drawn to refinance bonds, commercial papers or other debts due. They can also be used to finance the operations. At 31 December 2021, Hemsö's undrawn committed credit facilities totalled SEK 12,500 million (12,500), comprising an underwriting commitment of SEK 5,000 million (5,000) from the Third Swedish National Pension Fund and credit facilities of SEK 7,500 million (7,500) from banks. At year-end, cash and cash equivalents amounted to SEK 687 million (891), bringing available liquidity to SEK 13,187 million (13,391).



Interest-coverage ratio, times



Interest-rate derivatives and foreign exchange swaps

Hemsö uses interest-rate derivatives and foreign exchange and cross currency swaps to manage interest rate and currency risk. Interest-rate derivatives are used to manage the length of the fixed-rate period and thereby adjust the interest-rate risk to the desired level. Foreign exchange and cross currency swaps are used to manage and reduce the currency risk. At year-end, the surplus value of Hemsö's derivatives portfolio was SEK 161 million (-231). In addition, the nominal value of interest-rate derivatives was SEK 4,800 million (6,300), cross currency swaps amounted to SEK 3,187 million (1,396), and the nominal value of foreign exchange swaps was SEK – million (764).

Value changes

Changes in the value of financial instruments had a positive impact of SEK 209 million (neg: -72) on profit. Changes in the value of interest-rate derivatives had a positive impact of SEK 200 million (-45) on profit. Derivatives attributable to currency risk management had a positive impact of SEK 9 million (-27) on profit.

Currency exposure

Exposure in currency is defined as the difference between the value of the company's assets in EUR (property value and cash and cash equivalents) and the company's liabilities in the same currency. Hemsö's assets in EUR will eventually be financed with liabilities in EUR. Hemsö can also use foreign exchange and cross currency swaps to manage the currency exposure. At 31 December 2021, net exposure defined as property assets and cash including currency hedging less interest-bearing liabilities amounted to EUR 267 million, corresponding to SEK 2,725 million. The amount represents 9.6 per cent of consolidated equity.

Interest-rate derivatives at 31 Dec 2021

Extendable Start	Due	Volume SEK million	Pay	Receive	Value
19 Nov 2013	5 Oct 2023	500	2.6%	STIBOR	-21
7 Apr 2015	5 Apr 2024	500	2.5%	STIBOR	-24
7 Apr 2015	5 Apr 2024	200	2.4%	STIBOR	-9
7 Apr 2015	5 Apr 2024	300	2.4%	STIBOR	-14
6 Jul 2015	5 Jul 2024	500	2.2%	STIBOR	-23
12 Jul 2021	12 Jul 2028	500	0.7%	STIBOR	3
18 Jun 2020	18 Jun 2030	500	0.7%	STIBOR	8
13 Jul 2020	15 Jul 2030	500	0.7%	STIBOR	10
15 Jul 2020	15 Jul 2030	500	0.7%	STIBOR	8
16 Aug 2022	16 Aug 2030	500	0.3%	STIBOR	26
Total		4,500			-36

Short-rate Start	Due	Volume SEK million	Pay	Receive	Value
28 Mar 2018	8 Feb 2023	300	STIBOR +0.566%	1.1%	1
Total		300			1
Total		4,800			-35

Active
 Forward start

Currency exposure

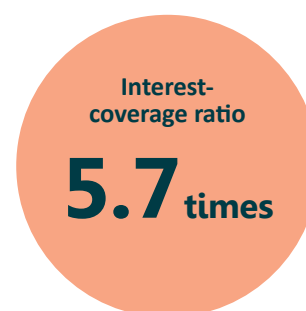
SEK million	31 Dec 2021	31 Dec 2020
Properties, EUR	25,227	20,215
Associated companies, EUR	1,059	563
Cash, EUR	-6	-43
Assets, EUR	26,280	20,735
Debt, EUR	20,368	16,508
Currency swaps, EUR	3,187	1,396
Exposure, EUR	2,725	2,831
Debt, NOK, USD and AUD	3,423	1 468
Currency swaps, NOK, USD and AUD	-3,423	-1,468
Exposure NOK, USD and AUD	0	0
Currency hedging	-	-764
Currency exposure	2,725	2,067
Equity	28,350	20,082
Currency exposure, %	9.6	10.3

Financial policy

Hemsö's financial policy is decided annually by the Board and provides frameworks for financing activities. The policy describes the company's approach to financial risk management by regulating the distribution of responsibilities and risk management mandates, and establishing reporting, monitoring and control principles. The overall objective is to ensure a stable, long-term capital structure and optimal net income, within given risk constraints. After the closing date, Hemsö updated its financial policy in regard to loan-to-value ratio and interest-coverage ratio. The loan-to-value ratio should be less than 60 per cent over time and the interest-coverage ratio higher than 3.0 times.

Summary of financial policy

Financing risk	Policy	Outcome
Loan-to-value ratio	Max. 60%	54.3%
Loan maturity	At least 3 years	6.8 years
Debt-coverage ratio	At least 125%	174%
Share of secured debt	Max. 20%	0.0%
Interest-rate risk		
Interest-coverage ratio	At least 3.0 times	5.7 times
Fixed-rate period	3–8 years	6.3 years
Fixed-rate maturity	Max. 40% < 1 year	20%
Counterparty risk		
Financial instruments	A- (S&P)	Fulfilled
Currency risk		
Currency exposure	Max. 20%	9.6%



Loan maturity and fixed-rate period

Maturity year	Loan maturity			Fixed-rate period	
	Credit agreements, SEK million	Drawn, SEK million	Share, %	SEK million	Share, %
2022	3,102	3,102	7.3	8,332	19.6
2023	10,153	3,653	8.6	2,550	6.0
2024	7,252	2,252	5.3	2,550	6.0
2025	2,350	2,350	5.5	1,150	2.7
2026	6,149	6,149	14.5	5,349	12.6
2027	100	100	0.2	0	0.0
2028	5,177	5,177	12.2	5,577	13.1
2029	4,046	4,046	9.5	4,046	9.5
2030	2,151	2,151	5.1	4,151	9.8
2031	1,008	1,008	2.4	1,008	2.4
2032	859	859	2.0	859	2.0
2033	1,616	1,616	3.8	1,616	3.8
2034	1,023	1,023	2.4	1,023	2.4
2035	1,379	1,379	3.2	1,379	3.2
2036-	4,143	3,143	7.4	2,907	6.8
Total	50,509	38,009	89.4	42,498	100.0
Commercial papers		4,490	10.6		
Total		42,498	100.0		

Risk management

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

Ukraine

The ongoing conflict in Ukraine is a humanitarian crisis for the Ukrainian people and a matter of global concern. Hemsö is assessing all of the company's material risks in connection with the war based on the current status, and on the scenario that the war will last for a long time.

To date, Hemsö has made a donation to UNHCR to support humanitarian assistance and the people who have now been displaced. In Sweden, Hemsö has mediated vacant premises to the Swedish Migration Agency and municipalities. The premises can be used for refugee housing and other public services. In Germany, Hemsö is helping the City of

Zossen to convert an empty school into accommodation for refugees. Hemsö is looking into other ways to contribute.

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 in the long term. We are following developments continuously.

COVID-19

During the pandemic, Hemsö introduced a number of measures both internally and to support its tenants.

In 2021, a small number of tenants received rent reductions. These reductions did not add up to any significant amounts. Since Hemsö's tenants were significantly impacted by COVID-19, we changed the way we work to prevent the spread of the virus.

COVID-19 has entailed a higher risk for the health and well-being of our employees. Various measures were taken to mitigate this risk, including working from home as much as possible and updated cleaning and visiting procedures for offices. A remote leadership initiative was also introduced to help managers support their employees in difficult times.



Strategic risks



Changes in value of properties

Risk

Hemsö recognises properties at fair value, which is equal to their market value. Changes in value affect Hemsö's income statement, financial position and loan-to-value ratio. Changes in value may arise due to macroeconomic changes, but also for market or property-specific reasons. The value of properties is also affected by Hemsö's contract and tenant structure, and by Hemsö's ability to optimise and develop the properties. There is also a risk that individual properties are incorrectly valued.

Management

Hemsö's portfolio of public properties with stable cash flows are mainly concentrated to geographic markets with population growth, economic growth and a highly liquid market for transaction settlements. The property portfolio has a wide geographical spread in three countries, which balances the risk profile. Hemsö performs continuous market analyses and assessments of the property portfolio's value. The market value of all properties is determined each quarter. The market values are established using externally procured valuations and Hemsö's internal calculation model.



Income and vacancy risk

Risk

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

Management

Most of Hemsö's tenants conduct operations that are directly or indirectly publicly funded, have long-term rental agreements and high creditworthiness. Income-loss risk and vacancy risk are therefore

considered low. The risk of bad debt loss is limited because Hemsö always performs credit assessments before signing new rental agreements, and continuously monitors the creditworthiness of its tenants. The vast majority of Hemsö's tenants are state, municipal and regional operators with high creditworthiness, which also limits the risk. The occupancy rate is high and will remain stable over time. In 2021, the occupancy rate was 97.9 per cent. Hemsö's target is an average remaining rental duration of at least five years. In 2021, the average remaining rental duration was 9.6 years.



Political and macroeconomic risk

Risk

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

Management

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

Strategic risks, cont.



Property portfolio composition

Risk

When acquiring existing properties or land on which Hemsö intends to construct new buildings (through development), there is a risk that the property is situated in a sub-market, city or location that may be unfavourable in relation to future growth and the need for premises. There is also a risk that Hemsö holds obsolete properties, meaning properties that do not meet technical standards, or customer requirements and expectations.

Management

As one of Sweden's largest public property owners, Hemsö develops

economies of scale and expertise in order to provide appropriate premises for its tenants. Hemsö work continuously with macroanalyses and analyses of its sub-markets' conditions, including demographic trends, the rental market and so forth. Hemsö regularly reviews the portfolio and its exposure in various sub-markets and segments. Hemsö also maintains regular contact and dialogue with stakeholders, including municipalities, and ongoing dialogue with customers to achieve a better understanding of their current and future needs.

Operational risks



Property costs

Risk

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

Management

Hemsö works intentionally to reduce property costs by maintaining an efficient organisation with specialised expertise, a structured purchasing

process and procurements in order to limit costs and seek economies of scale wherever possible. Hemsö works continuously to reduce its energy use by conducting energy projects and operational optimisation. Hemsö hedges most of the electricity consumed. In most cases, tenants are charged for costs related to electricity and heating. Unforeseen damage and repairs could have a negative impact on earnings and are prevented through proactive and long-term maintenance.



Liability risk

Risk

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

Management

The risks are limited through Hemsö's full value insurance for all properties. Hemsö is also covered by property damage liability insurance. Hemsö also reduces this risk by auditing suppliers, by working preventively to prevent injuries, and by imposing requirements in all supplier contracts. Prior to acquisitions, and

within the due diligence framework, an environmental inventory is carried out to identify any interior or exterior environmental liabilities and rectify environmental risks if necessary, and a technical investigation is carried out to identify any maintenance liabilities. The risk of human rights violations in the supply chain is prevented by a systematic purchasing process with demands and follow-ups of supplier compliance with, for example, Hemsö's Code of Conduct for Suppliers.

Operational risks, cont.



Property acquisitions

Risk

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

Management

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

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



Tax

Risk

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

Management

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

ensured through both internal and external quality assurance, established procedures and regular training for employees. Hemsö's Board has adopted a tax policy for Hemsö's tax management. Hemsö maintains a commercial approach to tax expense, but also applies the prudence concept in line with Hemsö's core values of acting sustainably and reliably. Hemsö continually monitors proposed legal and regulatory changes in order to respond early, establish procedures and thereby adapt the operations.



Project risk

Risk

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

Management

The risks are limited by only investing in projects in markets where Hemsö has good market knowledge, and where demand is favourable for

Hemsö's premises. Hemsö focuses on growth areas in all countries. The risk is also limited by using turnkey contracts for most development projects and, in general, by not starting construction until the property is fully let. Hemsö quality-assures its development projects with standardised internal processes, a high level of internal project competence and creditworthy contractors and partners.



Crises

Risk

Crises can include external events including terrorist and cyber attacks, extreme weather events, environmental disasters and serious accidents, information leaks, negative branding and business disruptions. Crises can also arise internally, such as non-compliance with procurement directives, bribery and embezzlement, unethical conduct and leaks of inside information. Outages or errors in critical systems can have a negative impact on Hemsö, primarily in relation to business continuity and financial reporting.

Management

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



Environment and climate

Risk

Environmental and climate-related risks refer to the company's impacts on the environment and the surrounding community, and the risk that climate change could impact the company. Environmental impacts occur from both construction and the daily operation of properties. Changed legislation, regulatory requirements and growing customer demands may entail a risk of higher costs and financial losses. Climate change entails transition, political and regulatory risks, as well as physical risks such as rising sea levels and increased precipitation.

Management

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

For new development, Hemsö chooses materials based on Sunda-Hus Material Data assessments to protect human health and the

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

Hemsö has clear procedures for following the applicable regulations regarding property owner responsibility for emissions from property operations. In 2019, Hemsö adopted a climate strategy focused on managing climate-related risk for the operations. Based on the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), Hemsö conducted a climate scenario analysis in 2021 where the company identified and documented risks and opportunities with the aim of improving resilience to climate change.

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

Operational risks, cont.



Employees

Risk

Employee risk mainly relates to Hemsö's inability to meet its own needs for competence, and the risks associated with employee health. If Hemsö is unable to attract competent and qualified staff, or if key employees leave Hemsö, this could have a negative impact on the operations. Risks related to employee health are problems associated with sick leave which, in addition to the problems these cause for individuals, may also cause problems related to the handling of tasks and continuity.

Management

Hemsö has a structured method for working preventively with both competence development and health. Hemsö works actively to be a reliable employer and strives for an open and transparent work environment based on Hemsö's values. Hemsö has an OHS management system that governs how Hemsö works. Employee surveys are conducted every year to monitor the results, and one metric is the Net Promoter

Score (NPS). In 2021, Hemsö's NPS score increased from 58 to 74, which is higher than the benchmark (53). In 2021, Hemsö raised its ambitions by switching to the High Performance Benchmark. Hemsö works continuously to maintain a pipeline of talented employees through internal training programmes via Hemsö's Social School, and through trainee and work placement programmes. All managers at Hemsö undergo a leadership development programme. Succession planning is in place for key people and senior positions.

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

Changed regulations and regulatory compliance



Changed regulations

Risk

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

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

tions could have an adverse effect on Hemsö's operations and financial results.

Management

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

Changed regulations and regulatory compliance, cont.



Regulatory compliance

Risk

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

Management

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

perform annual audits. To reduce corruption risk, Hemsö has guidelines and procedures for purchasing and authorisation. Hemsö has one internal Code of Conduct, and one for suppliers. Hemsö also has a whistleblowing system for internal use as well as for suppliers and external stakeholders.

Financial risks



Financing

Risk

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

Management

Hemsö has diversified sources of funding, a well-balanced maturity spread and a long-term loan maturity. At year-end, the loan maturity was 6.8 years. Short-term debt mainly comprises commercial papers,

but also maturing bonds. To further reduce financing risk and manage its short-term debt, Hemsö has undrawn committed credit facilities. At 31 December 2021, these amounted to SEK 12,500 million and were provided by several Nordic banks, the European Investment Bank and the Third Swedish National Pension Fund (Hemsö's owner).

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



Interest

Risk

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

Management

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

extends variable-rate loans using interest-rate derivatives with different maturities. Hemsö's average fixed-rate period should range from three to eight years and no more than 40 per cent of the interest should be due within 12 months. At 31 December 2021, Hemsö's average fixed-rate period was 6.3 years, and 20 per cent was due within 12 months.

Financial risks, cont.



Counterparty

Risk

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

Management

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



Currency

Risk

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

Management

Hemsö's currency risk is limited to EUR. The foreign properties are financed with external financing in EUR, which minimises risk. Currency exposures must not exceed 20 per cent of consolidated equity without currency hedging. At 31 December 2021, Hemsö's currency exposure in EUR corresponded to SEK 2,725 million, representing 10 per cent of consolidated equity.



Liquidity

Risk

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

Management

Hemsö's business model is based on a stable and predictable cash flow. Hemsö makes regular liquidity forecasts to increase predictability and ensure sufficient funds to meet loan maturities and other major payment commitments. Hemsö should also maintain an adequate liquidity buffer. The debt/equity ratio (available liquidity in relation to short-term debt) should be at least 125 per cent. At year-end, the ratio was 174 per cent.

Sensitivity analysis

Sensitivity analysis

	Change	Earnings effect before tax, SEK million
Rental income	+/- 1%	+/- 36
Economic occupancy rate	+/- 1 percentage point	+/- 39
Property costs	+/- 1%	-/+ 9
Interest rates, market	+/- 1 percentage point	-61/+34
Valuation yield, change in value of properties	+/- 0.1 percentage point	-2,005/+2,118
EUR/SEK (effect on profit from property management)	+/- 10%	+/- 75

Corporate governance

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

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

Shares and ownership

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

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

Annual General Meeting

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

Meeting. Decisions at the AGM are normally made by simple majority. Under the Swedish Companies Act, some decisions, such as amendment of the Articles of Association, require a qualified majority.

The AGM is to be held within six months of the end of the financial year. Issues addressed at the AGM include dividends, adoption of the income statement and balance sheet, discharge from liability for Board members and the CEO, the election of Board members, Board Chairman and auditors, and fees to Board members and auditors.

The Articles of Association contain no restrictions on the number of votes any one shareholder may cast at the AGM.

2021 Annual General Meeting

The 2021 AGM was held on 29 April 2021 in Stockholm. All shares were represented. The 2021 financial statements were adopted and the Board members and CEO were granted discharge from liability. Decisions were also made regarding the election of Board members, Chairman of the Board and auditors, the fees paid to Board and Committee members and auditors.

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

Extraordinary General Meetings

No Extraordinary General Meetings (EGM) were held in 2021.



Board of Directors

The duties of the Board of Directors include determination of the company's overall objective and strategies, business plan and budget, to submit interim reports and financial statements and to adopt policies. The Board is also to monitor the financial performance, assure the quality of the financial reporting and internal control and evaluate the company's operations based on the objectives and policies adopted by the Board. Finally, the Board also makes decisions on major investments, and on organisational and operational changes in the company.

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

Every year, the Board adopts terms of reference for its work to ensure that the company's operational processes and the company's financial

circumstances are controlled in a satisfactory manner. The Board's terms of reference and instructions for the division of duties between the Board and the CEO are reviewed and adopted at least once per year.

Board work

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

At regular meetings, the CEO also provides general information about the business operations, such as important events in the operations, business plan follow-ups, the Group's economic and financial position, major ongoing development projects and transactions and, if necessary, the Group's financing. In addition to regular Board meetings, extra meetings are also held when needed, such as when a business decision requires the Board's approval. In 2021, seven scheduled Board meetings, including the statutory Board meeting, and eight extra Board meetings were held.

Chairman of the Board

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

The Board's evaluation

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

Committees

The Board has established two preparatory committees from within its own ranks, the Remuneration Committee and the Audit Committee. The committees have no independent decision-making authority.

Audit Committee

The Audit Committee has been assigned by the Board to continuously



Composition of the Board

Name	Year of election	Independent of the company	Independent of major shareholders	Meeting attendance in 2021		
				Board of Directors	Audit Committee	Remuneration Committee
Pär Nuder	2013	Yes	Yes	15/15		2/2
Johan Thorell	2013	Yes	Yes	15/15	3/3	
David Mindus	2009	Yes	No	14/15	1/3	2/2
Kerstin Hessius	2009	Yes	No	15/15		2/2
Bengt Hellström*	2009	Yes	No	5/15	2/3	
Åsa Bergström	2017	Yes	Yes	15/15	3/3	
Maria Björklund	2021	Yes	No	10/15	1/3	

* Bengt Hellström stepped down at the 2021 AGM

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

The Audit Committee held three meetings during the year. The Committee members are Johan Thorell (Chairman), Maria Björklund, David Mindus and Åsa Bergström.

Remuneration Committee

The Remuneration Committee's main tasks are to make recommendations to the Board on matters related to remuneration principles, remuneration and other terms of employment for the CEO and senior executives, succession planning, to monitor and evaluate ongoing and completed variable remuneration programmes, and to monitor and evaluate the implementation of guidelines for remuneration of senior executives.

The Remuneration Committee held two meetings during the year. The Committee members are Pär Nuder (Chairman), Kerstin Hessius and David Mindus.

Composition of the Board

According to the Articles of Association, Hemsö's Board is to consist of at least three and at most eight AGM-elected members for a term extending until the end of the next AGM. At the 2021 AGM, six Board members were elected. There is no representative of Group Management on the Board and no employee representatives or deputies have been appointed to the Board. The Board is presented on page 81.

Remuneration of the Board

The AGM resolves on remuneration of the Board. No Board or Committee fees are paid to members who are employed by any of the company's owners. Kerstin Hessius and Maria Björklund are employed by the Third Swedish National Pension Fund, and David Mindus is employed by AB Sagax. The 2021 AGM resolved that fees of SEK 525,000 (450,000) would be paid to the Chairman of the Board, and SEK 250,000 (200,000) to each of the other Board members. In addition, the AGM resolved that remuneration of SEK 40,000 (unchanged) for committee work would be paid to the Chairman of the Remuneration Committee, and SEK 30,000 (unchanged) to each of the Committee's other members, and SEK 125,000 (100,000) to the Chairman of the Audit Committee and SEK 65,000 (50,000) to each of the Committee's other members.

CEO and Group Management

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

According to the financial reporting instructions, the CEO is responsible for Hemsö's financial reporting and must therefore ensure that the Board regularly receives enough information to make an assessment of the Group's financial situation.

The CEO should also ensure that the Board remains continuously informed about Hemsö's operations, earnings and financial position. The CEO is also to ensure that the Board receives information about important operational matters, including acquisitions and divestments, approved investments, marketing activities and other strategic initiatives. The CEO and other senior executives are presented on pages 82–83.

Auditors

The auditor's task is to review the company's annual report and accounts, and the management of the Board and the CEO. The auditor participates in the Board meeting that addresses the annual accounts and consolidated financial statements. At the Board meeting, the auditor presents the financial information and discusses the audit with Board members without the attendance of the CEO and other senior executives. The company's auditor performs an annual review of the internal control relevant to the company's presentation of its financial statements. In addition, an in-depth review of significant areas is conducted. Ernst & Young AB has been appointed auditor, with Magnus Fredmer as Auditor in Charge. The company's auditors attended two Board meetings and three meetings with the Audit Committee.

Internal control

Under the Swedish Companies Act, the Board is responsible for the company's internal control. The objective of internal control is to achieve operational effectiveness and efficiency, and to ensure the reliability of financial reporting and

information about the operations, and compliance with applicable laws, regulations, policy and guidelines. Hemsö's organisation consists of 153 employees in three countries. All of these people are employed in the Parent Company, except for 26 employees in Hemsö Development AB, eight employees in Germany and 14 in Finland. All property operations are conducted in six segments (East, West, Central/North and South in Sweden, and Germany and Finland) and through the property-owning subsidiaries. Financing activities are conducted by the Parent Company. This means that the finance function serves as the controller function for Property Management in Sweden, Germany and Finland, and for the Treasury Department. The CFO and Director of Finance also report directly to the Audit Committee in matters related to observations and measures related to regulatory compliance. Against this background, the Board does not consider there is any need to establish a separate internal audit function.

Control environment

The Board has appointed an Audit Committee to present recommendations in regard to internal control over financial reporting. The internal

control system is based on documented policies, guidelines, process descriptions, delegation of responsibilities and duties including the Board's terms of reference, the CEO's instructions with related delegation lists and authorisation instructions, financial policy and financial reporting instructions. Compliance is continuously monitored and evaluated. The risk of errors in financial reporting is continuously identified, analysed and eliminated through new or revised guidelines for internal control.

Risk management

Risk assessment and management is an integral part of the company's processes.

Various methods are used to evaluate risks and to ensure that the relevant risks for Hemsö are managed in accordance with established policies and guidelines.

Control activities

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

control over financial reporting and accounting policies.

Information and communication

Hemsö's information policy sets out the framework for how Hemsö's communication activities should be conducted, and the overall delegation of responsibilities in regard to the company's internal and external information. The information policy is designed to comply with Swedish legislation, Nasdaq Stockholm's Rule Book for Issuers and Euronext Dublin.

Management and monitoring

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

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



Education – University of the Arts Helsinki, Finland.



Åsa Bergström, Maria Björklund, Johan Thorell, David Mindus, Kerstin Hessius, Pär Nuder.

