

HEMSÖ

2020

Annual Report and
Sustainability Report

**We are strengthening the
backbone of society!**

Nursing homes | Education | Health care | Justice system

Contents

Overview

This is Hemsö	on the right	●
Hemsö in figures	inside of fold-out	●
Significant events in 2020	2	●
CEO statement	4	●
Strategy and value creation	7	●
Hemsö's targets	13	●
Hemsö is strengthening the backbone of society....	14	●
Employees	18	●
Market overview	22	●

Operations

Property portfolio	29	●
Property management	40	●
A customer focus	45	●
Development projects	51	●

Financial statements and governance

Directors' Report	59	●
Proposed appropriation of profits	62	●
Financing	63	●
Risk management	69	●
Corporate governance	77	●
Board of Directors	81	●
Senior executives	82	●
Multi-year overview	85	●
Financial statements	86	●
Notes	92	●
Audit report	115	●
List of properties	118	●
Hemsö's Sustainability Report	126	●
GRI Content Index	128	●
Summary of Hemsö's compliance with applicable accounting standards	130	●
Key ratio calculations	131	●
Definitions	133	●
Reporting – Sustainability bonds	134	●

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

2020 Annual Report and Sustainability Report

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. Sustainability issues are integrated into Hemsö's day-to-day activities. For information about the company's sustainability performance and the GRI Content Index, see pp. 126–130.

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 mainly state, municipal, regional operators and private companies 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





Economic occupancy rate

97.9%



Loan-to-value ratio

60.0%

Rental duration

**9.8
years**

Interest-coverage ratio

4.5 times

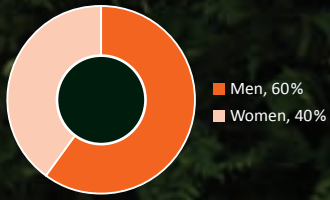
Public-sector tenants

63%

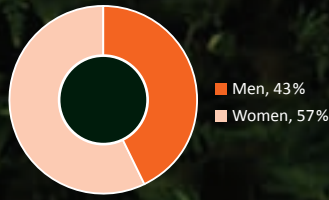
No. of environmentally
certified properties

56

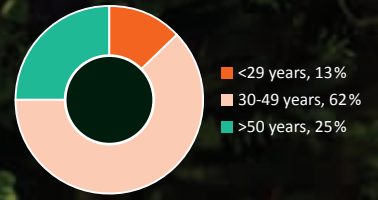
Gender balance, management



Gender balance total, %



Age balance



Engagement Index

88/100

eNPS

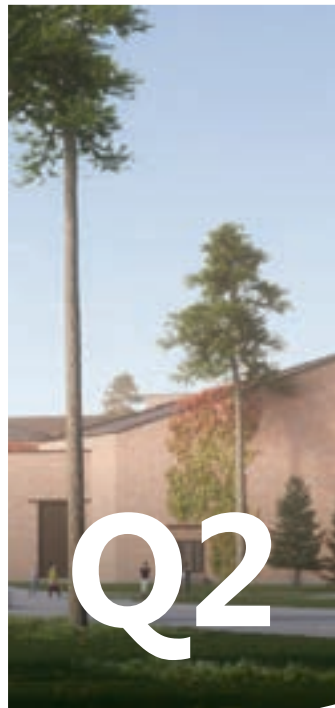
58



Significant events in 2020



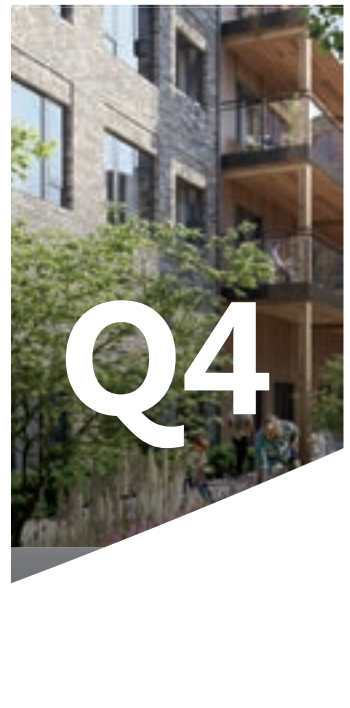
Q1



Q2



Q3



Q4

- A property owned jointly by Hemsö and Sveanor, Princeton 1 in Hagastaden, Stockholm, was divested. The underlying property value was approximately SEK 2.6 billion. The property will be transferred upon completion in 2021.