Board of Directors

Åsa Bergström born 1964

Board member since 2017.
Member of the Audit Committee.

Education and professional

experience: MBA. Senior Manager KPMG, CFO roles in several property companies, including Granit & Beton and Oskarsborg.

Other current assignments:

Vice President, CFO of Fabege AB.
Board member of NP3 fastigheter AB.

Maria Björklund born 1970

Board member since 2021.
Member of the Audit Committee.

Education and professional

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

Other current assignments:

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

Johan Thorell born 1970

Board member since 2013.
Chairman of the Audit Committee.

Education and professional

experience: MBA. Active in property companies since 1997.

Other current assignments:

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

David Mindus born 1972

Board member since 2009.
Member of the Remuneration Committee and Audit Committee.

Education and professional

experience: MBA. Analyst and business developer.

Other current assignments:

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

Kerstin Hessius born 1958

Board member since 2009.
Member of the Remuneration Committee.

Education and professional

experience: MBA. President and Chief Executive Officer of the Stockholm Stock Exchange, Deputy Governor of the Swedish Riksbank.

Other current assignments:

CEO of the Third Swedish National Pension Fund. Board member of Svenska Handelsbanken AB, Vasakronan AB and Trenum AB.

Pär Nuder born 1963

Chairman of the Board since 2013.
Chairman of the Remuneration Committee.

Education and professional

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

Other current assignments:

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



Jens Nagel, Ulrika Frisk, Mats Wilborg, Åsa Thoft, Nils Styf.

Senior executives

Jens Nagel

Head of Region, Germany since 2011.
Born 1971.

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

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

Ulrika Frisk

Head of HR since 2015.
Born 1970.

Education: HR degree, Uppsala University.

Most recent position: HR Director, Anticimex Sweden.

Mats Wilborg

Chief legal counsel since 2014.
Born 1969.

Education: Master of Laws, Stockholm University.

Most recent position: Corporate lawyer Vasakronan.

Åsa Thoft

Head of Communications since 2020.
Born 1977.

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

Most recent position: Head of Communications, If Försäkring.

Nils Styf

President and CEO since 2016.
Born 1976.

Education: MBA, Stockholm School of Economics.

Most recent position: Chief Investment Officer, Citycon Oyj.



Kristina Rosqvist, Anna Marand, Staffan Arwidi, Rutger Källén, Jarkko Leinonen.

Kristina Rosqvist

Head of Region East since 2016.
Born 1960.

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

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

Rutger Källén

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

Education: Studies in Economics, Uppsala University.

Most recent position: Head of Finance, Kungsleden.

Anna Marand

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

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

Most recent position: Project Developer, Hemsö.

Jarkko Leinonen

Head of Region, Finland since 2014.
Born 1971.

Education: Construction engineer, Helsinki University of Technology.

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

Staffan Arwidi

Head of Transactions since 2020.
Born 1967.

Education: MSc, Royal Institute of Technology in Stockholm.

Most recent position: Senior Investment Manager, Vasakronan.



Multi-year overview

Amounts in SEK million	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Income statement										
Property income	3,639	3,293	3,046	2,618	2,375	2,204	2,000	2,063	1,887	1,899
Property costs	-896	-867	-770	-668	-587	-552	-524	-577	-547	-535
Net operating income	2,742	2,425	2,276	1,950	1,788	1,652	1,476	1,486	1,340	1,364
Central administrative expenses	-156	-158	-135	-146	-130	-182	-154	-173	-173	-169
Profit/loss from associated companies	177	1	-2	11	1	-	-	-	-	-
Operating profit	2,764	2,268	2,139	1,815	1,659	1,470	1,322	1,313	1,167	1,195
Financial items	-486	-500	-419	-372	-345	-359	-363	-480	-493	-521
Interest on shareholder loans	-	-	-	-	-	-	-53	-210	-210	-210
Profit after financial items	2,278	1,768	1,720	1,443	1,314	1,111	906	623	464	464
<i>- of which Profit from property management *</i>	<i>2,145</i>	<i>1,810</i>	<i>1,760</i>	<i>1,439</i>	<i>1,314</i>	<i>1,111</i>	<i>959</i>	<i>833</i>	<i>674</i>	<i>674</i>
Value change, properties	7,587	2,441	2,037	2,060	1,682	2,072	581	-261	-125	84
Value change, derivatives	209	-72	-25	91	135	-208	140	-760	297	-128
Current tax	-107	-115	-78	-36	-63	-49	-46	-89	-9	-17
Deferred tax	-1,779	-688	-543	-466	-477	-583	-231	127	-99	178
Profit/loss for the year	8,189	3,333	3,111	3,092	2,591	2,343	1,350	-360	528	581
Other comprehensive income	58	-88	-87	22	31	81	-50	42	16	-13
Comprehensive income for the year	8,247	3,245	3,198	3,114	2,622	2,424	1,300	-318	544	568
Balance sheet										
Investment properties	75,737	62,240	55,027	46,236	38,883	33,629	26,502	24,668	22,637	22,951
Right-of-use assets	759	605	582	-	-	-	-	-	-	-
Participations in associated companies	1,271	698	635	112	101	-	-	-	-	-
Derivatives	161	-	-	-	-	-	-	-	-	-
Other assets	892	758	713	608	559	392	443	209	156	201
Cash and bank balances	687	891	988	450	1,134	932	157	107	13	70
Total assets	79,508	65,193	57,945	47,406	40,677	34,953	27,102	24,984	22,806	23,222
Equity	28,350	20,082	16,714	13,199	10,795	8,672	6,764	2,682	3,061	2,633
Deferred tax liabilities	6,082	4,270	3,600	3,067	2,591	2,103	1,518	1,289	1,416	1,325
Derivatives	-	231	211	281	544	723	679	826	66	363
Shareholder loans	-	-	-	-	-	-	-	3,000	3,000	3,000
Interest-bearing liabilities	42,498	38,652	35,542	29,728	25,575	22,483	17,454	16,507	14,699	15,085
Lease liabilities	759	605	582	-	-	-	-	-	-	-
Non-interest-bearing liabilities	1,819	1,353	1,296	1,131	1,172	972	687	680	564	816
Total equity and liabilities	79,508	65,193	57,945	47,406	40,677	34,953	27,102	24,984	22,806	23,222
Key ratios**										
Financial ratios										
Loan-to-value ratio, %***	54.3	60.0	62.1	63.1	62.6	64.0	65.2	66.5	64.9	65.4
Interest-coverage ratio, times	5.7	4.5	5.1	4.9	4.8	4.1	3.6	2.7	2.4	2.3
Secured debt, %	0.0	0.0	0.0	0.0	3.1	7.7	15.4	29.2	40.6	62.5
Equity/assets ratio, %	35.7	30.8	28.8	27.8	26.5	24.8	25.0	22.7	26.6	24.3
Average interest rate, %	1.1	1.2	1.3	1.3	1.5	1.5	1.9	2.3	3.0	3.4
Return on profit from property management, %*	8.0	8.9	10.6	10.8	12.1	13.0	13.9	12.8	10.4	11.2
Total yield, %	15.8	8.5	8.7	9.7	9.8	12.8	8.1	5.2	5.3	6.6
Net asset value, SEK million****	34,466	24,608	20,525	16,547	13,930	11,498	8,961	7,797	7,543	7,321
Property-related key ratios										
Market value of properties, SEK million	75,737	62,240	55,027	46,236	38,883	33,629	26,502	24,668	22,637	22,951
Property yield, %	4.0	4.5	4.7	4.9	5.2	5.7	6.0	6.0	6.1	6.2
NOI margin, %	75.4	73.7	74.8	74.5	75.3	75.0	73.8	72.0	71.0	71.8
Economic occupancy rate, %	97.9	97.9	98.1	98.3	98.3	97.5	97.3	97.0	96.9	96.4
Market value of properties, SEK/sqm	35,759	31,042	29,208	26,695	23,763	20,528	17,686	16,186	13,956	13,445
No. of properties	441	392	370	365	346	356	317	313	348	357
Lettable area, tsqm	2,118	2,005	1,884	1,732	1,636	1,638	1,499	1,524	1,622	1,707

* In 2020, the definition of 'Profit from property management' was updated, and now excludes changes in value, and tax on share of profit of associated companies. Prior years have been restated.

** Hemsö had subordinated shareholder loans between 2010 and 2015. These loans have been treated as equity in the calculation of key ratios.

*** The definition of loan-to-value ratio was updated in 2019 and now includes investments in associated companies. 2017 and 2018 have been restated.

**** The definition of 'Net asset value' has been updated and now includes only interest-rate derivatives. 2020 has been restated.

Consolidated statement of comprehensive income

Amounts in SEK million	Note	2021	2020
Property income			
Rental income		3,614	3,270
Other income		24	23
Total property income	3-4	3,639	3,293
Property costs			
Operating costs	5	-595	-488
Maintenance costs		-226	-287
Other property costs		-75	-92
Total property costs		-896	-867
Net operating income	3	2,742	2,425
Central administrative expenses	6-8	-156	-158
Profit/loss from participations in associated companies	17	177	1
Operating profit		2,764	2,268
Financial items			
Interest income and similar profit items	10	43	68
Interest expense and similar loss items	10	-529	-569
Total financial items		-486	-500
Profit after financial items		2,278	1,768
- of which Profit from property management		2,145	1,810
Changes in value			
Properties, realised	14	8	33
Properties, unrealised	14	7,579	2,408
Financial instruments, realised	10	-19	21
Financial instruments, unrealised	10	229	-93
Total changes in value	11	7,797	2,369
Profit before tax		10,075	4,136
Current tax	12	-107	-115
Deferred tax	12	-1,779	-688
PROFIT FOR THE YEAR		8,189	3,333
Other comprehensive income, items that may be reclassified to profit or loss			
Translation difference for the year, including tax effect		58	-88
COMPREHENSIVE INCOME FOR THE YEAR		8,247	3,245
Profit for the year attributable to			
Parent Company shareholders		7,953	3,255
Non-controlling interests		236	78
Comprehensive income for the year attributable to			
Parent Company shareholders		8,011	3,169
Non-controlling interests		236	76
Data per share (no dilutive effect, since there are no potentially dilutive shares)			
Average no. of shares, 000s		100,001	100,001
Earnings per share for the year, SEK		81.9	33.3

Comments on the statement of comprehensive income are provided in the Directors' Report on pages 59-60.

Consolidated statement of financial position

Amounts in SEK million	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development costs	13	2	0
Total intangible assets		2	0
Tangible assets			
Investment properties	14	75,737	62,240
Right-of-use assets	4	759	605
Machinery and equipment	15	6	4
Total tangible assets		76,501	62,849
Financial assets			
Participations in associated companies	17	1,271	698
Derivatives	29	161	–
Other long-term assets	19	31	27
Total financial assets	23, 29	1,464	725
Total non-current assets		77,967	63,574
Current assets			
Current receivables			
Rent and accounts receivable	18	28	20
Tax assets		64	3
Other current receivables		628	588
Prepaid expenses and accrued income		134	116
Total current receivables	19,23,29	853	727
Cash and cash equivalents	26	687	891
Total current assets		1,541	1619
TOTAL ASSETS		79,508	65,193
EQUITY AND LIABILITIES			
Equity			
Share capital		1	1
Other capital contributions		7,835	7,535
Reserves		206	148
Retained earnings including profit for the year		19,538	11,790
Equity attributable to Parent Company owners		27,581	19,474
Non-controlling interests		769	608
Total equity		28,350	20,082
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	12	6,082	4,270
Derivatives	29	–	231
Interest-bearing liabilities	22	34,898	29,128
Lease liabilities		759	605
Total non-current liabilities		41,738	34,233
Current liabilities			
Interest-bearing liabilities	22	7,600	9,524
Accounts payable		482	386
Current tax liabilities		13	94
Other current liabilities		526	246
Accrued expenses and deferred income	28	798	628
Total current liabilities		9,419	10,877
Total liabilities	23, 29	51,158	45,111
TOTAL EQUITY AND LIABILITIES		79,508	65,193

Comments on the statement of financial position are provided in the Directors' Report under Financing on pages 63–68.

Consolidated statement of changes in equity

Amounts in SEK million	Share capital	Other capital contributions	Translation reserve	Retained earnings	Non-controlling interests	Total equity
Opening equity, 1 Jan 2020	1	6,835	235	9,095	548	16,714
Dividends	–	-300	–	-560	–	-860
Shareholder contributions received	–	1,000	–	–	–	1,000
Adjustment of translation reserve	–	–	22	-22	–	–
Transactions with non-controlling interests	–	–	–	–	-17	-17
Comprehensive income	–	–	-86	3,255	76	3,245
Closing equity, 31 Dec 2020	1	7,535	148	11,790	608	20,082
Opening equity, 1 Jan 2021	1	7,535	148	11,790	608	20,082
Dividends	–	-700	–	-205	–	-905
Shareholder contributions received	–	1,000	–	–	–	1,000
Contributions from non-controlling interests	–	–	–	–	5	5
Acquisitions from non-controlling interests	–	–	–	–	-4	-4
Divestment of non-controlling interests	–	–	–	–	-76	-76
Comprehensive income	–	–	58	7,953	236	8,247
Closing equity, 31 Dec 2021	1	7,835	206	19,538	769	28,350

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

Consolidated statement of cash flows

Amounts in SEK million	Note	2021	2020
Operating activities			
Profit from property management		2,145	1,810
Adjustment for non-cash items in profit from property management	26	-30	-31
Adjustment for non-cash items	26	-9	-21
Tax paid		-189	-83
Cash flow before changes in working capital		1,917	1,675
Changes in working capital			
Increase (-)/decrease (+) in operating receivables		-65	-119
Increase (+)/decrease (-) in operating liabilities		661	-32
Cash flow from operating activities		2,514	1,525
Investing activities			
Acquisition of properties	26	-3,456	-2,483
Investments in new construction, extension and refurbishment		-4,133	-3,255
Divestment of properties	14	1,878	148
Investments in financial assets		-400	-86
Dividends from associated companies		17	–
Other non-current assets		-4	61
Cash flow from investing activities		-6,099	-5,614
Financing activities			
Interest-bearing loans raised	26	10,626	8,783
Repayment of interest-bearing liabilities		-7,340	-4,955
Redemption of financial instruments		-19	21
Shareholder contributions received		1,000	1,000
Contributions from non-controlling interests		5	–
Dividends paid		-905	-860
Cash flow from financing activities		3,367	3,989
Cash flow for the year		-218	-100
Opening cash and cash equivalents		891	988
Exchange-rate differences in cash and cash equivalents		14	4
Closing cash and cash equivalents		687	891

Parent Company income statement

Amounts in SEK million	Note	2021	2020
Net sales		106	83
Central administrative expenses	7–8	-203	-176
Other operating income		0	0
Operating loss		-96	-93
Income from financial items			
Profit from participations in Group companies	9	290	716
Interest income and similar profit items	10	671	617
Interest expense and similar loss items	10	-783	-361
Profit after financial items		83	879
Changes in value			
Financial instruments, unrealised	10	185	-67
Financial instruments, realised	10	-19	21
Profit after changes in value		249	833
Appropriations			
Group contributions paid		–	-9
Group contributions received		361	281
Provision to tax allocation reserve		0	15
Profit before tax		610	1,119
Current tax	12	0	-92
Deferred tax	12	-40	12
PROFIT FOR THE YEAR		570	1,040

Parent Company statement of comprehensive income

Amounts in SEK million	2021	2020
Profit for the year	570	1,040
Other comprehensive income	–	–
COMPREHENSIVE INCOME FOR THE YEAR	570	1,040

Parent Company balance sheet

Amounts in SEK million	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development costs	13	2	0
Total intangible assets		2	0
Tangible assets			
Equipment	15	3	3
Total tangible assets		3	3
Financial assets			
Participations in Group companies	16	7,962	7,718
Deferred tax assets	12	19	57
Other non-current receivables from Group companies	23	33,862	31,226
Total financial assets		41,843	39,002
Total non-current assets		41,849	39,005
Current assets			
Current receivables			
Receivables from Group companies		6,496	5,003
Tax assets		30	–
Other receivables	18	296	140
Prepaid expenses and accrued income		79	76
Total current receivables	23	6,901	5,220
Cash and cash equivalents		0	0
Total current assets		6,901	5,220
TOTAL ASSETS		48,749	44,225
EQUITY AND LIABILITIES			
Equity			
Share capital (100,001,000 at SEK 0.01)		1	1
Share premium reserve		1,000	1,700
Retained earnings		3,927	2,092
Profit for the year		570	1,040
Total equity		5,498	4,833
Untaxed reserves	21		
Tax allocation reserves		43	43
Provisions			
Deferred tax liabilities	12	29	28
Total provisions		29	28
Non-current liabilities			
Derivatives		93	278
Interest-bearing liabilities	22	29,821	29,128
Non-current liabilities, Group companies		5,056	–
Total non-current liabilities	23	34,969	29,406
Current liabilities			
Interest-bearing liabilities	22	7,600	9,524
Accounts payable		9	9
Tax liabilities		–	58
Other current liabilities		423	153
Accrued expenses and deferred income	28	178	171
Total current liabilities	23	8,210	9,915
TOTAL EQUITY AND LIABILITIES		48,749	44,225

Parent Company statement of changes in equity

Amounts in SEK million	Restricted equity		Unrestricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings including profit for the year		
Opening equity, 1 Jan 2020	1	2,000	1,652		3,653
Dividends	–	-300	-560		-860
Shareholder contributions received	–	–	1,000		1,000
Profit for the year	–	–	1,040		1,040
Closing equity, 31 Dec 2020	1	1,700	3,132		4,833
Opening equity, 1 Jan 2021	1	1,700	3,132		4,833
Dividends	–	-700	-205		-905
Shareholder contributions received	–	–	1,000		1,000
Profit for the year	–	–	570		570
Closing equity, 31 Dec 2021	1	1,000	4,497		5,498

Parent Company statement of cash flows

Amounts in SEK million	Note	2021	2020
Operating activities			
Profit after financial items		83	879
Adjustment for non-cash items	26	296	-511
Dividends received, and withdrawals		591	–
Tax paid		-88	-5
Cash flow from operations before change in working capital		882	363
Changes in working capital			
Increase (-)/decrease (+) in operating receivables		-158	-119
Increase (+)/decrease (-) in operating liabilities		355	-551
Cash flow from operating activities		1,079	-307
Investing activities			
Shareholder contributions paid		-527	-15
Acquisition of shares and participations in subsidiaries		–	3
Acquisition of other non-current assets		-3	-1
Cash flow from investing activities		-530	-13
Financing activities			
External borrowings	26	5,590	8,783
Repayment of external borrowings		-7,340	-4,955
Redemption of financial instruments		-19	21
Shareholder contributions received		1,000	1,000
Intra-Group loans		-3,880	-3,669
Intra-Group loans		5,006	–
Dividends paid		-905	-860
Cash flow from financing activities		-549	320
Cash flow for the year		0	0
Opening cash and cash equivalents		0	0
Closing cash and cash equivalents		0	0

Note 1 Accounting policies

GROUP

Applied standards and legislation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC), as adopted by the EU. In addition, the consolidated financial statements have been prepared in accordance with Swedish law, applying the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups. Unless otherwise stated, the accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements. The new policies applied in 2020 are set out below. On 30 March 2022, the Board approved these annual accounts and consolidated financial statements which will be presented to the Annual General Meeting for adoption on 28 April 2022.

New policies applied in 2020

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

New or revised IFRS standards effective on or after 1 January 2022

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

Basis of preparation of financial statements

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Group. Unless otherwise stated, all amounts are presented in millions of SEK and pertain to the 1 January-31 December period of 2021 (2020) for profit/loss items, and 31 December 2021 (2020) for balance-sheet items. Due to rounding, some totals may not correspond with the sum of notes and tables.

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

Estimates and assumptions

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

Consolidated financial statements

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

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

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

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

Associated companies

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

Related-party transactions

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

Acquisitions and divestments

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

Asset acquisitions

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

When an asset is acquired through a company transaction, the acquisition is treated as a direct property transaction. This type of acquired company normally has no employees, organisation or activities other than those directly attributable to the property holding. Deferred tax is not recognised as a liability on initial temporary differences attributable to the acquisition. Any deductions for deferred tax (discounts) obtained in addition to the recognised tax in acquired companies reduces the property's cost instead. In the subsequent valuation, the value changes are thus affected by the tax discounts. In 2021 and 2020, all acquisitions were classified as asset acquisitions.

Business combinations

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

The difference between deferred taxes at the nominal tax rate, and the temporary value difference in the acquisition analysis is recognised as goodwill. Deferred tax is not recognised as goodwill. No acquisitions were classified as business combinations in either 2021 or 2020.

Income

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

Financial income and expenses

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

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

Income taxes

The income statement includes current and deferred income tax for Swedish and foreign Group units, unless the underlying transaction is recognised in other comprehensive income or directly in equity, whereby the associated tax effect is recognised in other comprehensive income or in equity. The Group's companies are taxable under the applicable laws of each country. In 2021, the tax rate in Sweden was 20.6 per cent, and is calculated on nominal recognised income adding non-deductible items and deducting non-taxable income. The tax rate in Finland was 20 per cent and 16 per cent in Germany.

Income tax is recognised using the balance-sheet method, implying that deferred tax is calculated on the closing date's identified temporary dif-

ferences between assets and liabilities for tax purposes and their carrying amounts. Temporary differences are primarily related to property, financial instruments and tax allocation reserves.

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

Employee benefits

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

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

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

Leases

Hemsö applies IFRS 16 Leases. Hemsö is a major lessor, and rental agreements are classified as operating leases since Hemsö does not transfer substantially all of the risks and rewards incidental to ownership of the properties to the tenants. Refer also to the section on Income above.

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

Investment properties

Properties are initially recognised at cost. Within the Group, properties are measured at fair value in accordance with the method stated below. The cost of new construction, extension or refurbishment is recognised as investment properties. Work related to maintenance, maintenance activities associated with conversions and tenant adaptations is activated when deemed value-added. Value-added means that the measure will generate a future economic benefit, compared with earlier measures, and thus affect the market value.

IAS 40 is applied and the holding is measured at fair value. The market value of each property is assessed individually each quarter. Hemsö determines the market values using external valuations and Hemsö's internal calculation model. For a description of valuation methods, refer to Note 14.

For considerations etc., regarding property valuations, refer also to Note 2. Any deductions for deferred tax (discounts) received on the purchase of properties via companies (asset acquisitions) are recognised as a reduction of the cost of the property. In the subsequent valuation, the value changes are thus affected by the tax discounts.

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

Interest expense relating to the specific financing of major new construction, extension or refurbishment is capitalised until the project is completed and final inspection has been carried out. The basis of valuation is estimates of future cash flows, and the price level expected to be achieved in a transaction between knowledgeable, willing parties on market terms. However, non-completed properties are slightly more difficult to value than existing properties, because the final cost and process until the property is functional/let can only be estimated.

Machinery and equipment

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

Financial instruments

Financial instruments are any form of agreement that gives rise to a financial asset in one company and a financial liability or equity instrument in another company. Financial instruments recognised on the assets side of the balance sheet include cash and cash equivalents, accounts receivable, other long-term receivables, other receivables and derivatives. Liabilities include accounts payable, bond loans, commercial papers, bank loans, minority shareholder loans, other liabilities and derivatives. Recognition depends on how the financial instruments have been classified.

Recognition and derecognition

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

A financial asset and financial liability are only offset and recognised in a net amount in the balance sheet when there is a legal enforceable right to offset the amounts and an intention to settle the items with a net amount or to simultaneously realise the asset and settle the liability. A financial asset is derecognised from the balance sheet when the contractual rights are realised, expire or the company loses control over them.

The same applies to part of a financial asset. A financial liability is derecognised from the balance sheet when the contractual obligation is fulfilled or otherwise extinguished. The same applies to part of a financial liability. At each reporting date, the company assesses whether there is any objective evidence that a financial asset or group of financial assets may be impaired.

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

Classification and measurement

Financial assets

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

Instruments are classified as:

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

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

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

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

Equity instruments: are classified and measured at fair value through profit or loss unless they are not held for trading, since an entity can

make an irrevocable election to measure them at fair value through other comprehensive income without subsequent reclassification to profit or loss. The Group does not hold any such equity instruments at present.

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

Fair value is determined according to the following description.