“Construction commenced for a Nordic Swan Ecolabel school”

- The construction of Stockholm’s first Nordic Swan Ecolabel school, the Raoul Wallenberg School in Bagartorp in Solna, was started. The school will accommodate 360 students.

“Development of a new school in Finland”

- Hemsö received a long-term credit rating of ‘A’ with a stable outlook from Fitch Ratings.
- Hemsö expanded its property portfolio in Germany with an educational property for the justice system in Wiesbaden. The investment amount was approximately SEK 700 million and a 15-year rental agreement was signed with the German state.
- A university building in central Helsinki and an upper secondary school in Jyväskylä were acquired.
- Hemsö commenced the development of new schools in Staffanstorp, Trelleborg, Nacka, Kungälv, Gothenburg, Borås and Joensuu, and new nursing homes in Gothenburg, Täby and Upplands Väsby.

- Hemsö signed a 15-year rental agreement with the City of Helsinki for a new elementary school for 700 students in central Helsinki.

- Construction commenced in Gothenburg of Sweden’s first development project where an elementary school and a nursing home are combined in the same building.

“School meets nursing home in Gothenburg”

- Hemsö acquired five nursing homes in Germany, of which one is Hemsö’s first municipal nursing home in the country.
- The new police station in Rinkeby, with approximately 330 workplaces, was inaugurated by the Swedish Prime Minister, Stefan Löfven.

- Hemsö acquired a nursing home portfolio of 10 properties in Germany. The investment amounted to approximately EUR 100 million.

“Climate-smart nursing home”

- Hemsö commenced the construction of Sweden’s first NollCO2-certified nursing home in Tyresö, with the Stora Sköndal Foundation as tenant.
- Hemsö signed a rental agreement and collaboration agreement with the Stockholm Sjukhem Foundation and Raoul Wallenberg School for a new multi-generational building with a preschool and nursing home in Upplands-Väsby.
- Hemsö acquired four properties in the old military area of Ystad.



Health care – Patienten 1, Eye Centre of Excellence in Hagastaden, Solna.

CEO statement

A stable operational year despite turbulent times



In 2020, COVID-19 paralysed the whole world. The pandemic has led to immense human suffering, bankruptcies, economic damage and soaring unemployment. We have not yet seen the full extent of the crisis or the long-term effects of the pandemic. It will take years for the world to recover.

As I summarise the year, I send a thought to our tenants and to all of the health care staff who have worked so hard under such difficult conditions. That also applies to other essential workers, such as elementary school teachers and other school staff who have gone to work and given students a sense of security and continued access to education.

I am grateful that the pandemic has not had any significant financial impact on Hemsö and that our employees have fared well under the circumstances. We have supported our tenants by offering, for example, rent-free premises for quarantine and temporary care beds. We also decided at an early stage to not make use of government grants in the form of reduced employer contributions and subsidised rent reductions.

Stable year of operations

Hemsö had its strongest year ever, in terms of both financial performance and cash flow. The negligible

effects of the pandemic on Hemsö's results was largely due to our low-risk business model. We have long-term rental agreements with predominantly public-sector tenants, and others who provide taxpayer-funded services. Our success is also due to the long-term approach, commitment and professionalism of Hemsö's employees and owners, who are always striving to make the company and the local community better.

Many local government budgets were already strained before the pandemic, while the need for more nursing homes and schools is growing. During the year, we strengthened our partnership with the public sector. In 2020, Hemsö initiated development projects that will add 650 new nursing home beds and 8,000 new school places.

Close collaboration is creating innovative development projects

Hemsö's new vision – We will strengthen the backbone of society – was launched at the end of the year. It highlights Hemsö's mission more clearly, that we are developing and managing public properties to ensure their long-term sustainability for the entire community. For us, that means everything from

financial sustainability and lower GHG emissions with healthy building materials to integrating the social aspect into the design of both indoor and outdoor environments. The vision also highlights the common thread – collaboration. Every day, we are working together with the public sector and helping to solve the unmet need for schools, nursing homes and other public properties.

Our enhanced focus on energy and climate change through climate-smart construction is reflected in several development projects that started during the year.