Classification and measurement of financial liabilities

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

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

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

Impairment of financial assets

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

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

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

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

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

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

Hedge accounting

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

Hemsö is exposed to currency risk through the company's investments in Finland and Germany. This currency risk is managed by financing assets in EUR with external loans in EUR. To reflect this in accounting, Hemsö has chosen to apply hedge accounting for net investments in foreign operations in the consolidated financial statements. The effective portion of the hedging

relationship is recognised in other comprehensive income as a translation difference. The ineffective portion is recognised in net profit or loss. The amount recognised in other comprehensive income attributable to the hedging relationship is reclassified to profit or loss when Hemsö has completely or partially divested the hedged entity so that Hemsö is no longer required to consolidate the subsidiary comprising the hedged entity under IFRS.

Cash and cash equivalents

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

Provisions

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

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

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

Contingent liabilities

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

Transactions in foreign currency

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

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

Assets and liabilities of foreign operations are translated to SEK using the current exchange rate at the closing date. Income and expenses of foreign operations are translated to SEK using an average rate that approximates the exchange rates prevailing at the transaction date.

Translation differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve under equity.

Statement of cash flows

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

PARENT COMPANY

Applied standards and legislation

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

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

Group contributions and shareholder contributions

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

Participations in subsidiaries

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

Financial instruments

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

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

Leases

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

liabilities are not included on the Parent Company balance sheet. However, leases are identified in accordance with IFRS 16, i.e. a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Group information

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

Note 2 Special considerations and judgements

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

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

Most of Hemsö's property acquisitions are made via acquisition transactions. A key area of accounting judgement is whether properties acquired indirectly through an acquisition transaction should be classified as a business combination or an asset acquisition. For asset acquisitions, no deferred tax asset is recognised for the acquisition, but any discounts reduce the cost of the property. This means that the tax discounts will affect the value changes on subsequent measurement. Every acquisition transaction is assessed separately to determine whether the acquisition is a business combination or an asset acquisition.

Note 3 Segment information

The identification of reportable segments is based on internal reporting. The CEO primarily uses net operating income per segment for performance analysis. Administrative expenses, financial income and expenses and income tax are managed at Group level.

The Group is managed and reported in the following six operating segments: East, West, Central/North, South, Germany and Finland. In the fourth quarter, Hemsö's property portfolio in Östergötland was transferred from Central/North to the West region. The comparative figures for 2020 have been restated in accordance with the new segment allocation.

2021	East	West	Central/North	South	Germany	Finland	Unallocated items	Group
Rental income	920	471	604	366	580	672	–	3,614
Other income	10	3	2	2	–	6	–	24
Property income	931	475	606	368	581	678	–	3,639
Property costs	-222	-158	-147	-127	-60	-182	–	-896
Net operating income	709	317	459	241	520	496	–	2,742
Administrative expenses	–	–	–	–	–	–	-156	-156
Profit/loss from participations in associated companies	–	–	–	–	–	–	177	177
Net financial items	–	–	–	–	–	–	-486	-486
Profit/loss after financial items	709	317	459	241	520	496	-464	2,278
Changes in value								
Properties, realised	–	–	9	-1	–	–	–	8
Properties, unrealised	2,298	1,184	1,644	1,034	810	610	–	7,579
Financial instruments, realised	–	–	–	–	–	–	-19	-19
Financial instruments, unrealised	–	–	–	–	–	–	229	229
Total changes in value	2,298	1,184	1,653	1,033	810	610	209	7,797
Current tax	–	–	–	–	–	–	-107	-107
Deferred tax	–	–	–	–	–	–	-1,779	-1,779
Profit/loss for the year	3,007	1,501	2,113	1,274	1,330	1,106	-2,140	8,189
Investment properties – investments, acquisitions, divestments per segment								
Investments, new construction, extension and refurbishment	1,618	609	301	714	223	669	–	4,133
Acquisitions	61	8	712	391	1,328	956	–	3,456
Divestments	-1,885	-1	-103	-41	–	–	–	-2,030
Total	-206	617	909	1,065	1,551	1,625	–	5,559
Assets per segment at period-end								
Investment properties	20,924	9,006	12,374	8,205	12,742	12,486	–	75,737
Unallocated corporate assets	–	–	–	–	–	–	3,771	3,771
Total assets	20,924	9,006	12,374	8,205	12,742	12,486	3,771	79,508

2020	East	West	Central/North	South	Germany	Finland	Unallocated items	Group
Rental income	831	463	521	344	470	640	–	3,270
Other income	8	3	1	3	1	7	–	23
Property income	839	467	522	347	471	647	–	3,293
Property costs	-232	-154	-129	-135	-43	-173	–	-867
Net operating income	607	313	393	211	428	474	–	2,425
Administrative expenses	–	–	–	–	–	–	-158	-158
Profit/loss from participations in associated companies	–	–	–	–	–	–	1	1
Net financial items	–	–	–	–	–	–	-500	-500
Profit after financial items	607	313	393	211	428	474	-658	1,768
Changes in value								
Properties, realised	–	–	32	1	–	–	–	33
Properties, unrealised	546	341	346	108	549	520	–	2,408
Financial instruments, realised	–	–	–	–	–	–	21	21
Financial instruments, unrealised	–	–	–	–	–	–	-93	-93
Total changes in value	546	341	378	109	549	520	-72	2,369
Current tax	–	–	–	–	–	–	-115	-115
Deferred tax	–	–	–	–	–	–	-688	-688
Profit/loss for the year	1,153	654	771	320	977	994	-1,533	3,333
Investment properties – investments, acquisitions, divestments per segment								
Investments, new construction, extension and refurbishment	1,232	411	694	388	285	244	–	3,255
Acquisitions	254	–	59	302	1,521	348	–	2,483
Divestments	-82	–	-9	-32	–	–	–	-124
Total	1,404	411	744	657	1,806	592	–	5,615
Assets per segment at period-end								
Investment properties	18,892	7,299	9,728	6,107	10,171	10,044	–	62,240
Unallocated corporate assets	–	–	–	–	–	–	2,953	2,953
Total assets	18,892	7,299	9,728	6,107	10,171	10,044	2,953	65,193

Note 4 Leases

Lessor

Future minimum lease payments for non-cancellable leases amounted to:

Group	31 Dec 2021	31 Dec 2020
Contracted rental income within 12 months	3,732	3,235
Contracted rental income within 1-5 years	13,659	11,966
Contracted rental income later than 5 years	23,576	20,917
Total	40,967	36,118

For accounting purposes, rental agreements are considered operating leases when Hemsö is the lessor. The table shows rental income based on rental agreements signed.

The rent is usually indexed. In most cases, property tax is payable in addition to base rent. Additional amounts are based on the actual costs incurred by the landlord.

Lessee

As a lessee, a number of leases have been signed for ground leases, company vehicles and premises. Company vehicles and premises are grouped in the 'other' category.

Total cash flow for leases was SEK 42 million (36).

Group	Ground leases	Other leases	Total Right-of-use assets
Opening balance, 1 Jan 2021	567	37	605
Depreciation for the year	–	-14	-14
Currency effects	9	0	9
Additional	141	18	160
Closing balance, 31 Dec 2021	717	42	759

Amount recognised in profit or loss	2021	2020
Depreciation	-14	-12
Interest expense	-28	-24
Leases of 12 months or less	0	0

Maturity analysis of lease liabilities*

Group	31 Dec 2021	31 Dec 2020
Due within 1 year	15	12
Due within 1-5 years	25	24
Due later than 5 years	2	1
Total	42	37

* Excluding ground leases, which are considered perpetual.

Note 5 Operating costs

Group	2021	2020
Media usage	269	240
Supervision	290	221
Other operating costs	36	27
Total	595	488

Note 6 Central administrative expenses

Group	2021	2020
Personnel costs	207	178
Premises and office expenses	22	16
Services purchased	64	70
Depreciation	1	1
Other operating expenses	8	7
Reversal to other items	-146	-114
Total	156	158

Note 7 Employees, personnel costs and remuneration of senior executives

Group	2021			2020		
	Total	Women	Men	Total	Women	Men
Average no. of employees	149	68	81	127	57	78
No. of Group Management	10	4	6	10	4	6
No. of Board of Directors	6	3	3	6	2	4

At year-end, Hemsö had 153 employees (138), of whom 105 (101) in the Parent Company, 26 (22) in Hemsö Development AB, 8 (7) in Germany and 14 (8) in Finland.

Group	2021		2020		Group	2021		2020	
	Salaries and remuneration, SEK 000s	Salaries and fees	Variable remuneration	Salaries and fees		Variable remuneration	Payroll overheads, incl. special employer's contribution	Pension costs	Payroll overheads, incl. special employer's contribution
Board	1,267	–	–	990	–	398	–	311	–
CEO	5,330	–	–	4,842	–	2,139	1,626	1,943	1,619
Deputy CEO	2,050	–	–	3,249	–	843	762	1,699	463
Other senior executives	8,247	27	382	7,627	382	3,290	2,906	2,968	2,357
Other employees	77,014	6,219	5,055	73,873	5,055	28,922	15,677	27,126	16,145
Total Sweden	93,908	6,246	5,437	90,581	5,437	35,592	20,971	34,047	20,583
Other senior executives	3,742	–	–	3,744	–	216	445	236	527
Other employees	14,664	244	203	9,810	203	1,169	1,698	878	904
Total Foreign	18,406	244	203	13,554	203	1,385	2,143	1,114	1,431
Total Group	112,314	6,490	5,640	104,135	5,640	36,977	23,114	35,161	22,014

Parent Company	2021			2020		
	Total	Women	Men	Total	Women	Men
Average no. of employees	105	47	58	100	44	56
No. of Group Management, 31 Dec	7	3	4	7	3	4
Board members, 31 Dec	6	3	3	6	2	4

Parent Company	2021		2020		
	Salaries and remuneration, SEK 000s	Salaries and fees	Variable remuneration	Salaries and fees	Variable remuneration
Board	1,267	–	–	990	–
CEO	5,330	–	–	4,842	–
Deputy CEO	2,050	–	–	3,249	–
Other senior executives	6,653	27	382	6,088	382
Other employees	59,359	4,828	3,851	58,464	3,851
Total Sweden	74,659	4,855	4,233	73,633	4,233
Total Foreign	–	–	–	–	–
Total Parent Company	74,659	4,855	4,233	73,633	4,233

Parent Company	2021		2020	
	Payroll overheads, incl. special employer's contribution	Pension costs	Payroll overheads, incl. special employer's contribution	Pension costs
Board	398	–	311	–
CEO	2,139	1,626	1,943	1,619
Deputy CEO	843	762	1,699	463
Other senior executives	2,663	2,468	2,485	2,357
Other employees	24,154	10,901	20,496	8,764
Total Sweden	30,197	15,757	26,934	13,202
Total Foreign	–	–	–	–
Total Parent Company	30,197	15,757	26,934	13,202

Remuneration of the Board

The Chairman and other members of the Board of Hemsö Fastigheter AB are remunerated in accordance with a resolution adopted by the Annual General Meeting (AGM). Remuneration of the Chairman amounts to SEK 525,000, while each of the other Board members are paid an amount of

SEK 250,000. The Chairman of the Board's Audit Committee is paid remuneration of SEK 125,000 and other members are paid SEK 65,000. The Chairman of the Board's Remuneration Committee is paid remuneration of SEK 40,000 and other members are paid SEK 30,000. Members of the Board who are employed by the owners receive no remuneration.

Variable remuneration

Hemsö's variable remuneration scheme for 2021 includes all permanent employees except for senior executives. Under the scheme, most employees can receive up to one monthly salary in variable remuneration, while a smaller number of employees can receive up to two monthly salaries subject to the achievement of predefined targets.

The targets are 50-per-cent based on the company's financial performance, and 50-per-cent based on individual, team or department performance, depending on the employee's role. The variable remuneration scheme is determined annually by the Board.

Pensions

Under the CEO's contract, Hemsö is required to pay premiums for occupational pension and health insurance amounting to 30 per cent of gross salary. Senior executives and other employees are covered by the ITP plan. The age of retirement for the CEO is 65, and 67 for other senior executives. 68 employees (69) have defined-benefit ITP plans with continuous payments to Alecta. The year's contributions for defined-benefit pension plans with Alecta amounted to SEK 9,110,000 (8,448,000). Alecta's surplus can be distributed to the policyholders and/or insured. At December 2021, Alecta's surplus in the form of the collective funding ratio was 172 per cent (December 2020: 148 per cent). The collective funding ratio is the market value of Alecta's assets as a percentage of the insurance commitments calculated using Alecta's actuarial assumptions, which are not consistent with IAS 19.

Severance pay

An agreement has been reached whereby the CEO will be eligible for severance pay in the event of termination by the company. The severance pay corresponds to 12 months' fixed salary, in addition to the mutual six-month notice period. The severance pay is not pensionable, is fully deductible and not payable upon retirement. Other senior executives have a mutual notice period of six months.

Note 8 Auditor fees and remuneration

	Group		Parent Company	
	2021	2020	2021	2020
Audit engagement				
Ernst & Young	3	3	2	2
Audit activities in addition to the audit engagement	0	0	0	0
Tax consultancy	–	0	–	–
Other assignments	1	1	1	1
Total	4	4	3	3

The audit engagement refers to the statutory audit of the annual accounts and of the administration of the Board and the CEO. Audit activities in addition to the audit engagement refer to reviews of the administration or financial statements pursuant to statute. Tax consultancy refers to consultation on fiscal issues. Other assignments refer to consultation that cannot be linked to any of the other categories.

Note 9 Profit/loss from participations in Group companies

Parent Company	2021	2020
Dividends	303	707
Profit from unlimited and limited partnerships	8	29
Impairment	-21	-20
Total	290	716

Some of the subsidiaries received shareholder contributions during the year due to equity depletion. These shareholder contributions were recognised in the Parent Company as an increase in the value of the shares in the subsidiaries, which was not matched by an equally large increase in the value of the shares. This explains most of the impairments made during the year.

Note 10 Income from financial items

Financial income and expenses recognised in profit/loss SEK million	Group		Parent Company	
	2021	2020	2021	2020
<i>Assets and liabilities required to be measured at fair value through profit or loss:</i>				
Interest received, derivatives that do not qualify for hedge accounting	628	340	628	340
Interest paid, derivatives that do not qualify for hedge accounting	-661	-400	-661	-400
Total	-33	-60	-33	-60
<i>Assets and liabilities measured at amortised cost:</i>				
Interest income from rent and accounts receivable	0	0	–	–
Interest income, other financial assets	12	11	671	617
Total interest income, effective interest method	11	11	671	617
Interest expense, loans	-417	-436	-419	-436
Interest expense, other financial liabilities	0	0	0	0
Total interest expense, effective interest method	-417	-436	-419	-436
Exchange-rate differences, financial items	0	0	-281	183
Remuneration for guarantee commitments	32	57	–	–
Other income	–	–	–	–
Commitment fees	-24	-24	-24	-24
Other financial expenses	-55	-49	-25	-25
Expected credit losses on financial assets	–	–	–	–
Total	-48	-16	-331	134
Total recognised in net financial items	-486	-500	-111	256
<i>Assets and liabilities required to be measured at fair value through profit or loss:</i>				
Gains from the change in value of derivatives that do not qualify for hedge accounting	243	33	188	21
Loss from the change in value of derivatives that do not qualify for hedge accounting	-33	-105	-22	-67
Total	209	-72	166	-47
Total recognised in profit/loss	-277	-573	55	209

Note 11 Value changes

Investment properties

The value changes attributable to investment properties amounted to SEK 7,587 million (2,441). The value changes were SEK 8 million (33) in realised changes and SEK 7,579 million (2,408) in unrealised changes.

The realised value change was attributable to property divestments and disposals in 2021.

Unrealised value changes were mainly attributable to lower yield requirements in all markets. The unrealised value changes were also attributable to development projects primarily in Sweden, but also in Finland and Germany, and to revised estimates of net operating income as a result of new lettings, terminated rental agreements and renegotiations. The largest unrealised value changes were in the Education and Nursing homes categories. The property yield on the entire property portfolio, excluding development properties, was 4.0 per cent (4.5).

Unrealised value changes, SEK million	2021	2020
Property management and development-related value change	2,375	688
General market value change	3,784	653
Subtotal Sweden	6,160	1,340
Property management and development-related value change	357	221
General market value change	1,063	847
Subtotal Foreign	1,419	1,068
Total unrealised value changes	7,579	2,408

Note 11, cont.

Change in value of derivatives

Hemso uses interest-rate derivatives to manage and adjust the Group's interest-rate risk and foreign exchange swaps to manage and adjust the Group's currency risk. If the agreed interest rate deviates from the market rate, a surplus or deficit arises on the interest-rate derivatives, whereby the value changes are recognised in the statement of comprehensive income. If the agreed exchange rate deviates from the market rate, a surplus or deficit value arises on the foreign exchange swaps.

At period-end, the nominal value of the interest-rate derivatives portfolio was SEK 4,800 million (6,300). Derivatives used to manage currency risk consist of two instruments – cross currency swaps, which corresponded to SEK 3,187 million (1,396), and foreign exchange swaps, which amounted to a nominal value of SEK – million (764). The deficit value of the interest-rate derivatives was SEK 35 million (256) and the surplus value of the cross currency swaps was 196 (13).

Changes in the value of financial instruments had a positive impact of SEK 209 million (-72) on profit. Changes in the value of interest-rate derivatives had a positive impact of SEK 200 million (-45) on profit, of which the unrealised value change was SEK 221 million (-45). The unrealised change in the value of financial instruments was largely due to rising market rates. At period-end, the average duration of the interest-rate derivatives was 5.2 years (5.0). At year-end, the Swedish 10-year swap rate was 1.0 per cent (0.4). Derivatives purchased to manage currency risk during the year had a positive impact of SEK 9 million (neg: -27) on profit.

Note 12 Tax

	Group		Parent Company	
	2021	2020	2021	2020
Recognised profit before tax	10,075	4,136	610	1,119
Current tax	-106	-111	0	-89
Deferred tax	-1,779	-688	-40	12
Tax attributable to prior years	-1	-4	-	-3
Total tax recognised in profit or loss	-1,885	-803	-40	-80

Tax expense analysis	Group		Parent Company	
	2021	2020	2021	2020
Recognised profit before tax	10,075	4,136	610	1,119
Reversal of profit/loss from associated companies	-177	-1	-	-
Profit before tax excluding profit/loss from associated companies	9,898	4,135	610	1,119
Expected tax expense at Swedish rate	-2,038	-885	-126	-239
Difference in foreign tax rates	107	77	-	-
Tax attributable to prior years	-1	-4	-	-3
Effect of changed tax rate*	-	16	-	-1
Tax effect of				
Impairment of capitalised tax-loss carryforwards	-17	-10	-	-
Uncapitalised tax losses	-3	-	-	-
Non-taxable sales	57	13	-	-
Impairment of participations	-	-	-	-4
Tax exempt income	3	-	-	-
Non-deductible expenses	-2	-14	-5	-1
Other tax adjustments	9	4	28	17
Dividends	-	-	62	151
Income from limited partnership	-	-	1	-
Recognised tax expense	-1,885	-803	-40	-80
<i>Effective tax rate</i>	<i>19%</i>	<i>19%</i>	<i>6%</i>	<i>7%</i>

* Effect of changed tax rate refers to adjustment for the fact that deferred tax is estimated at 20.6 per cent, while current tax is estimated at 21.4 per cent.

Expected tax expense at the current rate refers to the tax that would be payable if tax was calculated on recognised profit without tax adjustments. The Group's effective tax expense accounts for 19 per cent (19) of consolidated profit before tax. Current tax is calculated using the current tax rate, which is 20.6 per cent in Sweden, 20 per cent in Finland and 16 per cent in Germany.

Deferred tax recognised on the income statement	Group		Parent Company	
	2021	2020	2021	2020
Derivatives	-47	19	-38	14
Investment properties	-1,717	-704	-1	-2
Untaxed reserves	2	6	-	-
Tax deficit	-17	-9	-	-
Total deferred tax recognised on the income statement	-1,779	-688	-40	12

Deferred tax recognised on the balance sheet	Group		Parent Company	
	2021	2020	2021	2020
Derivatives	33	-47	-19	-57
Investment properties	6,025	4,308	29	28
Untaxed reserves	31	33	-	-
Tax deficit	-7	-24	-	-
Total deferred tax recognised on the balance sheet	6,082	4,270	10	-29

Deferred tax assets related to tax loss carryforwards in the Group that are considered likely to be used after more than 12 months amounted to SEK 7 million (24) in the Group, and SEK - million (-) in the Parent Company. Deferred tax liabilities considered likely to be offset after more than 12 months amounted to SEK 6,089 million (4,341) in the Group and SEK 29 million (28) in the Parent Company. Unrecognised deferred tax assets on tax loss carryforwards and non-deductible net interest income amounted to SEK 30 million (15). Of these, tax loss carryforwards and non-deductible net interest income corresponding to a tax asset of SEK 25 million (8) had an indefinite life. Of the deferred tax assets recognised, SEK 7 million (70) had an indefinite life.

Note 13 Capitalised development costs

	Group		Parent Company	
	2021	2020	2021	2020
Accumulated cost, opening balance	5	5	5	5
Cost for the year	2	-	2	-
Reclassified	-	-	-	-
Total	7	5	7	5
Accumulated amortisation, opening balance	-5	-5	-5	-5
Amortisation for the year	-	-	-	-
Total	-5	-5	-5	-5
Carrying amount, closing balance	2	0	2	0

Note 14 Investment properties

Group	31 Dec 2021	31 Dec 2020
Market value of properties, opening balance	62,240	55,027
Acquisitions	3,456	2,483
Investments in new construction, extension and refurbishment	4,133	3,255
Divestments	-2,030	-124
Disposals	-60	-
Exchange-rate fluctuations	417	-810
Unrealised value changes	7,579	2,408
Market value of properties, closing balance	75,737	62,240
of which recognised in profit or loss	7,587	2,441

At 31 December 2021, the estimated market value, corresponding to the carrying amount, totalled SEK 75,737 million (62,240). Of investments for the year, SEK 32 million (56) pertained to capitalised interest expense with an average interest rate of 1.3 per cent. Total value change amounted to SEK 13,496 million (7,213), corresponding to 21.7 per cent (13.1). The table below shows the estimated market value per property category and segment.

Significant obligations

Hemsö has the following significant obligations in relation to the acquisition and divestment of investment properties: The company acquired five properties in Germany for SEK 554 million, which were not transferred until the first quarter of 2022. In Sweden, Hemsö acquired 11 properties for SEK 764 million, which will be transferred in 2022. Hemsö also has obligations to complete ongoing development projects, in which the remaining investment amount is SEK 5,113 million (4,853).

Valuation method

The market value of each property is assessed individually each quarter. Hemsö determined the market values using external valuations and Hemsö's internal calculation model. The valuation method uses 10–20 year cash flow analyses, based on the property's net operating income. Opening value-impacting factors, such as yield requirement, are assessed using the location-based pricing method. The location's market rental level and long-term vacancy rate are also assessed. Each property is assessed using property-specific value-impacting events, such as newly signed and renegotiated rental agreements, terminated rental agreements and investments. The valuations have accounted for the best use of the properties.

The measurements are categorised within Level 3 of the fair value hierarchy in IFRS 13. No properties have been transferred to other fair value hierarchies. The same valuation method is applied for all of Hemsö's properties. Hemsö recognises its investment properties at an estimated fair value in accordance with IAS 40, and at 31 December 2021, all properties had been assessed.

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

Market value refers to the price that would probably be received if the property was put up for sale in a free and open market, without party relations and undue pressure. The valuation yield and future earnings capacity of the property have been determined in a coherent manner and applied consistently in the valuations.

Market value of properties per property category and segment at 31 December 2021, SEK million

	Market value of properties, SEK million	No. of properties	Rental value, SEK million	Occupancy rate, %	Lettable area, tsqm	Long-term valuation yield, %	Long-term valuation yield, average, %
Nursing home	4,165	19	176	92.9	105	3.5–5.5	3.8
Education	6,847	41	273	98.8	141	3.5–6.3	3.9
Health care	7,784	17	371	95.0	137	3.5–7.3	4.0
Justice system	2,127	2	111	96.1	43	4.0–4.7	4.5
Sweden East	20,924	79	931	95.8	426	3.5–7.3	4.0
Nursing home	2,558	30	148	98.7	85	3.6–6.0	3.7
Education	3,926	29	163	98.2	129	3.5–7.1	4.4
Health care	1,747	26	114	96.1	83	4.4–8.3	5.4
Justice system	775	4	51	97.8	33	4.7–5.3	4.8
Sweden West	9,006	89	476	97.8	330	3.5–8.3	4.5
Nursing home	5,711	41	271	100.0	203	3.6–5.5	4.1
Education	4,951	17	218	100.0	139	4.2–8.0	4.3
Health care	194	3	14	97.3	9	5.0–5.8	5.3
Justice system	1,518	3	104	100.0	38	3.9–5.0	4.2
Sweden Central/North	12,374	64	606	99.9	390	3.6–8.0	4.2
Nursing home	3,024	26	150	95.6	102	3.7–6.3	4.2
Education	4,654	28	190	96.7	131	4.0–7.5	4.2
Health care	164	4	8	91.1	10	4.9–5.9	3.4
Justice system	363	4	20	99.2	12	4.3–5.3	4.4
Sweden South	8,205	62	368	96.3	255	3.7–7.5	4.2
Nursing home	9,915	72	446	100.0	356	3.4–5.2	4.2
Education	1,840	4	77	100.0	38	4.3–5.0	4.3
Justice system	987	5	57	100.0	34	2.9–5.6	3.5
Germany	12,742	81	581	100.0	429	2.9–5.6	4.1
Nursing home	3,607	35	206	99.6	114	4.3–10.0	5.0
Education	4,482	17	204	99.6	140	3.8–6.0	4.6
Health care	1,612	7	123	100.0	69	5.3–6.3	5.6
Justice system	2,785	7	144	91.6	66	4.8–6.8	4.9
Finland	12,486	66	678	97.9	389	3.8–10.0	4.9
Nursing home	28,980	223	1,397	98.4	965	3.4–6.3	4.2
Education	26,701	136	1,125	98.8	718	3.5–7.5	4.3
Health care	11,502	57	631	96.1	308	3.5–5.9	4.4
Justice system	8,555	25	488	96.2	226	2.9–5.3	4.5
Total	75,737	441	3,640	97.9	2,218	2.9–10.0	4.3

Note 14, cont.

Yield requirement assumptions

The yield requirement is individually assessed for each property and based on underlying assumptions of real interest rates, inflation and risk premiums. The yield requirement is individual for each property and based on the location of the property, the characteristics of the location and the intended use of the property. Additional parameters that are taken into account include the appropriateness and design of the premises, the standard and condition of the property, the rental term and type of tenant. The yield requirements applied have been determined on the basis of Hemsö's knowledge of completed transactions in the markets in which Hemsö operates, and in bidding processes in which Hemsö has participated. The yield requirement is used to discount the estimated 10–20 year future cash flow. The residual value is discounted using the yield requirement less growth corresponding to inflation.

Cash flow assumptions

When assessing the future earnings capacity of each property, the existing contract portfolio has been analysed. The current rental agreement is used to calculate future rental income for each property. Rental income for future rental periods, and for vacant premises, is calculated on the basis of case-by-case assessments of market rent and the long-term vacancy rate for each property. The assumed long-term vacancy rate was between 0 and 14 per cent.

The operating costs of the properties are assessed on the basis of historical costs. Costs for ground leases and property tax are set in accordance with actual costs, while maintenance costs are determined on the basis of a building's age, maintenance status and intended use.

Average cash flow assumptions on 31 December 2021, year 1

Estimated rental level, SEK/sqm	1,666
Property costs, SEK/sqm	410
Vacancy rate, %	2.0

Uncertainty range and sensitivity analysis

Property valuation is the result of an estimate of the value of a particular property value at a given date. The market value of properties is calculated using assumptions of expected rental income, property costs, economic vacancy and yield requirements. These factors vary depending on the economy, demand for properties and interest rates. Internal valuations assume an uncertainty range of +/- 5 per cent, corresponding to values between the range of SEK 71,950–79,523 million (59,128–65,353). In the sensitivity analysis, net operating income has been adjusted +/- 5 per cent one to show how cash flow changes affect the total value. Similarly, the yield requirement has been adjusted +/- 0.1 of a percentage point to show how the overall value is affected.

The sensitivity analysis provides a schematic view of the effect of input parameters on the value. The various assumptions regarding cash flow and yield requirement are linked together, and one isolated parameter is rarely changed.

Sensitivity analysis

	Change	Valuation effect, SEK million
Net operating income	+/- 5%	+/- 3,787
Yield requirement	+/- 0.1 percentage point	-2,005/+2,118

External valuation

Savills performed the valuation of the Swedish portfolio, CBRE the German portfolio, and JLL the Finnish portfolio. A full valuation was performed on 152 of the 401 externally valued properties, including a physical inspection. A desktop valuation was performed on the remaining properties. During the year, 13 properties were acquired in Sweden, 15 in Germany and ten in Finland. In general, external valuations had not been performed on the year's acquisitions or early-stage development projects at year-end 2021.

Note 15 Equipment

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Accumulated cost, opening balance	13	12	10	9
Acquisitions	3	1	1	1
Divestments/disposals	0	–	–	–
Total	16	13	11	10
Accumulated depreciation, opening balance	-9	-8	-7	-7
Depreciation for the year	-1	-1	-1	–
Disposals	0	–	–	–
Total	-10	-9	-8	-7
Carrying amount, closing balance	6	4	3	3

Note 16 Participations in Group companies

Carrying amount at period-end. Specification of the company's holding of shares and participations in Group companies.

Parent Company Subsidiaries	Corp. Reg. No.	Reg. office	Country	Participation, %		Market value 31 Dec 2021
				Direct	Indirect	
Hemsö Vårdfastigheter AB	556657-9958	Stockholm	Sweden	100.0		715
Fastighets AB Fordonsskolan	556691-2654	Stockholm	Sweden	100.0		177
Russeliana AB	556686-3733	Stockholm	Sweden	100.0		63
Tipton Erik AB	556617-6128	Stockholm	Sweden	100.0		13
Hemsö Bänken AB	556718-3396	Stockholm	Sweden	100.0		115
Hemsö Tavlan 08 AB	556746-9852	Stockholm	Sweden	100.0		22
Fastighets AB Beckomberga 1:12	556753-3780	Stockholm	Sweden	100.0		29
Hemsö Vreten AB	556417-3952	Stockholm	Sweden	100.0		459
Hemsö Draget Fastigheter AB	556340-0869	Stockholm	Sweden	100.0		43
Nya Vilunda Fastighets AB	556781-6789	Stockholm	Sweden	100.0		-
Hemsö Köping Fastigheter AB	556845-8912	Stockholm	Sweden	100.0		11
Hemsö Dona Fastigheter AB	556795-8987	Stockholm	Sweden	100.0		28
Hemsö Botkyrka Fastigheter AB	556786-3427	Stockholm	Sweden	100.0		13
Hemsö Krokslätt Fastighets AB	556259-2815	Stockholm	Sweden	100.0		18
Hemsö Gransångaren Fastighet AB	556591-2994	Stockholm	Sweden	100.0		40
Hemsö Rosengård Fastighets AB	556766-4817	Stockholm	Sweden	100.0		42
Hemsö Patienthotell AB	556910-1362	Stockholm	Sweden	100.0		35
Hemsö Upplands Väsby Fastigheter AB	556911-7855	Stockholm	Sweden	100.0		-
Hemsö Skolfastigheter AB	556537-6901	Stockholm	Sweden	100.0		491
Bokbacken Fastigheter AB	556340-5538	Stockholm	Sweden	100.0		1,234
Hemsö Öresund KB	969647-9295	Stockholm	Sweden	99.0	1.0	3
Förvaltningsbolaget Krokslätt KB	969601-3839	Stockholm	Sweden	10.0	90.0	-
Förvaltningsbolaget Hanen 4 KB	969601-3862	Stockholm	Sweden	10.0	90.0	-
Bokbacken Fastigheter Fiskebäck KB	916850-4570	Stockholm	Sweden	10.0	90.0	-
Bokbacken Fastigheter Solskiftet KB	916434-5549	Stockholm	Sweden	10.0	90.0	30
KB S:t Jörgen Äldreboende	969673-1430	Stockholm	Sweden	10.0	90.0	-
FB Fair Fyrtiotre KB	916630-7455	Stockholm	Sweden	1.0	99.0	-
Bjölahemmet KB	916849-3212	Stockholm	Sweden	1.0	99.0	22
Hemsö Britsen AB	556718-3388	Stockholm	Sweden	100.0		9
Krusleden Fastighets AB	556712-4986	Stockholm	Sweden	100.0		4
Ystad Liv 1 Fastighets AB	556640-8737	Stockholm	Sweden	100.0		29
Hemsö Hissen 08 AB	556746-9837	Stockholm	Sweden	100.0		470
Hemsö Klockarkärleken AB	556750-0862	Stockholm	Sweden	100.0		78
Hemsö Valsätra AB	556761-3749	Stockholm	Sweden	100.0		6
Hemsö Söderport AB	556752-5554	Stockholm	Sweden	100.0		36
Hemsö Beckomberga Fastigheter AB	556617-6151	Stockholm	Sweden	100.0		1
Hemsö Development AB	556873-8529	Stockholm	Sweden	100.0		8
Hemsö LSS fastigheter Holding	556923-9527	Stockholm	Sweden	100.0		-
Hemsö Kadetten Ekonomisk förening	769633-2639	Stockholm	Sweden		100.0	-
Hemsö Intende AB	556802-4789	Stockholm	Sweden	100.0		4
Hemsö Norden KB	969769-2961	Stockholm	Sweden		50.0	-
Hemsö Komplementär AB	556951-8086	Stockholm	Sweden		50.0	-
Hemsö Häggen KB	969769-2920	Stockholm	Sweden		50.0	-
Hemsö Nacka 1 KB	969780-4194	Stockholm	Sweden		50.0	-
Hemsö Äldreboende KB	969781-6206	Stockholm	Sweden		50.0	-
Hemsö Norrbottenfastigheter KB	969780-9839	Stockholm	Sweden		50.0	-
Hemsö Kvarnberget KB	969789-1704	Stockholm	Sweden		50.0	-
Hemsö Excellensen 5 AB	559087-5760	Stockholm	Sweden		100.0	-
Hemsö Baggen AB	556709-6812	Stockholm	Sweden	100.0		27
Hemsö Vårdrådet AB	559132-9775	Stockholm	Sweden		100.0	-
Hemsö Cullberg Holding AB	556932-8080	Stockholm	Sweden		100.0	-
Hemsö Båthöjden AB	559079-7642	Stockholm	Sweden		100.0	-
Hemsö Bjuvfastigheter AB	559079-7600	Stockholm	Sweden		100.0	-
Hemsö Wallander AB	559105-1296	Stockholm	Sweden		100.0	-
Hemsö Jungfruholmen Holding AB	556937-6493	Stockholm	Sweden	100.0		-
Hemsö Jungfruholmen HB	916585-3921	Stockholm	Sweden		100.0	-
Hemsö Kvillebäcken AB	556874-5292	Stockholm	Sweden	100.0		29
Hemsö Medicinaren AB	556822-2359	Stockholm	Sweden	100.0		236
Hemsö Sandudden Fastigheter AB	556928-1958	Stockholm	Sweden	100.0		4
Hemsö Hjärup Fastighets AB	556973-2752	Stockholm	Sweden	100.0		-
Hemsö Tegen AB	556761-8938	Stockholm	Sweden	100.0		294
Hemsö Hälsan AB	556658-9510	Stockholm	Sweden	100.0		44
Hemsö Centrumhuset i Göteborg AB	556991-6249	Stockholm	Sweden	100.0		6
Alexander Holding 1 AB	556989-1491	Stockholm	Sweden	100.0		-
Hemsö Sandbypark 2 AB	559128-7130	Stockholm	Sweden		100.0	-
Blå Kruset 1 AB	556989-0014	Stockholm	Sweden	100.0		-
Hemsö Gävle Norrtull AB	559085-6943	Stockholm	Sweden		100.0	-
Hemsö Benzeliuss AB	556856-8165	Stockholm	Sweden		100.0	-
Blå Kruset 17 AB	556992-5679	Stockholm	Sweden	100.0		-
Blå Kruset 9 AB	556989-0089	Stockholm	Sweden	100.0		2
Hemsö Verkmästaren Holding AB	559083-3926	Stockholm	Sweden		100.0	-
Hemsö Verkmästaren Fastigheter AB	559042-0534	Stockholm	Sweden		100.0	-
Hemsö Haninge Skolfastigheter AB	559110-7221	Stockholm	Sweden		100.0	-
Hemsö Juristen 4 AB	556761-9118	Stockholm	Sweden		100.0	-
Hemsö Brämaregården 37:1 AB	556761-9134	Stockholm	Sweden		100.0	-
Hemsö Notarieängan 8 AB	556802-9192	Stockholm	Sweden		100.0	-
Blå Kruset 13 AB	556989-0162	Stockholm	Sweden	100.0		-
Hemsö Solvåndan 3 AB	559115-3639	Stockholm	Sweden		100.0	-
Hemsö Lagerqvist AB	559056-1873	Stockholm	Sweden		100.0	-
TKV Fastighets AB	556900-1323	Stockholm	Sweden	100.0		188
TKV 2 Fastighets AB	556967-4624	Stockholm	Sweden	100.0		322
Hemsö Gotland Holding Fastigheter AB	556930-2713	Stockholm	Sweden	100.0		-
Hemsö Vittran AB	559214-5675	Stockholm	Sweden		100.0	-
Snickeriet 10 Fastighets AB	559260-6080	Stockholm	Sweden		100.0	-
Hemsö Hjorten 14 Fastighets AB	559260-6098	Stockholm	Sweden		100.0	-
Hemsö Fräsen 1 AB	559255-4868	Stockholm	Sweden		100.0	-
Hemsö Gotland Fastigheter AB	556923-9592	Stockholm	Sweden	89.0	11.0	-

Note 16, cont.

Parent Company Subsidiaries	Corp. Reg. No.	Reg. office	Country	Participation, %		Market value 31 Dec 2021
				Direct	Indirect	
Hemsö Life Holding AB	559017-8314	Stockholm	Sweden	100.0		-
Scandinavian Life Science Två AB	559015-3531	Stockholm	Sweden		100.0	-
Hemsö Författaren AB	559014-3664	Stockholm	Sweden		100.0	-
Hemsö Kronåsen AB	559288-0701	Stockholm	Sweden		100.0	-
Hemsö Huginerva AB	559002-6570	Stockholm	Sweden	100.0		97
Hemsö Arttiv Fastigheter AB	556745-4979	Stockholm	Sweden	100.0		19
Hemsö Skarnäck AB	556757-1186	Stockholm	Sweden	100.0		21
Hemsö Ystad Tonsättaren AB	559005-5348	Stockholm	Sweden	100.0		41
Hemsö skolfastigheter i Järvastaden AB	559017-4354	Stockholm	Sweden	100.0		10
Hemsö Borstahusen Fastigheter AB	559017-4586	Stockholm	Sweden	100.0		11
Hemsö Kungshamn Fastigheter AB	556805-3085	Stockholm	Sweden	100.0		25
Hemsö Lindholmen AB	559011-5233	Stockholm	Sweden	100.0		71
Hemsö Mode Fastighetsutveckling AB	559029-6736	Stockholm	Sweden	100.0		31
Hemsö Sandarna 26:2 AB	556750-6547	Stockholm	Sweden	100.0		20
Hemsö Stafvre AB	559021-5660	Stockholm	Sweden	100.0		31
Hemsö Krusmyntan AB	556963-0246	Stockholm	Sweden	100.0		17
Hemsö Kopparormen AB	556762-2195	Stockholm	Sweden	100.0		15
Hemsö Hantverkaren 2 AB	556929-7889	Stockholm	Sweden	100.0		67
Hemsö Holding AB	556920-8050	Stockholm	Sweden	100.0		-
Hemsö Höbälen 1 AB	556673-5188	Stockholm	Sweden		100.0	-
Hemsö Treasury Oy	3166158-1	Helsinki	Finland	100.0		1
Hemsö Finland AB	556948-0139	Stockholm	Sweden	100.0		2,075
Hemsö Yhteiskuntakiinteistöt Oy	2601763-6	Helsinki	Finland		100.0	-
Koy Hemsö Care I Holding 9	2552093-4	Helsinki	Finland		100.0	-
Kiinteistö Oy Louhelan Hoivakodit	2552379-9	Helsinki	Finland		100.0	-
Kiinteistö Oy Kuparitie 2	2552080-3	Helsinki	Finland		100.0	-
Kiinteistö Oy Espoon Kiltakallionrinne 1	2552077-4	Helsinki	Finland		100.0	-
Kiinteistö Oy Kuopion Koivavedenkatu 10	2552078-2	Helsinki	Finland		100.0	-
Kiinteistö Oy Espoon Kattilatantua 6	2552076-6	Helsinki	Finland		100.0	-
Kiinteistö Oy Vaasan Huvilatie 2	2552091-8	Helsinki	Finland		100.0	-
Kiinteistö Oy Pitkäniemen R15	2552085-4	Helsinki	Finland		100.0	-
Kiinteistö Oy Arppentie 6B	2552075-8	Helsinki	Finland		100.0	-
Kiinteistö Oy Kontinkankaan Kuntoutussairaala	2552100-5	Helsinki	Finland		100.0	-
Kiinteistö Oy Hovakoti Villa Olavi	2552096-9	Helsinki	Finland		100.0	-
Kiinteistö Oy Kununkaanaalakson Hoivakoti	2552099-3	Helsinki	Finland		100.0	-
Kiinteistö Oy Palvelutalo Untuva	2552094-2	Helsinki	Finland		100.0	-
Kiinteistö Oy Hyvinkään Haavantie 4	2552097-7	Helsinki	Finland		100.0	-
Kiinteistö Oy Jämsän Hotellitie 1	2552098-5	Helsinki	Finland		100.0	-
Kiinteistö Oy Lahian Vallinmäentie 47	3007065-9	Helsinki	Finland		100.0	-
Kiinteistö Oy Helsingin Keskiyöntie 6	2536809-8	Helsinki	Finland		100.0	-
Kiinteistö Oy Kangasalan Herrttuutar	2713658-1	Helsinki	Finland		100.0	-
Kiinteistö Oy Tampereen Tilkonmäenkatu 2	2734576-2	Helsinki	Finland		100.0	-
Kiinteistö Oy Klaukkalan Palvelukoti	2730171-9	Helsinki	Finland		100.0	-
Kiinteistö Oy Lohjan Maksjoen Palvelukoti	2430602-0	Helsinki	Finland		100.0	-
Kiinteistö Oy Pälkäneen Lastenlinnanatie	2751230-5	Helsinki	Finland		100.0	-
Kiinteistö Oy Tampereen Niemenrannan Johannes	2400537-5	Helsinki	Finland		100.0	-
Kiinteistö Oy Hämeenlinnan Turuntie 13	2729637-4	Helsinki	Finland		100.0	-
Kiinteistö Oy Espoon Kivennavantie 15	2803647-8	Helsinki	Finland		100.0	-
Kiinteistö Oy Avian Elämäntuokodit	1704871-3	Helsinki	Finland		100.0	-
Kiinteistö Oy Rettinginpuisto Kaarina	2839609-4	Helsinki	Finland		100.0	-
Kiinteistö Oy Pirttipuistikko Turkku	2859382-1	Helsinki	Finland		100.0	-
Kiinteistö Oy Espoon Jänismäki	1992386-8	Helsinki	Finland		100.0	-
Kiinteistö Oy Keravan Terveyslähde	1933749-8	Helsinki	Finland		100.0	-
Kiinteistö Oy Oulun Mielikintie 8	2262427-9	Helsinki	Finland		100.0	-
Kiinteistö Oy Espoon Suurpellon Puistokatu	2755679-7	Helsinki	Finland		100.0	-
Kiinteistö Oy Espoon Suotie 4	2758356-8	Helsinki	Finland		100.0	-
Turun seudun sosiaali- ja terveystalokkiinteistöt Oy	2718451-6	Turku	Finland		100.0	-
Kiinteistö Oy Mäntsälän Kaakkumäentie 6	3127144-4	Helsinki	Finland		100.0	-
Hemsö Soumi Oy	2699026-8	Helsinki	Finland		100.0	-
Kiinteistö Oy Porin Asema-Aukio	0165693-3	Helsinki	Finland		100.0	-
Fastighets Ab Academill	1508596-7	Helsinki	Finland		100.0	-
Kiinteistö Oy Helsingin Arkadiankatu 24	1487244-0	Helsinki	Finland		100.0	-
Kiinteistö Oy Haapaniemeenkatu 6	0117833-7	Helsinki	Finland		100.0	-
Kiinteistö Oy Nervanderinkatu 13	2871086-4	Helsinki	Finland		100.0	-
Kiinteistö Oy Pohjoisen Rautatiekatu 9	2871081-3	Helsinki	Finland		100.0	-
Kiinteistö Oy Joensuun Yliopistokatu 4	3007061-6	Helsinki	Finland		100.0	-
Kiinteistö Oy Elektroniikkatie 1	3007058-7	Helsinki	Finland		100.0	-
Kiinteistö Oy Arkadiankatu 28	2870911-8	Helsinki	Finland		100.0	-
Kiinteistö Oy Jyväskylän Wilhelm Schildtin katu 2	3118934-4	Helsinki	Finland		100.0	-
Kiinteistö Oy Ylöjärven Hiitintie	3139992-3	Helsinki	Finland		100.0	-
Kiinteistö Oy Liedon Paloasema	2385041-1	Helsinki	Finland		100.0	-
Kiinteistö Oy Kannaksenkatu 20	3177213-4	Helsinki	Finland		100.0	-
Kiinteistö Oy Kannaksenkatu 22	3177216-9	Helsinki	Finland		100.0	-
Kiinteistö Oy Kirkkokatu 16	3177212-6	Helsinki	Finland		100.0	-
Kiinteistö Oy Laaksokatu 6	3177211-8	Helsinki	Finland		100.0	-
Kiinteistö Oy Turun Lemminkäisenkatu 30	1879924-4	Helsinki	Finland		100.0	-
Karistonkulma OY	0507064-9	Helsinki	Finland		100.0	-
Kiinteistö Oy Helsingin Salmisaarentalo	2696431-8	Helsinki	Finland		100.0	-
Koy Teuvo Pakkalankatu 7	3222841-3	Helsinki	Finland		100.0	-
Koy Espoon Asemakulma	1638223-4	Helsinki	Finland		100.0	-
Kiinteistö Oy Siltavuorenpenger	3202323-1	Helsinki	Finland		100.0	-
Lappeenrannan Tieto-Sähköala Oy	1536976-7	Helsinki	Finland		100.0	-
Koy Kangasalan Hampunite 25	3215828-3	Helsinki	Finland		100.0	-
Koy Lauritsalantie 9	3214148-1	Helsinki	Finland		100.0	-
Hemsö Finland JV Holding AB	559122-5841	Stockholm	Sweden		100.0	-
Hemsö TTP Oy	2948694-8	Helsinki	Finland		100.0	-
Hemsö Germany Fastigheter AB	556843-9771	Stockholm	Sweden	100.0		10
Hemsö Steglitz GmbH	HRB 201253	Munich	Germany		100.0	-
Hemsö Germany Invest 21 GmbH	HRB 30743	Munich	Germany		100.0	-

Note 16, cont.