One example is the Raoul Wallenberg School in Bagartorp – the first Nordic Swan Ecolabel school in Stockholm – which is an environmentally sustainable school for students and employees as well as our planet. During the autumn, we commenced construction for Sköndalsvillan, the first NollCO₂-certified nursing home in Sweden and probably the world.

This is a pilot project together with the Swedish Green Building Council, and the Stora Sköndal Foundation as tenant.

It was also a special feeling starting construction of the unique Sandarna property in Gothenburg, because an elementary school and a nursing home will be combined in the same building. The building will feature spaces for shared meetings and activities, where residents of the nursing home and students of the school can form rewarding intergenerational relationships.

“Regardless of how 2021 evolves, Hemsö’s vision remains firm: To strengthen the backbone of society.”

Another milestone during the year was Arkadia, the first elementary school in Helsinki with a private landlord and the City of Helsinki as tenant. The property is undergoing a complete refurbishment prior to accepting new students.

Financial strength is ensuring more public properties

Hemsö’s strong financial stability and capital structure have continued, with a loan maturity and fixed-rate period of 6.7 and 6.2 years, respec-

tively, at year-end. Hemsö’s growth in Sweden, Finland and Germany has continued, and we have diversified our financing by borrowing in international capital markets. To increase the transparency and understanding of our business model and financial risk profile, we decided to engage an additional credit rating agency, Fitch Ratings, which has assigned Hemsö a long-term credit rating of A.

Future focus

Hemsö has embedded sustainability into the company’s core activities, and our overall objective is to be a

sustainability leader in our segment. During the year, our efforts were bolstered by our enhanced focus on digitisation and innovation. In 2020, we started a pilot project in artificial intelligence and energy optimisation to reduce our GHG emissions and improve the indoor climate for tenants while reducing energy costs. In 2021, we will intensify our focus on innovation and digitisation projects designed to increase the benefits of sustainability for our tenants, care users and the community. This

also includes increasing the investment rate for renewable energy in the properties. We are continuing to grow with new development projects and our aim is to create additional large numbers of new school places and nursing home beds.

The unmet need for public properties in Hemsö’s markets remains unchanged. Our experience, large development portfolio and strong balance sheet will enable us to develop public properties in collaboration with municipalities and private operators as we move forward.

I am looking forward to the day when people of all ages can meet again and I hope we have moved closer to each other both privately and professionally during this period. I would like to thank all employees for your fantastic efforts during the year, in a time of uncertainty, new and challenging ways of working and immense pressure on our private lives.

Regardless of how 2021 evolves, Hemsö’s vision remains firm: to strengthen the backbone of society. We are looking forward to continuing to contribute to sustainable public properties in collaboration with the public sector.

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 the Swedish pension fund system.

Demand for public properties is expected to rise sharply over the next 20-year period due to the increasing population, with strong growth in the 80+ age group, in particular. Furthermore, our cities are becoming larger due to continued urbanisation. This is creating a major need for new schools and nursing homes in metropolitan areas. 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 to create 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. In all markets, there is a stable economy with strong public finances, and a welfare sector that is mainly publicly funded. The tenants are

state, municipal, regional or private operators that are taxpayer-funded. Of Hemsö's rental income 94 per cent 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