Parent Company Subsidiaries	Corp. Reg. No.	Reg. office	Country	Participation, %		Market value 31 Dec 2021
				Direct	Indirect	
Hemsö Offenbach GmbH	HRB 205413	Munich	Germany		100.0	–
Hemsö Dresden GmbH	HRB 156831 B	Munich	Germany		100.0	–
Hemsö GmbH	HRB 169543	Munich	Germany		100.0	–
Schulbau Dabendorf GmbH	HRB 31752 P	Potsdam	Germany		89.9	–
Hemsö Asset Mgmt GmbH	HRB 165326	Munich	Germany		100.0	–
Hemsö Vita GmbH	HRB 169542	Munich	Germany		94.9	–
Hemsö Beteiligungs GmbH	HRB 170669	Munich	Germany		100.0	–
Aveca GmbH & Co KG	HRA 39598 B	Munich	Germany		94.9	–
Hemsö Wetter und Rositz GmbH	HRB 170964	Munich	Germany		94.9	–
Hemsö Barssel GmbH	HRB 171219	Munich	Germany		94.9	–
Hemsö Bocholzt GmbH	HRB 172025	Munich	Germany		100.0	–
Hemsö Sozialimmobilien Lauterbach GmbH	HRB 183667	Munich	Germany		100.0	–
Aveca Vermögensverwaltungs GmbH & Co KG	HRA 40144 B	Munich	Germany		100.0	–
Hemsö Germany Invest 10 GmbH	HRB 217922	Munich	Germany		100.0	–
Hemsö Germany Invest 11 GmbH	HRB 224222	Munich	Germany		100.0	–
Hemsö Germany Invest 12 GmbH	HRB 222515	Munich	Germany		100.0	–
Hemsö Germany Invest 15 GmbH	HRB 234193	Munich	Germany		100.0	–
Hemsö Germany Invest Duisburg 16 GmbH	HRB 234192	Munich	Germany		100.0	–
Hemsö Germany Invest Duisburg 17 GmbH	HRB 234213	Munich	Germany		100.0	–
Hemsö Asset Management Duisburg GmbH	HRB 234212	Munich	Germany		100.0	–
Hemsö Germany Invest 20 GmbH	HRB 239156	Munich	Germany		100.0	–
Sozialzentrum Büttelborn GmbH	HRB 240798	Munich	Germany		100.0	–
Hemsö Germany Invest 13 GmbH	HRB 235714	Munich	Germany		100.0	–
Hemsö Germany Invest 14 GmbH	HRB 248303	Munich	Germany		100.0	–
Hemsö Germany Invest 22 GmbH	HRB 259952	Munich	Germany		100.0	–
Hemsö Germany Invest 23 GmbH	HRB 259953	Munich	Germany		100.0	–
Total						7,962

Parent Company	31 Dec 2021	31 Dec 2020
Accumulated cost, opening balance	9,398	9,357
Acquisitions	–	1
Profit from participations in limited partnerships after dividend	-262	29
Shareholder contributions	527	15
Divestments	–	-4
Total	9,663	9,398
Accumulated impairment, opening balance	-1,680	-1,660
Impairment for the year	-21	-20
Total	-1,701	-1,680
Total	7,962	7,718

The holding in Hemsö KB, Corp. Reg. No. 969769-2961, is 50 per cent. The remaining 50 per cent of the participations is owned by the Third Swedish National Pension Fund, Corp. Reg. No. 802014-4120. However, Hemsö Fastighets AB is a general partner, and therefore has unlimited liability for the company's obligations. In addition, the parties have assigned full management control of the company's business to Hemsö.

Hemsö's holdings in the subsidiary Scandinavian Life Science AB, Corp. Reg. No. 556761-5082, which previously amounted to 50 per cent, were divested in November 2021.

Note 17 Participations in associated companies

Group	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Opening balance	698	635	–	–
Settlement of share of profit	177	1	–	–
Currency translation	15	-24	–	–
Capital contribution	398	86	–	–
Dividends	-17	–	–	–
Closing balance	1,271	698	–	–

Specification of the company's holding of shares and participations in associated companies.

Group Associated companies	Corp. Reg. No.	Reg. office	Country	Participation, %		Market value 31 Dec 2021
				Direct	Indirect	
Lanthen Samhällsfastigheter AB	559000-6036	Stockholm	Sweden		50.0	210
Hemtag Fastigheter AB	559309-2686	Stockholm	Sweden		50.0	2
Turun Teknologiaikeistöt Oy	2349955-3	Turku	Finland		44.1	1,059
Total						1,271

Note 18 Accounts receivable

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Rent receivable	13	14	–	–
Accounts receivable	16	8	0	0
Reserve for doubtful receivables	-1	-2	–	–
Total	28	20	0	0

An individual assessment of all accounts receivable and rent receivables is made on a quarterly basis to identify any need for provision.

Provision for doubtful accounts and rent receivable amounted to SEK 1 million (2), corresponding to 3 per cent (9) of the total rent and accounts receivable balance.

Maturity analysis

	Not due		Due 1-30 days		Due 31-60 days		Due 61-90 days		Due >90 days		Total	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Group												
Rent receivable	6	0	4	11	3	0	0	0	0	3	13	14
Accounts receivable	0	3	11	5	0	0	4	0	1	0	16	8
Total	6	3	15	16	3	–	4	–	1	3	29	22
Parent Company												
Accounts receivable	0	0	–	–	–	–	–	–	–	–	0	0
Total	0	0	–	–	–	–	–	–	–	–	0	0

Receivables mainly consist of rent and accounts receivable for which the Group has elected to apply the simplified approach for the recognition of expected credit losses. This means that a provision is made for the remaining life of the expected credit losses, which is expected to be less than one year for all of the receivables above. Rent is invoiced in advance, which means that all recognised rent receivables have fallen due. The Group's provisions for expected credit losses are based on historical credit losses and forward-looking information. The Group's customers are a homogeneous group with a similar risk profile, which is why the credit risk is initially assessed collectively for all customers. Any major single receivables are assessed on a case-by-case basis. Hemsö writes off a receivable when there is no longer any expectation that payment will be received, and when active measures to claim the payment have been concluded.

Note 19 Maturity structure of receivables

Group	31 Dec 2021	31 Dec 2020
Current assets		
Payment due within 1 year	853	727
Non-current assets		
Payment due 1–5 years	5	3
Total	858	730

Note 21 Tax allocation reserves

Parent Company	31 Dec 2021	31 Dec 2020
Tax allocation reserve, set aside for taxation in 2022	–	–
Tax allocation reserve, set aside for taxation in 2021	–	–
Tax allocation reserve, set aside for taxation in 2020	9	9
Tax allocation reserve, set aside for taxation in 2019	–	–
Tax allocation reserve, set aside for taxation in 2018	34	34
Total	43	43

Note 20 Guidelines for management of capital

Summary of financial policy

Financing risk	Outcome, 31 December 2021	
Loan-to-value ratio	Max. 60%	54.3%
Loan maturity	At least 3 years	6.8 years
Debt-coverage ratio	At least 125%	174%
Secured loans	Max. 20%	0%
Interest-rate risk		
Interest-coverage ratio	At least 3.0 times	5.7 times
Fixed-rate period	3-8 years	6.3 years
Fixed-rate maturity	Max. 40% >1 year	20%
Counterparty risk		
Financial instruments	A- (S&P)	fulfilled
Currency risk		
Currency exposure	Max. 20%	9.6%

The Group's capital structure consisted of interest-bearing net debt and equity attributable to Parent Company shareholders. Equity comprises share capital, other capital contributions and retained earnings. At 31 December 2021, the share capital was divided between 100,001,000 shares with a par value of SEK 0.01 per share.

Dividend policy

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

Note 22 Interest-bearing liabilities

Group	Market value 31 Dec 2021	Market value 31 Dec 2020
Statement of financial position		
Bond loans	33,555	29,227
Schuldschein (NSV)	767	753
Commercial papers	4,490	5,023
Bank loans	3,687	3,648
Total	42,498	38,652
Amount, opening balance	38,652	35,542
Borrowings	9,202	7,676
Loan repayment	-5,383	-3,795
Commercial papers	-534	-51
Exchange-rate differences	550	-720
Discounts/premiums	10	0
Liabilities, closing balance	42,498	38,652

At period-end, Hemsö's interest-bearing liabilities amounted to SEK 42,498 million (38,652). The debt portfolio comprised uncovered bonds of SEK 33,555 million (29,227), commercial papers of SEK 4,490 million (5,023), unsecured bank loans of SEK 3,687 million (3,648) and unsecured Schuldschein (NSV) loans of SEK 767 million (753). Available liquidity amounted to SEK 13,187 million (13,391), of which bank deposits accounted for SEK 687 million (891), and undrawn credit facilities for SEK 12,500 million (12,500). In addition to the external liabilities, loans from minority interests amounted to SEK – million (–). At the closing date, Hemsö's average interest rate was 1.1 per cent (1.2).

Note 22, cont.

Liabilities	Group		Parent Company	
	2021	2020	2021	2020
Interest-bearing liabilities due within one year of the closing date	7,591	9,520	7,591	9,520
Other non-interest-bearing liabilities due within 1 year of the closing date	–	–	–	–
Interest-bearing liabilities due within 1-5 years of the closing date	14,404	10,050	14,404	10,050
Interest-bearing liabilities due later than 5 years after the closing date	20,503	19,082	20,482	19,082
Total excluding deferred tax liabilities and interest-rate derivatives	42,498	38,652	42,477	38,652

Loan maturity and fixed-rate period

Maturity year	Loan maturity			Fixed-rate period	
	Credit agreements, SEK million	Drawn, SEK million	Share, %	SEK million	Share, %
2022	3,102	3,102	7.3	8,332	19.6
2023	10,153	3,653	8.6	2,550	6.0
2024	7,252	2,252	5.3	2,550	6.0
2025	2,350	2,350	5.5	1,150	2.7
2026	6,149	6,149	14.5	5,349	12.6
2027	100	100	0.2	0	0.0
2028	5,177	5,177	12.2	5,577	13.1
2029	4,046	4,046	9.5	4,046	9.5
2030	2,151	2,151	5.1	4,151	9.8
2031	1,008	1,008	2.4	1,008	2.4
2032	859	859	2.0	859	2.0
2033	1,616	1,616	3.8	1,616	3.8
2034	1,023	1,023	2.4	1,023	2.4
2035	1,379	1,379	3.2	1,379	3.2
2036-	4,143	3,143	7.4	2,907	6.8
Total	50,509	38,009	89.4	42,498	100
Commercial papers	4,490		10.6		
Total	42,498		100		

Interest-rate derivatives at 31 Dec 2021

Extendable Start	Due	Volume	Pay	Receive	Value
19 Nov 2013	5 Oct 2023	500	2.6%	STIBOR	-21
7 Apr 2015	5 Apr 2024	500	2.5%	STIBOR	-24
7 Apr 2015	5 Apr 2024	200	2.4%	STIBOR	-9
7 Apr 2015	5 Apr 2024	300	2.4%	STIBOR	-14
6 Jul 2015	5 Jul 2024	500	2.2%	STIBOR	-23
12 Jul 2021	12 Jul 2028	500	0.7%	STIBOR	3
18 Jun 2020	18 Jun 2030	500	0.7%	STIBOR	8
13 Jul 2020	15 Jul 2030	500	0.7%	STIBOR	10
15 Jul 2020	15 Jul 2030	500	0.7%	STIBOR	8
16 Aug 2022	16 Aug 2030	500	0.3%	STIBOR	26
Total		4 500			-36
Short-rate Start	Due	Volume	Pay	Receive	Value
28 Mar 2018	8 Feb 2023	300	STIBOR +0.566%	1.1	1
Total		300			1
Total		4,800			-35

Sensitivity analysis, interest-rate fluctuations	Effect on net financial items (12 months), SEK million
+/-1 percentage point change in the loan portfolio's average interest rate	418
+1 percentage point change in the short-term market rate (≤ 3 months)	-61
-1 percentage point change in the short-term market rate (≤ 3 months)	34

Financial risks and risk management

Hemsö's financing activities are conducted in accordance with the financial policy established by the Board, which regulates the frameworks and guidelines for Hemsö's financing and treasury management. The Group's financial transactions and risks are managed centrally by the Group's Treasury Unit. The financial policy outlines the overall delegation of responsibilities for financing activities, and the relevant mandates and limits for Hemsö's financial risk management.

Financing risk

Financing risk is the risk of not being able to access the capital required by Hemsö's operations, or that financing can only be obtained at a significantly higher cost.

Much of Hemsö's capital is secured through external borrowing. As these loans mature, they must be repaid or renewed. The conditions for Hemsö to refinance the loan facilities on acceptable terms as they expire depend on the amount of credit available in the market, Hemsö's financial position and the market's credit risk margins on those dates. Hemsö has credit agreements with several banks, a balanced maturity spread and is active in the capital market to achieve a diverse supply of capital.

Interest-rate risk

Interest-rate risk is the risk that market-rate fluctuations will have a negative impact on Hemsö's cash flow, or on the fair value of financial assets and liabilities. Hemsö's interest expense is the Group's largest single cost item. Interest expense is mainly affected by current market rates, lenders' margins and the strategy that Hemsö chooses for fixed-rate periods. The management of Hemsö's interest-rate risk includes interest-rate derivatives with a range of maturities to extend the loan portfolio's fixed-rate period and thereby achieve stable and more predictable net income.

Counterparty risk

Counterparty risk is the risk that a financial counterparty cannot fulfil all or some of its obligations. This includes interest-rate derivatives, long and short-term credit agreements and the investment of temporary liquidity surpluses. Hemsö only enters into transactions with counterparties with high credit ratings.

Currency risk

Currency risk is the risk that exchange-rate fluctuations will affect Hemsö's income statement and balance sheet. Hemsö's currency risk is limited to EUR and pertains to the properties owned by the Group in Germany and Finland. The foreign properties are financed with external financing in EUR, which minimises risk. Hemsö owns 66 properties (56) in Finland and 81 properties (66) in Germany, entailing EUR exposure. The properties are financed with equity, intra-Group loans and external loans. At 31 December 2021, external interest-bearing liabilities in EUR corresponded to SEK 23,555 million (17,904). At the same date, the market value of property assets in Finland and Germany corresponded to SEK 25,227 million (20,778). Hemsö's bank deposits in EUR corresponded to SEK -6 million (-43). At the closing date, the hedged amount in EUR corresponded to SEK - million (-764). Net exposure at 31 December 2021, defined as property assets, cash and currency hedging less interest-bearing liabilities in EUR corresponded to SEK 2,725 million (2,067). Hemsö also has bonds in NOK, AUD and USD where the currency risk has been eliminated by cross currency swaps.

Since Hemsö applies IAS 21, most of the company's exchange-rate effects are recognised directly in equity. Hemsö's EUR bonds corresponding to SEK 17,514 million in the EMTN programme, loans of EUR 2,087 million from the EIB, Schuldschein of EUR 767 million and cross currency swaps of SEK 3,187 million are hedged against net investments in foreign subsidiaries. Only a minor portion of the exchange-rate differences are recognised in profit or loss.

Liquidity risk

Liquidity risk is the risk of not having access to cash and cash equivalents or credit facilities to meet payment commitments. Hemsö's payment commitments mainly comprise the ongoing costs of operation and maintenance, investments, interest expense and debt repayments. Hemsö has a liquidity buffer and performs regular liquidity forecasts to increase predictability and ensure sufficient time to meet loan maturities and other major payment obligations.

Note 22, cont.

Hedging instruments and hedge accounting

At 31 December 2021, the Group's holdings of debt in foreign currency were allocated between the following underlying amounts and maturities.

Maturity analysis, hedging instruments

Hedging instruments identified in hedging relationships at 31 December 2021.

Group	1-5 years	Due 5-10 years	10- years	Total nominal amount
<i>Foreign currency-denominated debt – currency hedging of net investments in foreign operations</i>				
EUR debt, nominal amount*		16,946	6,410	23,356

*Translated to SEK million at the closing rate.

Effects of hedge accounting on financial position and results – Reconciliation of translation reserve

	Translation reserve	
	2021	2020
Opening carrying amount	148	235
Currency translation effects from net investments in foreign operations	381	-698
Revaluation of foreign currency debt designated as a hedging instrument	-407	777
Total additional items recognised in other comprehensive income	-26	79
Tax effect recognised in other comprehensive income	84	-166
Closing carrying amount, entirely attributable to continuous hedging	206	148

Effects of hedge accounting on financial position and results – Current hedging relationships

SEK million	Hedging instruments identified in hedging relationships at 31 December 2021			The period – change in fair value, for measurement of ineffectiveness	
	Nominal amount	Carrying amount	Balance sheet item	Hedging instrument	Hedged item
<i>Currency hedging of net investments in foreign operations</i>					
Foreign currency debt*	23,356	23,248	Interest-bearing liabilities	-407	-407

*Translated to SEK million at the closing rate.

The hedge ratio is 1:1 for all of the Group's hedges.

The Group did not recognise any ineffectiveness during the period.

Effects of hedge accounting on financial position and results – Current hedging relationships

SEK million	Hedging instruments identified in hedging relationships at 31 December 2020			The period – change in fair value, for measurement of ineffectiveness	
	Nominal amount	Carrying amount	Balance sheet item	Hedging instrument	Hedged item
<i>Currency hedging of net investments in foreign operations</i>					
Foreign currency debt*	17,531	17,467	Interest-bearing liabilities	777	777

*Translated to SEK million at the closing rate.

The hedge ratio is 1:1 for all of the Group's hedges.

The Group did not recognise any ineffectiveness during the period.

Hedge accounting

Hemsö is exposed to currency risk through the company's investments in Finland and Germany. This currency risk is managed by financing assets in EUR with external loans in EUR, NOK, AUD and USD. The loans in NOK, AUD and USD were swapped to EUR loans. Derivatives attributable to currency risk management comprises two instruments, cross currency swaps and foreign exchange swaps. The Group applies hedge accounting according to IAS 39 for loans intended to hedge currency risk in net investments in foreign operations. The loans are measured at the closing rate. To the extent an effective hedge relationship exists, the exchange rate change on loans is recognised in other comprehensive income, and thereby offsets exchange-rate fluctuations in net investments in foreign operations. Exchange-rate changes in the ineffective portion of a hedge relationship are recognised immediately in net profit or loss.

Hedges are designed so that they can be expected to be effective – a financial connection is expected because the hedging instrument offsets changes in the fair value of exchange rates in the hedged item. The financial connection is preferably determined by a high-quality analysis of the critical terms of the hedge relationship. Sources of hedging ineffectiveness include the risk that the hedged volume in hedging instruments exceeds the net investment. The Group monitors the currency exposure of net investments on a regular basis, and hedge accounting is only applied to a proportion of the total exposure, which is why the risk of ineffectiveness is considered low.

Note 23 Financial assets and liabilities

Group

Hemsö assesses that there is no significant difference between the fair value and carrying amount of financial assets and liabilities. Loans and accounts receivable are financial assets that are not derivatives, that have fixed or determinable payments and are not quoted in an active market. These assets are measured at amortised cost. These assets are due within one year and no negative values are untaxed.

Other financial liabilities are measured at amortised cost, since the liabilities accrue variable interest rates.

Derivatives are recognised at fair value and measured within Level 2 under IFRS 13. The loans and receivables category consists of other long-term assets, accounts receivable and other receivables and amounted to SEK 821 million (751). Other financial liabilities comprise bonds, Schuldschein, commercial papers, liabilities to credit institutions, accounts payable and other liabilities and amounted to SEK 44,304 million (39,912). The fair value of Hemsö's bonds was the fair value, compared with their carrying amount of SEK 33,555 million.

Financial assets and liabilities measured at fair value through comprehensive income consisted of derivatives where the asset amounted to SEK 161 million (-231).

Parent Company

The loans and accounts receivable category consists of other non-current receivables, accounts receivable and other receivables and amounted to SEK 40,733 million (36,445). Other financial liabilities consist of liabilities to credit institutions, accounts payable and other liabilities and amounted to SEK 43,086 million (38,814).

Note 24 Pledged assets

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Property mortgages	5,834	6,866	–	–
Participations in Group companies	–	–	–	–
Receivables from subsidiaries	–	–	5,834	6,866
Total	5,834	6,866	5,834	6,866

The assets are mainly pledged for revolving credit facilities. Loan agreements usually include obligations related to the interest-coverage ratio and loan volume in relation to the fair value of the properties.

Note 25 Contingent liabilities

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Liability as partner in unlimited/limited partnerships	–	–	18	8
Guarantees on behalf of Group companies	–	–	–	–
Total	–	–	18	8

Commitments leading to expenses for restoring contaminated soil or other environmental obligations for owned properties may arise in the future. Expenses may arise, for example, in the form of additional costs in connection with new construction or extensions, or price discounting on the sale of a property. The assessment of any future amounts is not possible at this stage.

Hemsö is involved in a number of minor disputes with tenants, mainly regarding ongoing management issues, which may result in future obligations. Costs may, for example, take the form of fees for advisory services in connection with negotiations. The assessment of any future amounts in relation to these disputes is not possible at present.

Note 26 Supplemental disclosures of cash flow information

Group	2021	2020
No funds other than cash and bank balances are included in the cash and cash equivalents item		
Cash flows		
Interest received	12	15
Interest paid	448	488
Acquisition of subsidiaries		
<i>Acquired assets and liabilities</i>		
Investment properties	1,342	583
Financial receivables	2	0
Operating receivables	1	0
Total assets	1,345	583
Deferred tax liabilities	0	–
Operating liabilities	36	1
Total liabilities	36	1
Proceeds paid, shares	-1,037	-439
Proceeds paid, repayment of loans	-278	-162
Additional: Cash and cash equivalents in the acquired operations	1	1
Effect on cash and cash equivalents – acquisition of properties via companies	-1,314	-600
Effect on cash and cash equivalents – direct acquisition of properties	-2,142	-1,883
Acquisition of properties	-3,456	-2,483
Divestment of subsidiaries		
<i>Divested assets and liabilities</i>		
Investment properties	2,023	101
Operating receivables	4	0
Total assets	2,027	101
Deferred tax liabilities	19	–
Operating liabilities	130	8
Total liabilities	149	8
Purchase price received, shares	261	79
Proceeds received, repayment of loans	1,666	44
Less: Cash and cash equivalents in the divested operation	-57	0
Effect on cash and cash equivalents – divestment of properties via companies	1,870	123
Effect on cash and cash equivalents – direct divestment of properties	8	25
Divestment of properties	1,878	148
Group	2021	2020
Adjustment for non-cash items		
Depreciation/amortisation and impairment	15	12
Exchange differences, unrealised	-9	-21
Loss from associated companies, loss from property management	-45	-43
Total	-39	-52

Note 26, cont.

Group

Specification of changes in liabilities attributable to financing activities	31 Dec 2020	Items affecting cash flow		Items not affecting cash flow		31 Dec 2021
		New loans	Loan repayment	Exchange-rate fluctuations	Leases	
Non-current interest-bearing liabilities	29,128	5,220	–	550	–	34,898
Current interest-bearing liabilities	9,524	5,406	-7,340	10	–	7,600
Lease liabilities	605	–	–	9	145	759
Total interest-bearing liabilities	39,257	10,626	-7,340	560	145	43,257

Parent Company	2021	2020
----------------	------	------

No funds other than cash and bank balances are included in the cash and cash equivalents item

Cash flows

Interest received	703	617
Interest paid	-442	-488

Parent Company	2021	2020
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Adjustment for non-cash items

Depreciation/amortisation and impairment	22	20
Loss from participations in unlimited/limited partnerships	-8	-29
Exchange-rate differences	283	-182
Anticipated dividend	–	-320
Total	296	-511

Parent Company

Specification of changes in liabilities attributable to financing activities	31 Dec 2020	Items affecting cash flow		Items not affecting cash flow		31 Dec 2021
		New loans	Loan repayment	Exchange-rate fluctuations		
Non-current interest-bearing liabilities	29,128	5,190	–	559		34,877
Current interest-bearing liabilities	9,524	5,406	-7,340	10		7,600
Total interest-bearing liabilities	38,652	10,596	-7,340	569		42,477

Note 27 Related-party transactions

Parent Company

During the year, dividends totalling SEK 303 million (707) were paid to the Parent Company. See Note 9 regarding Profit/loss from participations in Group companies. The Parent Company leases office space from subsidiaries on market terms. During the year, an amount of SEK 271 million was withdrawn from unlimited and limited partnerships. Of the company's total purchasing and sales measured in SEK, 0 per cent (0) pertains to purchases and 100 per cent (100) to the net sales of other Group companies.

Parent Company owners

In 2021, dividends totalling SEK 905 million were paid to the Parent Company's owners – the Third Swedish National Pension Fund and AB Sagax. The Third Swedish National Pension Fund contributed capital of SEK 700 million and AB Sagax contributed capital of SEK 300 million to Hemsö. Hemsö has an underwriting commitment of SEK 5,000 million from the Third Swedish National Pension Fund.

Board

For information about remuneration, see Note 7. No Board member was directly or indirectly involved in any business transaction with Hemsö as counterparty. For a presentation of the Board of Directors, refer to page 81.

Group Management

For information about remuneration, see Note 7. No senior executive was directly or indirectly involved in any business transaction with Hemsö as counterparty. For a presentation of Group Management, refer to pages 82-83.

Subsidiaries

Holdings are presented in Note 16.

Associated companies

Holdings are presented in Note 17. The Group's profit from participations in associated companies totalled SEK 177 million (1).

Note 28 Accrued expenses and deferred income

	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Prepaid rental income	492	322	–	–
Accrued interest expense	158	155	158	155
Accrued personnel costs	20	17	16	14
Other items	128	134	4	2
Total	798	628	178	171

Note 29 Supplementary information on financial assets and liabilities

Derivative instruments in the consolidated and Parent Company balance sheet

Recognised as financial assets	2021	2020
Interest-rate derivatives	56	15
Cross currency swaps	198	20
Foreign exchange swaps	–	12
Total	254	47
Recognised as financial liabilities	2021	2020
Interest-rate derivatives	91	271
Cross currency swaps	2	7
Foreign exchange swaps	–	0
Total	93	278
Net (debt) derivative instruments	-161	231

Derivative instruments

Derivative instruments are mainly used to achieve the desired fixed-rate period in the loan portfolio. In addition, foreign exchange swaps are used to eliminate all currency exposure on foreign currency loans. The value of the swaps can be derived from the quotation from the counterparty if they are categorised within Level 2 of the fair value hierarchy under IFRS 13. Fair value is based on the discounting of future cash flows for each maturity term at a market rate.

The following table presents the Group's financial assets and liabilities, at carrying amount and fair value, respectively, classified into categories in accordance with IFRS 9.

Measurement of financial assets and liabilities at 31 Dec 2021

	Financial assets/ liabilities measured at fair value through profit or loss	Financial assets/liabilities measured at fair value through other comprehensive income	Financial assets/ liabilities measured at amortised cost	Total carrying amount	Total fair value
Financial assets					
Other non-current receivables	–	–	31	31	31
Rent and accounts receivable	–	–	28	28	28
Derivative instruments	254	–	–	254	254
Other current receivables	–	–	628	628	628
Prepaid expenses and accrued income	–	–	134	134	134
Cash and cash equivalents	–	–	687	687	687
Total	254	–	1,508	1,762	1,762
Financial liabilities					
Bond loans	–	–	33,555	33,555	34,138
Schuldschein (NSV)	–	–	767	767	767
Bank loans	–	–	3,687	3,687	3,687
Commercial papers	–	–	4,490	4,490	4,490
Derivative instruments	93	–	–	93	93
Accounts payable	–	–	482	482	482
Other liabilities	–	–	526	526	526
Accrued expenses	–	–	798	798	798
Total	93	–	44,305	44,398	44,981

The Group's maximum credit risk consists of the net amounts in the table above. The Group did not receive any pledged assets for the net financial assets.

Measurement of financial assets and liabilities at 31 Dec 2020

	Financial assets/ liabilities measured at fair value through profit or loss	Financial assets/liabilities measured at fair value through other comprehensive income	Financial assets/ liabilities measured at amortised cost	Total carrying amount	Total fair value
Financial assets					
Other long-term assets	–	–	27	27	27
Rent and accounts receivable	–	–	20	20	20
Derivative instruments	47	–	–	47	47
Other current receivables	–	–	588	588	588
Prepaid expenses and accrued income	–	–	116	116	116
Cash and cash equivalents	–	–	891	891	891
Total	47	–	1,642	1,689	1,689
Financial liabilities					
Bond loans	–	–	29,227	29,227	30,804
Schuldschein (NSV)	–	–	753	753	753
Bank loans	–	–	3,648	3,648	3,648
Commercial papers	–	–	5,023	5,023	5,023
Derivative instruments	278	–	–	278	278
Accounts payable	–	–	386	386	386
Other liabilities	–	–	246	246	246
Accrued expenses	–	–	628	628	628
Total	278	–	39,912	40,190	41,767

Provision for expected credit losses

Group

The financial assets covered by provisions for expected credit losses according to the general method consist of cash and cash equivalents and non-current receivables from associated companies. Hemsö applies a ratings-based approach per counterparty combined with other known information and forward-looking factors for the assessment of expected credit losses. The Group defines 'default' as when payment of a receivable is 90 days or more overdue, or when other factors indicate that a suspension of the payment exists. No significant increase in credit risk for any receivable or asset was considered to exist at the closing date. Such an assessment is based on whether payment is 30 days or more overdue, or whether a significant deterioration of the rating has occurred, resulting in a credit rating below investment grade. In cases where the amounts are not deemed insignificant, a provision for expected credit losses is also made for these financial instruments.

Parent Company

The Parent Company applies a ratings-based approach for calculating expected credit losses based on the probability of default events, expected loss and exposure in the event of default. The Parent Company defines "default" as when payment of a receivable is 90 days or more overdue, or when other factors indicate that a suspension of the payment exists. The Parent Company assesses that the subsidiaries currently have similar risk profiles and assessment is performed collectively. No significant increase in credit risk for any intra-Group receivable or asset was considered to exist at the closing date. Such an assessment is based on whether payment is 30 days or more overdue, or whether a significant deterioration of the rating has occurred, resulting in a credit rating below investment grade.] The Parent Company applies the general method for the intra-Group receivables. The Parent Company's expected loss in the event of default includes the expected market value of the subsidiaries in the event of a forced sale. Based on the Parent Company's assessments according to the method described above, with consideration for other known information and forward-looking factors, expected credit losses are not deemed significant and no provision has therefore been recognised.

Note 30 Events after the closing date

Hemsö updated its financial policy in regard to the company's loan-to-value ratio and interest-coverage ratio. The loan-to-value ratio should be less than 60 per cent over time and the interest-coverage ratio higher than 3.0 times. During the first quarter of 2022, Hemsö has issued sustainable bonds in the amount of SEK 1.4 billion and has borrowed the equivalent of SEK 1 billion from the European Investment Bank (EIB). In addition, SEK 300 million has been issued in traditional bonds.

Note 31 Proposed appropriation of profits

Due to the Board's proposed dividend, the Board and the CEO hereby issue the following statement, based on Chapter 18, Section 4 of the Swedish Companies Act. The proposed dividend of SEK 10.72 per share is based on the annual accounts for 2021, which were presented to the Annual General Meeting for adoption on 28 April 2022, with consideration for the company's investment and liquidity requirements. After the dividend, the equity/assets ratio would be considered satisfactory in light of the continued profitability of the operations conducted by the Parent Company and the Group. Access to liquidity for both the Parent Company and the Group is expected to remain favourable.

The Board's view is that the proposed dividend will not prevent the company, or any other Group companies, from meeting their short-term or long-term obligations, or from completing any necessary investments.

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

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

Share premium reserve	1,000,000,000
Retained earnings	3,926,793,178
Profit for the year	570,437,795
Total	5,497,230,972

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

To shareholders	1,072,000,000
To be carried forward	4,425,230,972
Total	5,497,230,972

**KRONANS VÅRD &
OMSORGSBOENDE**
Kronan holto- ja holvakoti

Signing of the annual accounts

The undersigned assure that the annual accounts and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with generally accepted accounting principles, and give a true and fair view of the Group's and the company's financial position and results, and that the Directors' Report gives a fair review of the development of the Group and the company's operations, position and results and describes the significant risks and uncertainties faced by the companies included in the Group.

Stockholm, 28 March 2022

Pär Nuder
Chairman of the Board

Åsa Bergström
Board member

Maria Björklund
Board member

Kerstin Hessius
Board member

David Mindus
Board member

Johan Thorell
Board member

Nils Styf
Chief Executive Officer

Our audit report was submitted on 30 March 2022
Ernst & Young AB

Magnus Fredmer
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Hemsö Fastighets AB, corporate identity number 556779–8169

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Hemsö Fastighets AB (publ) for the financial year 2021 except for the corporate governance statement on pages 77–80 and other information on pages 1–58 and 118–132. The annual accounts and consolidated accounts of the company are included on pages 59–114 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 77–80. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5:1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion

on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

VALUATION OF INVESTMENT PROPERTIES

Description of the area

The fair value of the investment properties of the Group amounted to MSEK 75,737 on December 31, 2021.

The property value is determined by internal and external valuation. The valuations are prepared in accordance with the discounted cash flow model, whereby the future cash flows are forecasted. The required yields for the properties are assessed on each property's unique risk profile and observable transactions made in the market. Valuation at fair value requires several assessments where a minor change in made assumptions on which the values are based on can have significant effects on reported values. Due to the required assumptions and judgements in property valuation we consider this is as a key audit matter.

A description of the valuation of the investment properties and particular considerations and assumptions is stated in Note 14 and Note 2.

How our audit addressed this key audit matter

In our audit we have evaluated management's process for property valuation by evaluating the valuation model and assumptions made in the valuation. We have evaluated the external valuation experts' competence and objectivity and the internal expert's competence. We have made comparisons to known market information. We have with the support of our valuation expert reviewed the company's model for property valuation. With the support of our valuation experts we have also reviewed the reasonability of the adopted assumptions such as yield level, vacancy rates, rental income and operating costs. We have for a selection of properties reviewed the input data in the valuation model such as rental income, operating costs and also tested the calculations which are the basis for the valuations. We have reviewed the disclosures provided in the annual accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–58, 77–80 and 118–132. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Hemsö Fastighets AB (publ) for the financial year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 77-80 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standard on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Hamngatan 26, 111 47 Stockholm, was appointed auditor of Hemsö Fastighets AB (publ) by the general meeting of the shareholders on the 29 April 2021 and has been the company's auditor since the 5 June 2012.

Stockholm, 30 March 2022

Ernst & Young AB

Magnus Fredmer
Authorized Public Accountant

List of properties

Sweden

Nursing homes	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Brogårda 8:7 (part of	Råggatan 4)	Bjuv	0	0	0	0	0	0
Boden 56:51	Idrottsgatan 6	Boden	10,700	0	0	0	0	10,700
Fonden 49	Sörmarksgatan 199-205	Borås	1,134	0	1,778	0	1,382	4,294
Romberga 23:54	Frejas Allé 2	Enköping	4,100	0	0	0	0	4,100
Hemse Fasanen 10	Hagagatan 30	Gotland	11,404	0	322	0	0	11,726
Visby Pjäsen 12	Pjäsgatan 12	Gotland	6,600	0	0	0	6	6,606
Othem Kilåkern 2	Apoteksgatan 3	Gotland	5,378	0	0	0	0	5,378
Klinte Åvalle 2:27	Skolgatan 7-9	Gotland	2,719	0	0	0	1,099	3,818
Roma Kloster 1:37	Björkstigen 10	Gotland	3,565	0	0	0	0	3,565
Bunge Stucks 1:297	Strandvägen 51, Fårösund	Gotland	3,222	0	0	0	0	3,222
Hemse Blåkråkan 15	Parkgatan 16-18	Gotland	2,490	0	0	0	0	2,490
Tomaten 1	Tjelvarvägen 8	Gotland	1,584	0	0	0	0	1,584
Visby Pjäsen 11	Lännavägen 21-43	Gotland	1,094	0	0	0	306	1,400
Södertull 13:14	Flemminggatan 11-17	Gävle	14,767	0	0	0	0	14,767
Kristinelund 49:2	Norra Järvstavägen 20a-b	Gävle	11,707	0	2,540	0	0	14,247
Brynäs 55:4	Tredje Tvärgatan 31	Gävle	6,490	0	0	0	0	6,490
Strömsbro 4:2	Sanatorievägen 17	Gävle	6,451	0	0	0	0	6,451
Varva 2:20	Norra Prästvägen 12-14	Gävle	5,563	0	0	0	0	5,563
Vallbacken 24:3	Vallbacksgatan 8	Gävle	4,937	0	0	0	0	4,937
Norrull 31:2	Stallgatan 4	Gävle	2,295	0	0	0	0	2,295
Fiskebäck 8:7	Hällefjordregatan 20	Gothenburg	6,444	0	0	0	1,341	7,785
Rud 5:2	Positivgatan 15	Gothenburg	6,027	0	0	0	0	6,027
Backa 243:52	S:t Jörgens väg 22	Gothenburg	4,441	0	0	0	390	4,831
Näset 130:1	Bjölavägen 1	Gothenburg	3,701	0	0	0	0	3,701
Krokslätt 147:2	Fridkullagatan 18 G	Gothenburg	3,088	0	0	0	150	3,238
Brandvakten 3	Södra Vägen 4	Halmstad	3,815	0	0	0	0	3,815
Nåden 1	Fyllingevägen 83	Halmstad	3,804	0	0	0	0	3,804
Halmstad 10:35	Frennarpsvägen 131	Halmstad	3,312	0	0	0	0	3,312
Jakobsberg 34:6	Snapphanevägen 22	Järfälla	7,055	0	0	0	0	7,055
Jakobsberg 2:2719	Vibblabyvägen 97-99	Järfälla	4,509	0	0	0	0	4,509
Stafvre 11	Lasarettboulevarderna 22	Kristianstad	3,900	2,977	0	0	0	6,877
Fridhem 1	Fridhemsgatan 29	Kungälv	4,739	0	0	0	0	4,739
Landeryd 6:5	Slatteforsvägen 2A-H	Linköping	4,120	0	607	0	235	4,962
Valbyrån 5	Kärnavägen 3-11	Linköping	2,656	0	0	0	94	2,750
Vetebullen 2	Kärna Centrum 1	Linköping	2,145	0	0	0	0	2,145
Lillgårdsskolan 11	Ridhusgatan 2A	Linköping	1,510	0	0	0	168	1,678
Riket 22	Järdalavägen 52C	Linköping	1,605	0	0	0	0	1,605
Landeryd 6:61	Slatteforsvägen 38	Linköping	1,266	0	0	0	0	1,266
Ostbiten 1	Rydsvägen 9C	Linköping	1,254	0	0	0	0	1,254
Trähästen 2	Skogslyckeagatan 11F	Linköping	1,045	0	0	0	0	1,045
Anoraken 1	Kronan C4-C10	Luleå	11,000	0	0	0	0	11,000
Stadsön 1:1040	Ålvsborgsvägen 20	Luleå	4,572	0	0	0	0	4,572
Kalkällan 13	Lingonstigen 235	Luleå	3,906	0	0	0	0	3,906
Bergnäset 2:665	Stengatan 123	Luleå	2,129	0	0	0	0	2,129
Alvik 2:54	Danelvägen 11	Luleå	1,578	0	0	0	0	1,578
Norra Sjukhuset 1	Skansvägen 5	Lund	8,991	1,431	0	0	3,744	14,166
Byrådirektören 4	von Troils väg 2-8	Malmö	5,820	2,666	1,400	0	6,033	15,919
Solskiftet 1	Oshögavägen 2	Malmö	6,825	0	0	0	0	6,825
Virket 8	Sigtunagatan 13	Malmö	2,455	0	0	0	2,098	4,553
Anten 3	Eddagatan 1	Malmö	3,040	0	0	0	0	3,040
Cykeln 12	Palmgatan 17	Malmö	3,016	0	0	0	0	3,016
Torsten 12	Major Nilssonsgatan 13	Malmö	2,400	0	0	0	0	2,400
Storskarven 13	Norra vägen 1	Malmö	2,313	0	0	0	0	2,313
Nicktisteln 2	Ernst Jakobssons gata 7	Malmö	2,250	0	0	0	0	2,250
Styrkan 23	Spånehusvägen 91	Malmö	2,140	0	0	0	0	2,140
Storskarven 12	Norra vägen 7	Malmö	1,900	0	0	0	0	1,900
Stengodset 1	Stengodsvägen 4	Malmö	1,850	0	0	0	0	1,850
Styckmästaren 8	Jöns Risbergsgatan 4	Malmö	1,256	0	0	0	133	1,388
Storskarven 9	Brunandsvägen 32	Malmö	442	0	0	0	0	442
Höbalen 1	Vetekornsgatan 22	Mölnadal	2,682	0	0	0	0	2,682
Rösunda 36:41	Rösundavägen 2	Nacka	11,145	0	0	0	0	11,145
Sicklaön 12:9	Skurusundsvägen 163	Nacka	4,115	0	0	0	300	4,415
Mensättra 26:1	Ornövägen 5	Nacka	2,047	0	0	0	0	2,047
Ekhöjden 1	Sandbyhovsgatan 4	Norrköping	6,155	0	0	0	0	6,155
Gängjärnet 1	Plåtslagaregatan 8	Norrköping	5,386	0	0	0	0	5,386
Järven 6	Värmlandsgatan 1	Norrköping	4,054	433	0	0	772	5,259
Diadem 3	Gamla Övägen 27	Norrköping	4,025	0	0	0	0	4,025
Konstantinopel 6	Skomakaregatan 11	Norrköping	3,183	0	0	0	0	3,183
Värnhemmet 1	Sandbyhovsgatan 3	Norrköping	1,400	0	0	0	0	1,400
Sysslomannen 1	Sandbyhovsgatan 11	Norrköping	0	0	500	0	175	675
Hängasken 3	Sandbyhovsgatan 1	Norrköping	0	0	0	0	0	0

List of properties

Nursing homes	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Luffaren 2	Sandbyhovsgatan 6	Norrköping	0	0	0	0	0	0
Kapellet 2	Doktor Butlers Gata	Norrköping	0	0	0	0	0	0
Köket 1	Sandbyhovsgatan 21	Norrköping	0	0	0	0	0	0
Sandbyhov 61	Sandbyhovsgatan 19	Norrköping	0	0	0	0	0	0
Tvätthuset 1	Sandbyhovsgatan 21	Norrköping	0	0	0	0	0	0
Hallen 4	Lövgatan 39-43	Solna	4,244	0	1,450	0	144	5,838
Stanstorp 5:368	Vikhems Bygata 100	Staffanstorp	4,126	0	0	0	0	4,126
Sjöstöveln 3	Folkparksvägen 156	Stockholm	8,506	0	325	0	0	8,831
Tempelriddarorden 5	Vita Liljans väg 53	Stockholm	5,000	0	0	0	0	5,000
Flyghöjden 2	Skarpnäcks Torg	Stockholm	2,880	0	0	0	0	2,880
Hantverkaren 2	Hantverkarsvägen 1	Södertälje	8,382	0	0	0	0	8,382
Blåvalen 1	Tallhöjdsvägen 1-3	Södertälje	4,553	0	2,240	0	323	7,116
Herkules 34	Corfitz-beck-friisgatan 4A	Trelleborg	0	0	300	0	5,517	5,817
Herkules 33	Hamngatan 16	Trelleborg	800	0	0	0	0	800
Herkules 29	Corfitz-beck-friisgatan 2	Trelleborg	0	0	0	0	0	0
Krusmyntan 1	Basilikagränd 1	Tyresö	4,675	0	0	0	0	4,675
Krusmyntan 2	Basilikagränd 1	Tyresö	2,900	0	0	0	0	2,900
Marknaden 1	Esplanaden 9	Täby	11,963	0	6,278	0	1,414	19,655
Åkerby 13	Kemistvägen 8	Täby	564	0	1,260	0	83	1,907
Hammarby 8:60	Hasselgatan 80 A-E	Upplands Väsby	2,850	0	0	0	0	2,850
Vilunda 6:66	Blå gatan 48	Upplands Väsby	0	0	0	0	0	0
Valsätra 3:10	Bernadottewägen 1P	Uppsala	6,065	0	0	0	0	6,065
Dragarbrunn 9:4	S:t Olofsgatan 44 B	Uppsala	4,020	0	0	0	0	4,020
Kvarngärdet 14:5	Torkelsgatan 42	Uppsala	3,585	0	0	0	0	3,585
Rickomberga 9:14	Geijersgatan 61	Uppsala	3,200	0	0	0	0	3,200
Luthagen 81:1	Norrlandsgatan 2	Uppsala	2,740	0	0	0	0	2,740
Vallentuna-Rickeby 1:97	Stendösvägen 1-3	Vallentuna	2,948	0	0	0	0	2,948
Vallentuna-Ekeby 2:275	Ekebyvägen 40	Vallentuna	2,936	0	0	0	0	2,936
Sörbyn 17:1	Törnrogatan 8-22	Vänersborg	3,363	0	1,009	0	155	4,527
Vedbo 61	Hörntorpsvägen 20	Västerås	7,479	4,000	0	0	0	11,479
Södra Källtorp 1	Vallbyleden 13	Västerås	9,270	0	335	0	0	9,605
Skjutfältet 9	Hästhovsgatan 27	Västerås	5,914	0	0	0	0	5,914
Lövhagen 32	Pilfinksgatan 2	Västerås	4,589	0	0	0	0	4,589
Klockarkärleken 3	Rönningstigen 7	Västerås	3,937	0	0	0	0	3,937
Ångsklockan 1	Värlöfsgatan 6	Västerås	3,813	0	0	0	0	3,813
Östra Daggrosen 1	Daggrosatan 1	Västerås	3,507	0	0	0	0	3,507
Birka 1	Fornstidsatan 4	Västerås	3,335	0	0	0	0	3,335
Hanen 4	Hagalidsvägen 2	Västerås	2,740	0	0	0	0	2,740
Skogsduvan 1	Skogsduvevägen 11	Västerås	1,107	0	0	0	0	1,107
Kolaren 5	Tråddragargatan 31	Västerås	1,052	0	0	0	0	1,052
Södra Källtorp 7	Vedbovägen 1	Västerås	0	0	0	0	175	175
Kornknarren 3	Kornknarrestigen 1	Västerås	0	0	0	0	0	0
Lekamensgården 2	Pär Lagerkvists väg 15	Växjö	5,188	0	0	0	0	5,188
Solvändan 3	Åbovägen 22	Växjö	3,329	0	0	0	0	3,329
Tonsättaren 2	Schottisgatan 2-6	Ystad	2,892	0	0	0	65	2,957
Total Sweden Nursing homes		116	437,162	11,507	20,344	0	26,302	495,314

Education	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Tjärna Hage 2	Mats Knuts väg 19	Borlänge	0	0	0	0	0	0
Samariten 11	Klinikvägen 48	Borås	0	11,660	0	0	0	11,660
Markan 1	Kanslivägen 22-24	Botkyrka	0	2,932	0	0	0	2,932
Tråkvista 3:282	Sanduddsvägen 12	Ekerö	0	938	0	0	0	938
Nyfors 1:24	Tunavallsgränden 5	Eskilstuna	0	1,427	0	0	0	1,427
Verkmästaren 7	Hamngatan 17	Eskilstuna	0	20,335	0	0	0	20,335
Backa 245:1	Sankt Jörgens Väg 14-20	Gothenburg	0	6,548	0	0	456	7,004
Krokslätt 35:14	Ebbe Lieberathsgatan 19	Gothenburg	0	3,921	0	0	2,922	6,843
Lindholmen 1:12	Karlavagnsgatan 9	Gothenburg	0	0	0	0	1	1
Sandarna 26:2	Karl Johansgatan 158	Gothenburg	0	0	0	0	0	0
Täckeråker 1:228	Timvinkelvägen 44	Haninge	0	5,459	0	0	0	5,459
Medicinaren 14	Diagnosvägen 8	Huddinge	0	1,003	965	0	168	2,136
Medicinaren 23	Hälsövägen 11	Huddinge	0	15,921	300	0	422	16,643
Darehallen 1	Löjtnant Granlunds Väg 4	Hässleholm	0	700	0	0	0	700
Intendenten 1	Wendesvägen 5-7	Hässleholm	0	1,580	0	0	0	1,580
Intendenten 2	Finjagatan 18	Hässleholm	0	2,290	0	0	0	2,290
Värpatorparen 2	Väpnaregatan 6	Hässleholm	0	1,224	0	0	4,609	5,833
Stafvre 11	Lasarettboulevarden 22	Kristianstad	3,900	3,107	0	0	0	7,007
Bångsbo 1:29	Bångsbovägen 13	Kungsbacka	0	3,910	0	0	0	3,910