Source: MSCI

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

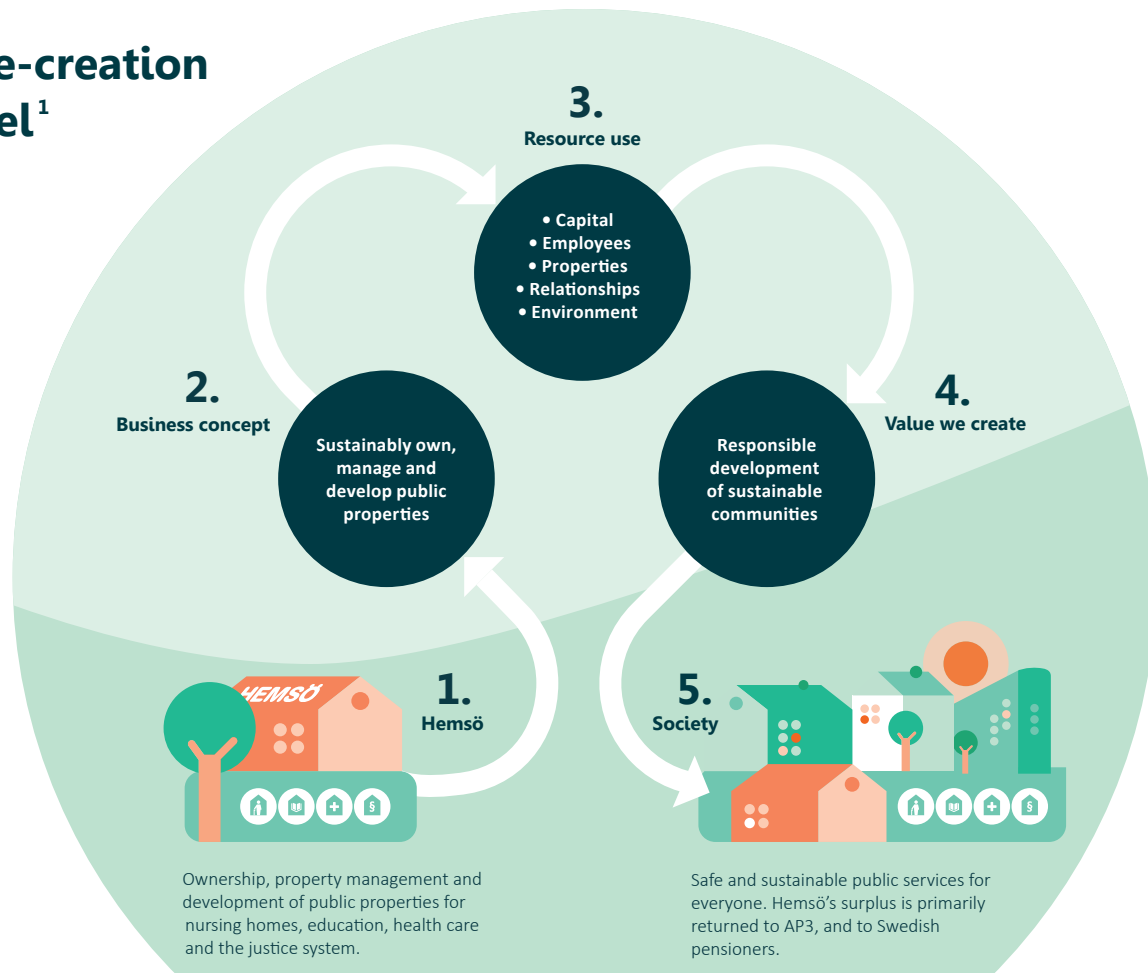
Market	Sweden	Germany	Finland
Credit rating S&P	AAA	AAA	AA+
Public sector share of GDP	49%	45%	53%
GDP growth 2020	-2.5%	-3.9%	-2.7%
Hemsö's market value, share	68%	16%	16%

Population	Sweden	Germany	Finland
Population 2020	10,380,000	83,190,000	5,540,000
Population 75+	1,000,000	9,400,000	550,000
Projected population growth, 2040	+11%	-1%	+0%
Projected population growth for 75+, 2040	+42%	+38%	+66%

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



Value-creation model¹



1. Hemsö

Hemsö is a property company specialised in public properties – social infrastructure. The properties are predominantly used for taxpayer-funded operations and are purpose-built for public services.

2. Business concept

Hemsö's business concept is to sustainably own, manage and develop public properties in four specialised areas of activity: nursing homes, education, health care and the justice system. Hemsö has mainly public-sector tenants with long-term rental agreements.

3. Resource use

Resource use comprises financial capital, materials for new construction and property management, employee expertise, relationships with partners, and energy and other natural resources.

Financial capital

- Equity: SEK 20,082 million
- Borrowed capital: SEK 38,652 million

Employees

- Employees: 138

Environment

- Energy: 122 kWh/sqm
- Sustainable choice of materials

Properties

- Properties: 392
- Property value: SEK 62,240 million
- Investments: SEK 5,738 million in new construction, acquisitions and existing properties

Relationships

- Long-term and sustainable relationships with municipal, state and regional players, and end customers

4. Value we create

Hemsö is driving social development for sustainable, safe and purpose-built public properties, and environmental action that benefits everyone.