List of properties

Education	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Tjärna Hage 2	Plogstigen	Borlänge	0	9,200	0	0	0	9,200
Samariten 11	Klinikvägen 48	Borås	0	11,660	0	0	0	11,660
Markan 1	Kanslivägen 22-24	Botkyrka	0	2,932	0	0	0	2,932
Tråkvista 3:282	Sanduddsvägen 8	Ekerö	0	938	0	0	0	938
Verkmästaren 7	Hamngatan 17	Eskilstuna	0	20,335	0	0	0	20,335
Nyfors 1:24	Tunavallsgränden 5	Eskilstuna	0	1,427	0	0	0	1,427
Backa 245:1	Sankt Jörgens Väg 14-20	Gothenburg	0	6,548	0	0	456	7,004
Krokslätt 35:14	Ebbe Lieberathsgatan 19	Gothenburg	0	3,921	0	0	2,922	6,843
Sandarna 26:2	Karl Johansgatan 158	Gothenburg	0	0	0	0	0	0
Lindholmen 1:12	Karlavagnsgatan 9	Gothenburg	0	0	0	0	0	0
Täckeråker 1:228	Vega Allé 39	Haninge	0	5,459	0	0	0	5,459
Medicinaren 23	Hälsövägen 11	Huddinge	0	15,921	300	0	422	16,643
Medicinaren 14	Diagnosvägen 8	Huddinge	0	1,003	965	0	168	2,136
Värpatorparen 2	Väpnaregatan 6	Hässleholm	0	1,224	0	0	4,609	5,833
Intendenten 2	Finjagatan 18	Hässleholm	0	2,290	0	0	0	2,290
Intendenten 1	Wendesvägen 5-7	Hässleholm	0	1,580	0	0	0	1,580
Darehallen 1	Löjtnant Granlunds Väg 4	Hässleholm	0	700	0	0	0	700
Bångsbo 1:29	Bångsbovägen 13	Kungsbacka	0	3,910	0	0	0	3,910
Ärlan 1	Vikingagatan 6	Kungälv	0	3,107	0	0	0	3,107
Bikupan 5	Esters gata	Kungälv	0	0	0	0	0	0
Tjuvkil 2:175	Tjuvkils huvud	Kungälv	0	0	0	0	0	0
Borstahuset 1:9	Havsgatan 1	Landskrona	0	5,700	0	0	0	5,700
Borstahuset 1:8	Havsgatan 5	Landskrona	0	2,245	0	0	0	2,245
Nässelodlingen 1	Nybrovägen 1	Linköping	0	4,252	0	0	0	4,252
Isskåpet 1	Tröskaregatan 73-75	Linköping	0	2,735	0	0	0	2,735
Nyponkärnan 1	Kvinnebyvägen 91	Linköping	0	1,688	0	0	0	1,688
Ostduken 2	Björnkärrsgatan 14-16	Linköping	0	1,492	0	0	0	1,492
Laddstaken 2	Knektgatan 1A-B	Linköping	0	750	0	0	0	750
Gällstad 1:291	Sävsångarevägen 61	Linköping	0	661	0	0	0	661
Rystads-Gärstad 8:41	Gurkvägen 2-4	Linköping	0	661	0	0	0	661
Askeby 4:54	Andreas Linbloms väg 7	Linköping	0	425	0	0	0	425
Askeby 4:55	Andreas Linbloms väg 5	Linköping	0	0	0	0	0	0
Klostergården 2:9	S:t Lars väg 1	Lund	4,509	28,857	6,910	0	5,884	46,160
Benzelius 1	Dag Hammarskjölds Väg 2	Lund	0	6,215	0	0	225	6,440
Predikanten 2	Landgillevägen 55	Lund	0	750	0	0	0	750
Dona 1:38	Rinkenäsgratan 2-4	Lysekil	0	9,000	0	0	0	9,000
Excellensen 5	Carl Gustafs väg 4	Malmö	0	0	0	0	11,197	11,197
Spillepengsmarken 7	Strömgatan 13	Malmö	0	4,670	0	0	0	4,670
Gullriset 4	Monicavägen 18-22	Malmö	0	648	0	0	0	648
Älta 14:97	Almvägen 4	Nacka	0	6,630	0	0	0	6,630
Mensätra 1:19	Boo Kyrkväg 5	Nacka	0	4,036	0	0	0	4,036
Sicklaön 351:1	Skogsstigen 40	Nacka	0	3,509	0	0	0	3,509
Älta 14:101	Almvägen 2	Nacka	0	3,345	0	0	50	3,395
Sicklaön 39:4	Helgesons väg 10	Nacka	0	2,575	0	0	0	2,575
Sicklaön 207:7	Bävervägen 4	Nacka	0	919	0	0	0	919
Erstavik 27:1	Fisksättravägen 31	Nacka	0	775	0	0	0	775
Mensätra 2:92	Sandholmsvägen 2	Nacka	0	775	0	0	0	775
Mensätra 2:91	Björkholmsvägen 235	Nacka	0	771	0	0	0	771
Erstavik 26:607	Krabbvägen 1	Nacka	0	764	0	0	0	764
Tattby 2:24	Samskolevägen 2-6	Nacka	0	758	0	0	0	758
Älta 35:149	Anemonvägen 13	Nacka	0	736	0	0	0	736
Mensätra 1:84	Gustavsviksvägen 10	Nacka	0	613	0	0	0	613
Lännersta 1:1231	Trollsövägen 7	Nacka	0	563	0	0	0	563
Älta 75:16	Ulvsjöstigen 17	Nacka	0	418	0	0	0	418
Mensätra 1:168	Boo Kyrkväg 7	Nacka	0	0	0	0	135	135
Drag 4	Dragsgatan 7	Norrköping	0	9,878	0	0	0	9,878
Ekhöjden 2	Sandbyhovsgatan 25	Norrköping	0	5,550	0	0	0	5,550
Hängasken 1	Sandbyhovsgatan 17	Norrköping	0	4,700	0	0	0	4,700
Järven 5	Bergslagsgatan 11	Norrköping	0	4,511	0	0	0	4,511
Kapellet 1	Sandbyhovsgatan 15	Norrköping	0	1,550	0	0	0	1,550
Värnhemmet 2	Sandbyhovsgatan 7	Norrköping	0	0	0	0	0	0
Borgaren 18	Stora torget 3	Nyköping	0	11,264	0	0	612	11,876
Mode 4	Stationsgatan 3	Skövde	0	0	0	0	8,147	8,147
Sollentuna Träbjälken 16	Sofielundsvägen 12	Sollentuna	0	2,590	0	0	0	2,590
Sollentuna Sjöberg 7:4	Lomvägen 100-102	Sollentuna	0	600	0	0	0	600
Solna Älgörten 1	Fridenborgsvägen 100	Solna	0	8,659	0	0	0	8,659
Bagartorp 19	Bagartorpsringen 20	Solna	0	4,433	0	0	0	4,433
Befästningskullen 8	Anders Lundströms gata 3-5	Solna	0	3,388	0	0	0	3,388
Stora Uppåkra 12:303	Parkallén 4	Staffanstorps	0	7,694	0	0	0	7,694
Stora Uppåkra 12:302	Parkallén 10	Staffanstorps	0	1,195	0	0	0	1,195

List of properties

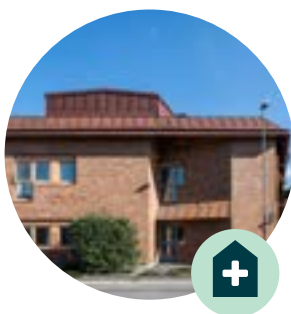
Education	Address	Municipality	Nursing homes	Education	Health care	Justice system	Other	Total
Hjärup 4:290	Heimdalls väg 2	Staffanstorps	0	652	0	0	0	652
Stanstorp 6:17	Vikhems Bygata 101	Staffanstorps	0	0	0	0	0	0
Kadetten 29	Karlbergsvägen 77	Stockholm	0	4,372	0	0	5,520	9,892
Sandbacken Mindre 42	Sandbacksgatan 10	Stockholm	0	8,000	0	0	16	8,016
Piloten 2	Gondoligatan 16	Stockholm	0	3,471	0	0	0	3,471
Lau 1	Beckombergavägen 301	Stockholm	0	2,410	0	0	0	2,410
Kojsta 1	Beckombergavägen 316	Stockholm	0	2,300	0	0	0	2,300
Lummelunda 1	Beckombergavägen 299	Stockholm	0	1,484	0	0	0	1,484
Sproge 1	Beckombergavägen 314	Stockholm	0	1,470	0	0	0	1,470
Ponnyn 1	Boplatsvägen 1	Sundbyberg	0	2,687	0	0	0	2,687
Karleby 2:2	Gärtunavägen 4	Södertälje	0	2,950	0	0	0	2,950
Köpingskolan 2	Klövervallsvägen 8	Trelleborg	0	1,460	0	0	0	1,460
Pilevallsskolan 2	Tallvägen 30	Trelleborg	0	0	0	0	0	0
Källstorpsbacken 1	Strömsviksvägen 50-54	Trollhättan	0	445	0	0	0	445
Fräsen 2	Maskinvägen 4	Täby	0	2,028	0	0	0	2,028
Fräsen 1	Källtorpsvägen 2	Täby	0	610	0	0	1,294	1,904
Halla-Stenbacken 1:88	Tyggården 2	Uddevalla	0	18,351	945	0	16,802	36,098
Umeå Hugin 3	Nygatan 47	Umeå	0	7,730	0	0	0	7,730
Vilunda 19:2	Industrivägen 20 B	Upplands Väsby	0	14,904	0	0	0	14,904
Odenslunda 1:592	Söderviksvägen 1	Upplands Väsby	0	5,915	0	0	0	5,915
Vilunda 6:55	Drabantvägen 3-5	Upplands Väsby	0	3,000	0	0	0	3,000
Kronåsen 1:15	Lägerhyddsvägen 2	Uppsala	0	19,893	44	0	6,161	26,098
Bällsta 2:1087	Zetterlundsväg 140	Vallentuna	0	3,000	0	0	0	3,000
Månen 110	Restadvägen 24-28	Vänersborg	0	3,167	0	0	862	4,029
Rosenhill 1	Gurksaltargatan 9	Västerås	0	22,362	0	0	0	22,362
Gustavsborg 2	Vasagatan 44	Västerås	0	18,062	0	0	0	18,062
Rosenhill 12	Eriksborgsgatan 11	Västerås	0	6,758	0	0	340	7,098
Kristiansborgsskolan 2	Vasagatan 56	Västerås	0	5,334	0	0	0	5,334
Västerås 1:250	Ångkraftsvägen 1	Västerås	0	3,412	0	0	0	3,412
Barkaröby 15:308	Lövänggatan 2	Västerås	0	1,570	0	0	0	1,570
Södra Källtorp 8	Bälbyvägen 11	Västerås	0	1,477	0	0	0	1,477
Kristiansborgsbadet 1	Vallgatan 8	Västerås	0	0	0	0	0	0
Rapphönan 2	Kornknarrestigen 2	Västerås	0	0	0	0	0	0
Jägaren 11	Vallgatan 12E	Växjö	0	8,681	0	0	5,239	13,920
Vittran 1	Trädvägen 4	Växjö	0	0	0	0	0	0
Liv 1	Björnstjernerogatan 8	Ystad	0	4,084	0	0	2,602	6,686
Vemmenhög 1	Björnstjernerogatan 10	Ystad	0	4,140	0	0	0	4,140
Vallgraven 20	Industrigatan 12	Ystad	0	3,368	0	0	66	3,434
Liv 4	Björnstjernerogatan 3	Ystad	0	430	0	0	1,036	1,466
Malmö 3	Nils Ahlins gata 19	Ystad	0	0	0	0	1,430	1,430
Ystad Malmö 5	Nils Ahlins väg 17	Ystad	0	904	0	0	16	920
Verkmästaren 24	Industrigatan 15A	Ystad	0	0	0	0	0	0
Verkmästaren 25	Industrigatan 15B	Ystad	0	0	0	0	0	0
Medora 168:115	Klamparvägen 1A	Älvkarleby	0	2,500	0	0	0	2,500
Rörströmsälven 31	Vivallaringen 112	Örebro	0	980	0	0	0	980
Total Sweden Education		115	4,509	450,464	9,164	0	76,210	540,348



Anoraken 1, Luleå.



Kronåsen 1:15, Uppsala.



Torp 2:19, Lerum.



Kvarnberget 9, Stockholm.

List of properties

Health care	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Apelsinen 1	Säterigatan 122	Alingsås	227	979	1,797	0	0	3,003
Ångaboskolan 2	Sundsbergsvägen 7	Alingsås	0	0	1,488	0	0	1,488
Sik 1:183	Tärnavägen 6	Borås	0	319	2,275	0	0	2,594
Milstolpen 8	Smörhulegatan 2	Borås	0	0	2,306	0	225	2,531
Rydboholm 1:477	Hagkällevägen 2	Borås	0	280	1,693	0	0	1,973
Sandhults-Rydet 1:256	Strandvägen 11	Borås	0	0	1,623	0	0	1,623
Stenhuggaren 1	Kindsgatan 1	Borås	0	0	1,393	0	0	1,393
Banslätt 1	Römossevägen 25	Botkyrka	0	1,727	5,280	0	1,627	8,634
Sjukhuset 7	Kevinge Strand 1B	Danderyd	0	0	3,183	0	0	3,183
Tappström 1:50	Bryggvägen 8	Ekerö	0	310	2,209	0	93	2,612
Lindholmen 36:1	Vintergatan 1A	Gothenburg	803	0	2,445	0	1,052	4,300
Brämregården 80:1	Borstbindaregatan 6	Gothenburg	0	0	3,355	0	0	3,355
Vendelsö 3:1716	Skomakarvägen 20	Haninge	0	0	1,501	0	0	1,501
Medicinaren 19	Hälsovägen 7	Huddinge	0	2,653	24,431	0	11,833	38,917
Medicinaren 25	Hälsovägen 9	Huddinge	0	3,258	15,233	0	594	19,085
Illern 9	Stuvsta Torg 4-6, 10-14	Huddinge	0	0	2,985	0	281	3,266
Kindbogården 1:124	Ekdalavägen 2	Härryda	0	0	5,432	0	168	5,600
Kallhäll 1:32	Kopparvägen 2B	Järfälla	0	664	1,196	0	282	2,142
Hälsan 3	Fabriksgratan 17-19	Jönköping	0	0	4,613	0	0	4,613
Norrahammar 28:108	Postgatan 1-9	Jönköping	0	0	2,488	0	0	2,488
Vårdträdet 7	Hävdevägen 31	Jönköping	0	0	1,646	0	0	1,646
Torp 2:19	Göteborgsvägen 9	Lerum	0	0	3,928	0	40	3,968
Hjällsnäs 3:63	Lundbyvägen 35	Lerum	0	0	2,042	0	0	2,042
Mjölkudden 3:11	Mjölkuddsvägen 79C	Luleå	0	0	1,401	0	2,026	3,427
Slätten 15:7	Lasarettsgatan 1	Lysekil	5,325	82	8,783	0	1,608	15,797
Grönsakshandlaren 5	Jägersrovägen 80	Malmö	0	0	3,003	0	0	3,003
Rosenbuketten 8	Höjagatan 21	Malmö	0	0	1,493	0	0	1,493
Murmeldjuret 4	Fredåsgatan 13	Mölndal	0	0	6,432	0	682	7,114
Hängasken 2	Sandbyhovsgatan 1	Norrköping	0	0	3,455	0	353	3,808
Vaktmästaren 4	Hemvägen 8	Norrtilje	0	0	0	0	1,200	1,200
Patienten 1	Eugeniavägen 10	Solna	0	0	18,466	0	2,438	20,904
Sotenäs Gravarne 3:139	Hvitfeldtsgratan 23	Sotenäs	0	0	2,511	0	0	2,511
Träbron 1	Bergtällsvägen 10-12	Stockholm	3,093	2,249	11,882	0	81	17,305
Akka 8	Tranebergsgatan 1-3	Stockholm	0	0	3,818	0	147	3,965
Jullovet 1	Annebodavägen 4-6	Stockholm	0	0	1,333	0	0	1,333
Skår 1:69	Syster Ebbas väg 1	Tjörn	0	0	1,831	0	0	1,831
Hjorten 14	Johan Kocksgatan 4	Trelleborg	0	0	1,769	0	911	2,680
Källstorpslyckan 1	Strömsviksvägen 16	Trollhättan	0	0	1,536	0	0	1,536
Gladan 1	Slättbergsvägen 56	Trollhättan	0	0	1,402	0	0	1,402
Kuratorn 3	Lasarettsvägen 2	Trollhättan	0	0	808	0	0	808
Faunan 1	Bollmoravägen 14-20	Tyresö	0	639	5,034	0	790	6,463
Floran 1	Regnbågsgatan 2-14	Tyresö	0	0	0	0	0	0
Bylegård 37	Jarlabankes väg 46	Täby	0	0	1,549	0	0	1,549
Linkärven 5	Lingatan 12	Uddevalla	0	0	968	0	0	968
Sävja 56:1	Västgötaresan 60	Uppsala	0	956	1,198	0	1,029	3,183
Gränby 12:6	Gränby Bilgata 2	Uppsala	0	265	2,227	0	267	2,759
Grävlingen 28	Belfragegatan 2	Vänersborg	0	515	1,172	0	1,252	2,939
Tärnan 4	Torpavägen 23	Vänersborg	0	0	1,677	0	0	1,677
Ösby 1:76	Skärgårdsvägen 7	Värmdö	0	60	1,743	0	3,072	4,875
Torna 1	Sixten Sparres gata 1-3	Ystad	0	0	0	0	2,635	2,635
Total Sweden Health care		50	9,448	14,956	180,032	0	34,686	239,122

Justice system	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Kopparormen 4	Vikhemsvägen 9	Eslöv	0	0	0	2,570	0	2,570
Brämregården 37:1	Vägmästaregatan 5	Gothenburg	0	0	0	3,079	0	3,079
Notarieängen 8	Ytterbyvägen 19	Kungälv	949	0	0	2,552	0	3,501
Reparatören 5	Ringvägen 88	Köping	0	0	0	2,650	0	2,650
Polisen 1	von Lingens väg 130B	Malmö	0	0	0	3,555	0	3,555
Juristen 4	Järnvägsgatan 4	Mölndal	0	0	0	7,000	1,270	8,270
Stinsen 1	Stockholmsvägen 4-6	Norrköping	0	0	0	18,331	0	18,331
Brädgården 2	Folkungavägen 2	Nyköping	0	0	0	11,476	896	12,372
Tegen 6	Sundbybergsvägen 7-15	Solna	0	528	0	30,083	4,842	35,453
Kvarnberget 9	Rinkebyplan 2-4	Stockholm	0	0	0	7,662	0	7,662
Hjorten 15	Henry Dunkers gata 2	Trelleborg	0	0	0	3,372	0	3,372
Snickeriet 10	Vannhögsgatan 7	Trelleborg	0	0	0	0	2,348	2,348
Stigbygeln 5	Ridvägen 10	Umeå	0	0	0	21,893	855	22,748
Total Sweden Justice system		13	949	528	0	114,223	10,211	125,911
Total Sweden		294	452,068	477,455	209,540	114,223	147,409	1,400,694

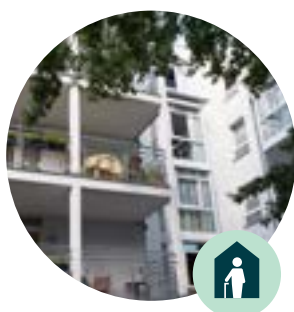
List of properties

Germany

Nursing homes	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Aachen, A.d. Schurzel. Brücke	An der Schurzelter Brücke 1	Aachen	4,954	0	0	0	0	4,954
Neukirchen, Weißensteinstraße	Weißensteinstraße 6	Amberg-Weilburg	4,800	0	0	0	0	4,800
Piding, Lindenstraße	Lindenstraße 46	Berchtesgadener Land	3,699	0	0	0	0	3,699
Bensheim, Eifelstraße	Eifelstraße 21–25	Bergstraße	7,036	0	0	0	0	7,036
Bensheim, Eifelstraße II	Eifelstraße 21	Bergstraße	0	0	0	0	0	0
Berlin, Ullsteinstraße	Ullsteinstraße 159	Berlin-Stadt	8,656	0	0	0	0	8,656
Berlin, Klingsorstraße	Klingsorstraße 121	Berlin-Stadt	6,820	0	0	0	0	6,820
Gärtnerreiring	Gärtnerreiring 54	Berlin-Stadt	1,995	0	0	0	0	1,995
Bochum, Vincenzstraße	Vincenzstraße 1	Bochum	4,701	0	0	0	89	4,790
Bonn, Rheinallee	Rheinallee 78	Bonn	4,773	0	0	0	0	4,773
Bocholt, Böwings Stegge 1	Böwings Stegge 8	Borken	4,966	0	0	0	0	4,966
Bocholt, Böwings Stegge 2	Böwings Stegge 6	Borken	2,498	0	0	0	0	2,498
Müllheim, Am Pfannenstiel	Am Pfannenstiel 30	Breisgau-Hochschwarzwald	6,554	0	0	0	0	6,554
Bremen, Ricarda-Huch-Straße	Ricarda-Huch Straße 1	Bremen	8,915	0	0	0	0	8,915
Bremen, Gnesener Straße	Gnesener Straße 6	Bremen	2,621	0	0	0	0	2,621
Bremen, Hemmstraße	Hemmstraße 345	Bremen	1,809	0	762	0	0	2,571
Barsel, Mühlenweg	Mühlenweg 11	Cloppenburg	4,550	0	0	0	0	4,550
Dahme, Am Schloss	Am Schloß 3	Dahme-Spreewald	19,997	0	0	0	0	19,997
Zeuthen, Fontaneallee	Fontaneallee 29	Dahme-Spreewald	8,868	0	0	0	0	8,868
Darmstadt, Im Fiedlersee	Im Fiedlersee 43	Darmstadt	7,516	0	0	0	0	7,516
Darmstadt, Kasinostraße	Kasinostraße 37	Darmstadt-Dieburg	6,074	0	0	0	0	6,074
Dresden, Preller Str.	Prellerstraße 16	Dresden	3,704	0	0	0	0	3,704
Duisburg, Brauerstraße	Brauerstraße 43	Duisburg	4,331	0	0	0	0	4,331
Duisburg, Karl-Lehr-Straße	Karl-Lehr-Straße 159	Duisburg	4,148	0	0	0	0	4,148
Duisburg, Fuchstraße	Fuchsstraße 31	Duisburg	4,099	0	0	0	0	4,099
Duisburg, Hufstraße	Hufstraße 2	Duisburg	3,846	0	0	0	0	3,846
Emden, Am Wykhoffweg	Rotdornring 1	Emden	3,351	0	0	0	0	3,351
Meppen - Spiek	Spiek 14	Emsland	2,201	0	0	0	0	2,201
Wetter, Friedrichstraße	Steinstraße 3	Ennepe-Ruhr-Kreis	4,004	0	0	0	0	4,004
Essen, Stauderstraße	Stauderstraße 84	Essen	0	0	0	0	0	0
Wangerland - Friesenstraße	Freesenpadd 1	Friesland	4,448	0	0	0	0	4,448
Gotha, Pestalozzistraße	Pestalozzistraße	Gotha	12,777	0	0	0	50	12,827
Büttelborn, Am Heißgraben	Am Heißgraben	Groß-Gerau	0	0	0	0	0	0
Kiel, Vaasastraße	Vaasastraße 2A	Kiel	5,743	0	0	0	0	5,743
Kiel, Pickertstraße	Pickerstraße 36	Kiel	3,261	0	0	0	0	3,261
Ahrensburg, Reeshoop	Reeshoop 38	Kreis Stormarn	5,807	0	0	0	0	5,807
Reinfeld, Kaliskaweg	Kaliskaweg	Kreis Stormarn	4,018	0	0	0	0	4,018
Cologne, Neusser Str.	Neusser Straße 402–406	Cologne	7,681	0	0	0	0	7,681
Pfronten, Meilinger Straße	Meilinger Straße 14A	Landkreis Ostallgäu	3,138	0	0	0	0	3,138



Am alten Sportplatz 43, Rheingau-Taunus-Kreis.



Parkstrasse 21, Wiesbaden.



Klingsorstrasse 121, Berlin.



Jägerstrasse, Teltow-Fläming.