Financial capital

- Profit from property management: SEK 1,810 million
- Shareholder dividends: SEK 860 million

Employees

- Engagement Index: 88/100
- 88 per cent of employees are satisfied with their competence development
- Employee attendance: 99.2 per cent

Relationships

- Customer Satisfaction Index: 73/100 Sweden
- Customer Satisfaction Index: 3.81/5 in Finland
- Rental duration: 9.8 years

Properties

- Lettable area: 2,005 tsqm for social infrastructure
- Environmentally certified buildings: 56
- CO₂ emissions Sweden: 5.0 kg CO₂e/m²
- CO₂ emissions Finland: 19.6 kg CO₂e/m²

Completed places since the start

- Nursing home beds: 1,250
- School places: 8,000
- College/university places: 7,000

5. Society

In addition to Hemsö's efforts to develop safe and sustainable public properties for everyone, from young to old, Hemsö's principal owner is AP3. Hemsö therefore hedges the Swedish national pension and strengthens security for Sweden's pensioners.

¹⁾ Figures in the model pertain to full-year 2020 unless otherwise stated.

Targets and strategies to support the achievement of the SDGs THE GLOBAL GOALS

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



Goal 3 – Good health and well-being

Hemsö works to ensure safe and healthy indoor environment in and around our buildings by, for example, using environmental certification schemes, making informed choices about materials and managing properties responsibly.



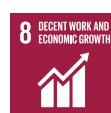
Goal 4 – Quality education

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 consumption 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

In our activities and when working with others, such as in industry networks and organisations and research and innovation projects, we work every day to promote a more sustainable urban development sector.



Goal 12 – Responsible consumption and production

Property construction and maintenance 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.



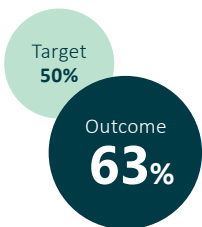
Goal 13 – Climate action

Hemsö has adopted a climate strategy and is working actively to reduce our GHG emissions in both construction and property management through 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 and Local Roadmap for a Climate-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 portfolio risk, and that Hemsö's cash flow remains stable over time.

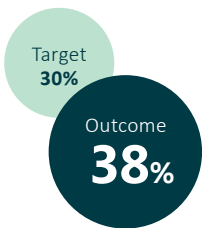
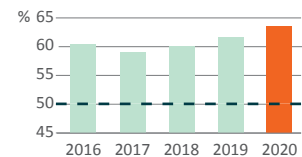


Public-sector tenants

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:

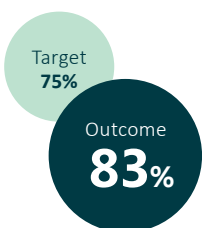
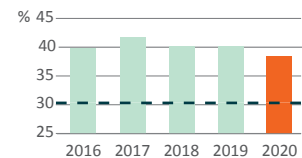


Nursing homes

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 driving demand. Residual value risk is low since nursing homes can be converted into other types of residential facilities.

Outcome:

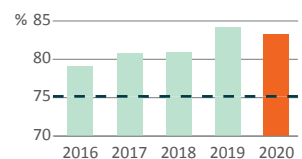


Metropolitan areas and large cities

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:

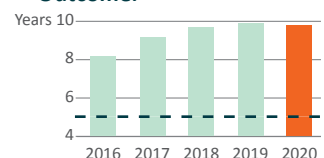


Rental duration

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

developments have normally 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

Target
77%

Outcome
88%

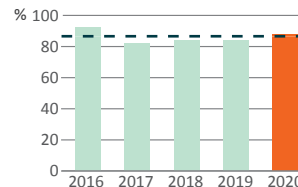
Engagement Index (EI).

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 2020 was achieved.

Outcome:



Target
3%

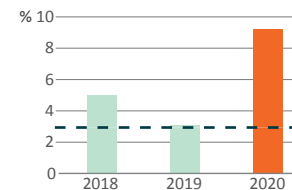
Outcome
9.2%

Energy consumption

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

Outcome: In 2020, energy savings in the comparable portfolio (Sweden) amounted to 9.2 per cent.

Outcome:



Target
15%

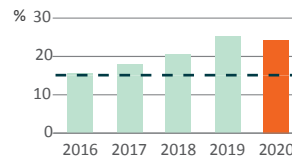
Outcome
24.3%

Return on equity

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

Outcome: At the end of 2020, average return on equity over a five-year period was 24.3 per cent.

Outcome:



Financial policy

Target
70%

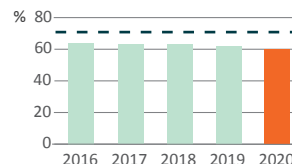
Outcome
60.0%

Loan-to-value ratio

Target: A maximum loan-to-value ratio of 70 per cent.