List of properties

			Area, sqm					
Nursing homes	Address	Municipality	Nursing homes	Education	Health care	Justice system	Other	Total
Leipzig, Saxoniastraße	Saxoniastraße 32	Leipzig	4,558	0	0	0	0	4,558
Hadamar, Hammelburg	Hammelburg 18	Limburg-Weilburg	6,432	0	0	0	0	6,432
Bruchköbel, Hauptstraße	Hauptstraße 113	Main-Kinzig-Kreis	5,301	0	0	0	0	5,301
Wächtersbach, Chatilloner Str	Chatilloner Straße 81	Main-Kinzig-Kreis	2,200	0	0	0	0	2,200
Liederbach, Am Wehr	An den Hofgärten 3	Main-Taunus-Kreis	4,443	0	0	0	0	4,443
Radebeul, Hohe Straße	Hohe Straße 2	Meißen	5,353	0	0	0	0	5,353
Langenfeld, Langforth Str.	Langforth Straße 1-3	Mettmann	4,073	0	0	0	0	4,073
Elsenfeld, Bahnhofstraße	Bahnhofstraße 12	Miltenberg	4,450	0	0	0	0	4,450
Mittweida, Burgstädter Straße	Burgstädter Straße 75b	Mittelsachsen	4,836	0	0	0	0	4,836
Mülheim a.d. Ruhr, Am HalbachSaarnerstraße	415	Mülheim an der Ruhr	5,098	0	0	0	0	5,098
Stolzenau, Kleine Geest	Kleine Geest 19-21	Nienburg/Weser	3,320	0	0	0	0	3,320
Heusenstamm, Herderstraße I	Herderstraße 85-89	Offenbach	6,280	0	0	0	0	6,280
Heusenstamm, Herderstraße II	Herderstraße 64	Offenbach	2,981	0	0	0	0	2,981
Offenbach, Spessarttring	Spessarttring 22	Offenbach am Main	9,569	0	0	0	0	9,569
Peine, Sunderstraße	Sunderstraße 60	Peine	3,574	0	0	0	0	3,574
Peine, Am Herzberg	Am Herzberg 18	Peine	2,017	0	0	0	0	2,017
Elmshorn- Amandastraße	Esmachstraße 22	Pinneberg	11,930	0	0	0	0	11,930
Kleinmachnow, Fahrenheits- straße	Fahrenheitsstraße	Potsdam-Mittelmark	0	0	0	0	0	0
Elsdorf, Zum Ostbahnhof	Zum Ostbahnhof	Rhein-Erft-Kreis	4,217	0	0	0	0	4,217
Taunusstein, Am alten Sportpl	Am alten Sportplatz 43	Rheingau-Taunus-Kreis	7,642	0	0	0	0	7,642
Rehren, Auestraße	Auestraße 4	Schaumburg	5,197	0	0	0	0	5,197
Nittenau, Brucker Straße	Brucker Straße 7	Schwandorf	4,131	0	0	0	0	4,131
Wackersdorf, Kiefernstraße	Kiefernstraße 1-3	Schwandorf	2,589	0	0	0	0	2,589
Greven, Philipp-Manz-Str.	Philipp-Manz-Straße 5	Steinfurt	4,156	0	0	0	0	4,156
Rheine- Hemelter Str.	Hemelter Straße 7	Steinfurt	3,955	0	0	0	0	3,955
Zossen, An der Brotfabrik	An der Brotfabrik 1	Teltow-Fläming	4,330	0	0	0	0	4,330
Lauterbach, Bilsteinweg	Bilsteinweg 1	Vogelsbergkreis	5,684	0	0	0	0	5,684
Langenthalheim, Turnerweg	Turnerweg 1	Weißenburg- Gunzenhausen	4,218	0	0	0	0	4,218
Dinslaken, Kurt-Schumacher-St	Kurt-Schumacher-Straße 154	Wesel	4,059	0	0	0	0	4,059
Hünxe, Bensumskamp	Bensumskamp 27	Wesel	3,800	0	0	0	0	3,800
Butzbach, Johann S.-Bach-Str	Johann-Seb.-Bach-Straße 26	Wetteraukreis	3,951	0	0	0	0	3,951
Wiesbaden, Parkstraße	Parkstraße 21	Wiesbaden	5,253	1,190	0	0	0	6,443
Lichtenstein, Martin-Götze-St	Martin-Götze-Straße 14	Zwickau	5,993	0	0	0	0	5,993
Total Germany Nursing homes		72	353,949	1,190	762	0	139	356,040

			Area, sqm					
Education	Address	Municipality	Nursing homes	Education	Health care	Justice system	Other	Total
Dortmund, Rheinsche Strasse	Rheinische Straße 69	Dortmund	0	5,500	0	0	0	5,500
Duisburg, Wuhanstraße 6,11	Wuhanstraße 6,11	Duisburg	0	16,581	0	0	0	16,581
Duisburg, Wuhanstraße 9	Wuhanstraße 9	Duisburg	0	0	0	0	0	0
Zossen, Jägerstraße	Zum Königsgraben 10	Teltow-Fläming	0	16,250	0	0	0	16,250
Total Germany Education		4	0	38,331	0	0	0	38,331

			Area, sqm					
Justice system	Address	Municipality	Nursing homes	Education	Health care	Justice system	Other	Total
Hofgeismar, Manteuffel Anlage	Manteuffel Anlage 2-5	Kassel	0	0	0	4,286	0	4,286
Kassel, Knorrstrasse	Knorrstrasse 32	Kassel	0	0	0	3,673	0	3,673
Wetzlar, Schanzenfeldstrasse	Schanzenfeldstrasse 8	Lahn-Dill-Kreis	0	0	0	13,852	0	13,852
Homburg, August-Vilmar-Strasse	August-Vilmar-Strasse 20	Schwalm-Eder-Kreis	0	0	0	3,920	0	3,920
Wiesbaden, Lorenz-Schott Straße	Lorenz-Schott Straße 4	Wiesbaden	0	0	0	8,527	0	8,527
Total Germany Justice system		5	0	0	0	34,258	0	34,258
Total Germany		81	353,949	39,521	762	34,258	139	428,629

List of properties

Finland

Nursing homes	Address	Municipality	Area, sqm					Total
			Nursing homes	Educa tion	Health care	Justice system	Other	
Puistokatu A	Puistokatu A	Espoo	4,601	0	0	0	2,892	7,493
Kivennavantie 15	Kivennavantie 15	Espoo	2,270	0	0	0	0	2,270
Kattilantanhua 6	Kattilantanhua 6	Espoo	2,061	0	0	0	0	2,061
Kiltakallionrinne 1	Kiltakallionrinne 1	Espoo	1,729	0	0	0	0	1,729
Kappalaisenkuja 3	Kappalaisenkuja 3	Espoo	1,487	0	0	0	2	1,489
Haahkapolku 3	Haahkapolku 3	Helsinki	2,891	1,106	0	0	52	4,049
Kuparitie 2	Kuparitie 2	Helsinki	0	0	2,946	0	73	3,019
Keskiyöntie 6-8	Keskiyöntie 6	Helsinki	0	0	1,675	0	0	1,675
Haavantie	Haavantie 4	Hyvinkää	1,013	0	0	0	0	1,013
Turuntie 13	Turuntie 13	Hämeenlinna	5,731	0	0	0	0	5,731
Hotellitie 1	Hotellitie 1	Jämsä	1,432	0	0	0	0	1,432
Viipurintie 48	Viipurintie 48	Kaarina	1,300	0	0	0	0	1,300
Harjunsalontie 2	Harjunsalontie 2	Kangasala	2,040	0	0	0	0	2,040
Metsolantie 1	Metsolantie 1	Kerava	1,963	0	962	0	396	3,321
Arppentie 6 B	Arppentie 6B	Kitee	1,541	0	0	0	0	1,541
Koiravedenkatu 10	Koiravedenkatu 10	Kuopio	2,099	0	0	0	0	2,099
Vallinmäentie 47	Vallinmäentie 47	Laihia	3,398	0	0	0	0	3,398
Helsingiuksentie 1	Helsingiuksentie 1	Lohja	2,574	0	0	0	0	2,574
Kaakkumäentie 6	Kaakkumäentie 6	Mäntsälä	0	0	0	0	0	0
Pitkäniementie	Pitkäniementie 15	Nokia	3,249	0	0	0	0	3,249
Viertolantie 3 och 5	Viertolantie 3	Nurmijärvi	2,345	0	0	0	0	2,345
Mielikintie 8	Mielikintie 8	Oulu	9,375	0	0	0	0	9,375
Lastenlinnantie	Lastenlinnantie	Pälkäne	1,573	0	0	0	0	1,573
Haapavedentie 20	Haapavedentie 20	Savonlinna	1,437	0	0	0	0	1,437
Meesakatu 4	Meesakatu 4	Tampere	3,436	0	0	0	0	3,436
Tilkonmäenkatu 2	Tilkonmäenkatu 2	Tampere	1,130	0	0	0	0	1,130
Hovioikeudenkatu 3	Hovioikeudenkatu 3	Turku	7,332	0	0	0	0	7,332
Virvoituksentie 5	Virvoituksentie 5	Turku	6,043	0	0	0	1	6,044
Puutarhakatu 39	Puutarhakatu 39	Turku	5,989	0	0	0	0	5,989
Liinahaankatu 17	Liinahaankatu 17	Turku	5,531	0	0	0	0	5,531
Viilarinkatu 9	Viilarinkatu 9	Turku	3,050	0	0	0	0	3,050
Asentajankatu 2	Asentajankatu 2	Turku	2,543	0	0	0	0	2,543
Pirttivuorenkuja 7	Pirttivuorenkuja 7	Turku	2,450	0	0	0	0	2,450
Huvilatie 2	Huvilatie 2	Vaasa	2,800	0	0	0	0	2,800
Perintökuja 14	Perintökuja 14	Vantaa	6,790	518	0	0	0	7,308
Total Finland Nursing homes		35	103,203	1,624	5,583	0	3,416	113,826

Education	Address	Municipality	Area, sqm					Total
			Nursing homes	Educa tion	Health care	Justice system	Other	
Suotie 4	Suotie 4	Espoo	0	1,141	0	0	0	1,141
Haapaniemenkatu 6	Haapaniemenkatu 6	Helsinki	0	15,432	0	0	0	15,432
Siltavuorenpenger 10	Siltavuorenpenger 10	Helsinki	0	6,875	0	0	3	6,878
Arkadiankatu 24	Arkadiankatu 24	Helsinki	0	6,197	0	0	41	6,238
Nervanderinkatu 13	Nervanderinkatu 13	Helsinki	0	5,258	0	0	0	5,258
Pohjoinen Rautatiekatu 9	Pohjoinen Rautatiekatu 9	Helsinki	0	4,077	0	0	0	4,077
Arkadiankatu 28	Arkadiankatu 28	Helsinki	0	1,667	0	0	802	2,469
Yliopistokatu 4	Yliopistokatu 4	Joensuu	0	3,311	0	0	0	3,311
Wilhelm Schildtin katu 2	Wilhelm Schildtin katu 2	Jyväskylä	0	4,300	0	0	0	4,300



Kivennavantie 15, Espoo.



Arkadiankatu 24, Helsinki.



Kunnallissairaalanatie 20, Turku.



Salmisaarenranta 7, Helsinki.



Education – Zossen, Jägerstraße, Germany.

List of properties

Education	Address	Municipality	Area, sqm					Total
			Nursing homes	Educa tion	Health care	Justice system	Other	
Kannaksenkatu 22	Kannaksenkatu 22	Lahti	0	11,484	0	0	0	11,484
Kannaksenkatu 20	Kannaksenkatu 20	Lahti	0	6,678	0	0	0	6,678
Kirkkokatu 16	Kirkkokatu 16	Lahti	0	6,451	0	0	0	6,451
Laaksokatu 6	Laaksokatu 6	Lahti	0	2,263	0	0	0	2,263
Yliopistonkatu 34	Yliopistonkatu 34	Lappeenranta	0	5,812	0	0	0	5,812
Satakunnankatu 23	Satakunnankatu 23	Pori	0	18,552	0	0	4,603	23,155
Lemminkäisenkatu 30	Joukahainengatan 3 A	Turku	0	16,282	0	0	0	16,282
Strandgatan 2 905-2-3-30, 31	Strandgatan 2	Vaasa	0	15,347	0	0	3,117	18,464
Total Finland Education		17	0	131,126	0	0	8,566	139,692

Health care	Address	Municipality	Area, sqm					Total
			Nursing homes	Educa tion	Health care	Justice system	Other	
Kamreerintie 6	Kamrersvägen 6	Espoo	0	0	0	0	4,888	4,888
Korнетintie 8	Korнетintie 8	Helsinki	0	0	2,626	0	0	2,626
Kajaanintie 48	Kajaanintie 48	Oulu	0	0	4,384	0	0	4,384
Kunnallissairaalan tie 20	Kunnallissairaalan tie 20	Turku	0	0	47,967	0	445	48,412
Kunnallissairaalan tie 36	Kunnallissairaalan tie 36	Turku	0	0	2,096	0	0	2,096
Signalistinkatu 2	Signalistinkatu 2	Turku	0	0	1,694	0	0	1,694
Louhelantie 10	Louhelantie 10	Vantaa	0	0	4,939	0	0	4,939
Total Finland Health care		7	0	0	63,706	0	5,333	69,039

Justice system	Address	Municipality	Area, sqm					Total
			Nursing homes	Educa tion	Health care	Justice system	Other	
Salmisaarenranta 7	Salmisaarenranta 7	Helsinki	0	0	0	31,999	17,262	49,261
Arvi Kariston katu 5	Arvi Kariston katu 5	Hämeenlinna	0	0	0	4,715	0	4,715
Hampuntie 25	Hampuntie 25	Kangasala	0	0	0	2,883	0	2,883
Lauritsalantie 9	Lauritsalantie 9	Lappeenranta	0	0	0	0	0	0
Köysikuja 3	Köysikuja 3	Lieto	0	0	0	2,352	0	2,352
Elektronikkatie 1	Elektronikkatie 1	Oulu	0	0	0	5,800	0	5,800
Hiitintie 2	Hiitintie 2	Ylöjärvi	0	0	0	998	0	998
Total Finland Justice system		7	0	0	0	48,746	17,262	66,008
Total Finland		66	103,203	132,750	69,289	48,746	34,577	388,565
Total Hemsö		441	909,220	649,726	279,591	197,227	182,125	2,217,888

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.

Return on equity	Jan-Dec 2021	Jan-Dec 2020
Profit for the period	8,189	3,333
Average equity	24,216	18,398
Return on equity, %	33.8	18.1

Property yield	31 Dec 2021	31 Dec 2020
Net operating income according to income statement	2,742	2,425
Adjusted for 12-month holding period	42	-18
Adjusted for development properties	-102	-150
Adjusted net operating income	2,682	2,258
Market value of properties	75,737	62,240
Adjusted for development properties	-9,301	-12,089
Adjusted market value of properties	66,436	50,151
Property yield, %	4.0	4.5

Total yield	Jan-Dec 2021	Jan-Dec 2020
Net operating income	2,742	2,425
Value change, properties	7,587	2,441
Total	10,330	4,866
Opening market value of properties	62,240	55,027
Closing property value	75,737	62,240
Adjustment of value change for the year	-7,587	-2,441
Adjusted average market value of properties	65,195	57,413
Total yield, %	15.8	8.5

Profit from property management	Jan-Dec 2021	Jan-Dec 2020
Profit after financial items	2,278	1,768
Reversal		
<i>Changes in value, associated companies</i>	-183	38
<i>Tax, associated companies</i>	50	5
Profit from property management	2,145	1,810

Return on profit from property management	Jan-Dec 2021	Jan-Dec 2020
Profit from property management x 90%	1,931	1,629
Average equity	24,216	18,398
Return on profit from property management, %	8.0	8.9

Interest-coverage ratio	Jan-Dec 2021	Jan-Dec 2020
Operating profit	2,764	2,268
Net financial items	-486	-500
Interest-coverage ratio, times	5.7	4.5

Operating cash flow	Jan-Dec 2021	Jan-Dec 2020
Profit from property management	2,145	1,810
Dividends from associated companies	17	-
Tax paid	-189	-83
Reversal		
<i>Profit from property management participations in associated companies</i>	-45	-43
<i>Depreciation</i>	15	12
Operating cash flow	1,944	1,696

Loan-to-value ratio	31 Dec 2021	31 Dec 2020
Interest-bearing debt	42,498	38,652
Less cash and cash equivalents	-687	-891
Net debt	41,811	37,761
Market value of properties	75,737	62,240
Investments in associated companies	1,271	698
Total	77,008	62,938
Loan-to-value ratio, %	54.3	60.0

Debt-coverage ratio	31 Dec 2021	31 Dec 2020
Cash and cash equivalents	687	891
Undrawn committed credit facilities	12,500	12,500
Available liquidity	13,187	13,391
Short-term borrowings	7,600	9,524
Debt-coverage ratio, %	174	141

Share of secured debt	31 Dec 2021	31 Dec 2020
Secured debt outstanding	0	0
Market value of properties	75,737	62,240
Secured debt, %	0.0	0.0

Operating margin	Jan-Dec 2021	Jan-Dec 2020
Operating profit	2,764	2,268
Property income	3,639	3,293
Operating margin, %	76.0	68.9

Equity/assets ratio	31 Dec 2021	31 Dec 2020
Equity	28,350	20,082
Assets	79,508	65,193
Equity/assets ratio, %	35.7	30.8

Net asset value	31 Dec 2021	31 Dec 2020
Equity	28,350	20,082
Interest-rate derivatives	35	256
Deferred tax	6,082	4,270
Net asset value	34,466	24,608

Adjusted equity/assets ratio	31 Dec 2021	31 Dec 2020
Equity	28,350	20,082
Interest-rate derivatives	35	256
Deferred tax	6,082	4,270
Net asset value	34 466	24,608
Assets	79,508	65,193
Adjusted equity/assets ratio, %	43.3	37.7

Definitions

Financial definitions

Share of secured debt

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

Return on profit from property management

Profit from property management after 10 per cent standard tax in relation to average equity (rolling 12-month period). Average equity calculated as the total of the opening and closing balance, divided by two.

Loan-to-value ratio

Interest-bearing net debt in relation to market value of properties and investments in 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 short-term 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.

Adjusted equity/assets ratio

Net asset value in relation to total assets.

Loan maturity

The average of the remaining term of interest-bearing liabilities, taking committed credit facilities into account.

Short-term borrowings

Loan maturities within 12 months.

MTN programme and EMTN programme

Swedish and European bond programmes, respectively.

Operating cash flow

Profit from property management after reversal of depreciation and amortisation and profit from property management in associated companies less tax paid.

Interest-coverage ratio

Operating profit in relation to financial items. Based on rolling 12-month outcome.

Interest-bearing liabilities

Interest-bearing liabilities, excluding interest-bearing debt and right-of-use assets.

Operating margin

Operating profit in relation to property income.

Operating profit

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

Debt-coverage ratio

Available liquidity in relation to short-term borrowings.

Equity/assets ratio

Equity in relation to total assets.

Net asset value

Equity plus deferred tax and interest-rate derivatives.

Total yield

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

Currency exposure

Net of properties, associated companies, cash and foreign currency loans less currency hedging as a percentage of equity.

Property-related definitions

Net operating income

Rental income less operating and maintenance costs and property tax, ground rent not included in net operating income.

Economic occupancy rate

Contracted annual rental income in relation to rental value.

Rental income

Rental income for the period less vacancies, rent reductions and rental losses.

Rental duration

The weighted average remaining rental duration, excluding garage/parking storage and housing let to private individuals.

Rental value

Contracted annual rental income plus vacancy rent.

Comparable portfolio

The properties owned throughout the entire period and entire comparative period and not classified as development properties during these periods.

Contracted annual rent

Contracted annual rental income less discounts and rental losses.

Net investments

Total of purchasing, including stamp duty and other direct transaction costs and investments in development projects, less the selling price of properties sold and the selling price of properties sold via companies and direct transaction costs.

Development property

A property or well-defined part of a property that has been vacated in order to convert and develop the property. A development property also refers to a building under construction, or a property with an investment amounting to at least 20 per cent of its market value. A development property is reclassified to completed property on 1 January of the year after completion.

Public property

A property that is predominantly used for taxpayer-funded operations and is purpose-built for public services. Assisted living is also included in the public properties concept.

Large cities

The definition of large cities in Sweden, Finland and Germany according to Statistics Sweden and the OECD: In Sweden and Finland, municipalities with a population of 100,000 or more, and in Germany, with a population of 200,000 or more.

Lettable area

The areas of the properties for which tenants can be debited rent at period-end.

Rent based on vacancy rate

Rental value of vacancy rent as a percentage of total rental value.

Vacancy rent

Estimated market rent for vacant premises in "as-is" condition.

NOI margin

Net operating income in relation to the sum of rental income and other property income.



Reporting – Sustainability bonds

Hemsö is the first issuer of sustainability bonds in the Nordic region. The total amount issued is SEK 4,700 million.

First in the Nordic region

In 2016, Hemsö was the first Nordic company to issue a sustainability bond, which paved the way for continued issues of sustainability bonds. In 2021, Hemsö issued another three sustainability bonds, with a total value of SEK 900 million. The proceeds were used exclusively for sustainable investing and properties. Hemsö's sustainability bond framework provides a clear definition of the project types and properties that can be financed. Hemsö was the first company in the Nordic region to incorporate social investment into its framework. The complete framework is available at hemso.se Hemsö's sustainability bonds are listed on the Euronext ESG Bond list – a community of ESG bond issuers

(green, sustainability, blue and sustainability-linked bonds).

Hemsö's vision is to strengthen the backbone of society. The properties we develop and manage have a major impact on the local community. Our learning process starts in our properties, which is also where we sum up our life's work. Hemsö's business concept is to sustainably own, manage and develop public properties. That means being a long-term and responsible property owner that, in every aspect of our operations, conducts sustainable business under the framework of the 2030 Agenda for Sustainable Development. Hemsö's properties are part of the social infrastructure and our premises create conditions for education, health care and

justice system services – all of which are fundamental to a sustainable society.

Qualified projects

Under Hemsö's sustainability bond framework, the proceeds from the issues shall be used to finance environmentally certified buildings, energy-efficiency investments or social investments in the following categories:

1. Green and sustainable buildings
2. Energy efficiency
3. Social investments:
 - a. Schools
 - b. Nursing homes
 - c. Conversion projects to develop refugee housing
4. Renewable energy



Education, Mälardalen University, Eskilstuna.

In 2021, the allocation was only for existing properties that were completed new development projects and that were completed in recent years. An amount corresponding to the issue proceeds is used to finance sustainable assets in accordance with the sustainable finance framework. The entire amount raised is allocated to existing green, social and sustainable assets, whereby the balance of Hemsö's sustainable accounts is zero.

Second opinion from Sustainalytics

Ratings firm Sustainalytics reviewed Hemsö's sustainability performance and bond framework terms. Sustainalytics is of the view that Hemsö's sustainability performance ranks highly in the property sector and that the company is well-positioned to issue sustainability bonds that support both environmental and social initiatives. Sustainalytics verifies that the investment categories included in the framework will contribute to greater sustainability. Read Sustainalytics' second opinion at [hemso.se](https://www.hemso.se)

Example of development projects financed

Perintökuja 14, Aviapolis in Finland

Aviapolis is a modern nursing home with 60 supported-living apartments and 66 nursing home beds, and also includes a preschool for 72 children. The main tenant is Attendo Oy, and Touhula Leikki Oy runs the preschool. Both operations are housed in the same building, creating an intergenerational bridge. This has led to positive effects for both the older and younger generation.

The building is LEED Gold certified. The property has district heating and an energy efficiency rating of C.

Verkmästaren 6 & 7, Mälardalen University in Eskilstuna

In March 2017, Hemsö acquired ground leases in central Eskilstuna, which are now a construction site for the new Mälardalen University (MDH). The university was completed in autumn 2019 and 4,000 students and 300 employees

have now moved into new, modern and flexible educational facilities with an area of 20,000 sqm. A 20-year rental agreement has been signed with the university. The building is classified according to Miljöbyggnad Silver, with a Gold rating for energy use.

A district heating system was chosen for the energy supply, in which the waste heat from cooling processes is recycled using heat pumps. Free cooling is also used, whereby outdoor air is used as a complement for cooling the indoor air, which reduces the energy use of the external cooling machines. The newly constructed section of the property has a glass and aluminium façade with a low U-value, a super insulating aluminium system that is fully thermally broken with triple glazing insulation. In the refurbished section of the property, the existing windows were replaced and renovated. Another sustainable measure was the installation of a sedum green roof.



Nursing home – Krusmyntan 1, Tyresö.

Green and sustainable investments, 31 Dec 2021

Category	Property	Amount, SEK million	Certification and level	Type of property	MWh/year	kWh/m ²	tCO ₂ /year	kgCO ₂ /m ²	Beds/places created*
Sustainable	Medicinaren 25**	1,485	Miljöbyggnad Silver	School/university	4,461	134.2	87.8	2.6	500
Green	Lanuv, Wuhanstraße 6.11 ***	912	LEED Gold & DGNB Gold	Education	4,097	247.3	433.3	26.2	n/a
Sustainable	Verkmästaren 6 & 7	470	Miljöbyggnad Silver	School/university	1,509	67.1	50.2	2.2	4,000
Sustainable	Krusmyntan 1	225	Miljöbyggnad Silver	Nursing home	184	41.4	0	0	63
Sustainable	Nåden 1	150	Miljöbyggnad Silver	Nursing home	102	27.0	0	0	54
Sustainable	Romberga 23:54	190	Miljöbyggnad Silver	Nursing home	372	85.2	1.9	0.4	54
Sustainable	Perintökuja 14	280	LEED Gold	Nursing home	831	113.6	69.1	9.5	126
Total		3,712							

* The capacity of the buildings to provide public services (school places, nursing home beds and so forth).

** The outcome includes business cooling.

*** The outcome includes business energy and non-seasonally adjusted data for heating. The contract is in the name of the tenant.

Allocated amount per category

Category	Amount, SEK million	Share, %
Green	912	15
Sustainable	2,800	85
Total	3,712	100

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A large mural on a building facade. The mural features a portrait of a man in a suit and tie, a map of a region with various geographical features and labels, and a globe with text. The globe has the name 'BOUL WALLENBERG' written on it. The mural is set against a background of a map and a globe. The building has several windows and a balcony with a green roof.

HEMSÖ

A sustainable and long-term partner to
the state, municipalities and regions.



Hemso 2021 Annual Report