Outcome: In 2020, Hemsö's loan-to-value ratio declined to 60.0 per cent (62.1) due to shareholder contributions, positive income from property management and rising property values.

Outcome:



Target
2.5 times

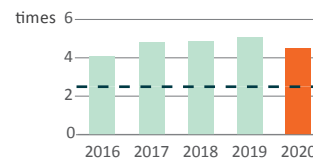
Outcome
4.5 times

Interest-coverage ratio

Target: An interest-coverage ratio of at least 2.5 times.

Outcome: In 2020, the interest-coverage ratio amounted to 4.5 times.

Outcome:





Hemsö is strengthening the backbone of society – and you can join us

Our learning process starts in our properties, which is also where we sum up our life's work. Public properties are properties for nursing homes, education, health care and the justice system – properties that are the backbone in our society.

Hemsö's business concept is to sustainably develop, own and manage public properties. The properties are designed with a focus on the people who will be living and working there, to ensure they have the right conditions for working, learning, safety, development and care. Our ownership is guided by a long-term approach – we develop, own and manage our properties. Our profits are mainly returned to Sweden's pensioners through our largest owner, the Third Swedish National Pension Fund.

In 2020, Hemsö initiated development projects that will add 650 new nursing home beds and 8,000 new school places. If we continue to work together to challenge old truths and find new, sustainable ways forward, we will develop and strengthen our society. Together, we can give the society a sustainable backbone, so that we are all better prepared for tomorrow's challenges.

Development together

As a long-term owner, property manager and developer of public proper-

ties, Hemsö plays a key role and has a strong commitment to promoting social sustainability. More children are being born and we are living longer. There is a major unmet need for new schools and nursing homes, and meeting this need requires capital, experience, resources and time – which are in short supply for many municipalities. The development of new public properties is a considerable investment for a municipality, yet these properties are critical to meeting growing needs and ensuring a sustainable situation for municipal residents.

The aim of our business operations is to work together with the public sector to help meet these needs. Our close collaboration, where everyone interacts in the early stages, enables flexibility and innovation by daring to try new ways to find better solutions. Using the skills and experience we have built up in hundreds of property projects over the years, Hemsö can help the public sector think in new ways, so that the activities to be conducted in the building receive the best conditions now, and from a long-term perspective.





We are picking up speed

In 2020, Hemsö continued to invest in digitisation and innovation. The aim is to harness the power of digital technologies, and to continuously develop Hemsö and our offering to tenants.

We are strengthening our systematic approach across the entire chain – from macroeconomic monitoring and idea generation to concept development, pilot projects and the implementation of new solutions. We monitor trends and initiate pilot projects with various partners, such as proptech actors. Real estate digitisation touches all levels – from infrastructure for optimised building maintenance to new solutions for increased user and business value using, for example, sensors, digital interfaces and digital aids. These solutions free up time, increase productivity and reduce costs and emissions by, for example, lowering energy consumption.

By continuously identifying the needs and forces that are driving our users, we are creating a basis for innovative solutions and efficient digitisation for our tenants, for those who use our properties and for Hemsö as a company.

From idea to action

In winter 2020, Hemsö initiated a pilot project in three of our properties based on AI technology from Myrspöven. The aim is to explore how AI can be used for energy efficiency.

Using AI, Myrspöven will actively optimise the indoor climate of a building at the lowest possible cost. The objective is a more pleasant indoor climate for our tenants, while we reduce the energy consumption and contribute to a more sustainable society.

At Satakunta University of Applied Sciences in Pori, Finland, Hemsö implemented a digital twin and data management system through Platform of Trust. Data from various sources, such as building automation and energy metering, is connected to the platform and harmonised to increase energy efficiency, optimise the use of space and enable proactive maintenance. The digital twin is a virtual replica of the property in 3D, in which data and information is connected to various physical assets in the building. For example, the quality of the indoor air and any faulty equipment can be mirrored and tracked in the twin. This simplifies maintenance since both the physical location and type of error can be investigated virtually.

Hemsö also participates in various partnerships and research projects. In collaboration 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 qualitative outdoor environments,

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 an essential part of the learning environment 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 2020, 14 school playgrounds were completed and the inventory will continue so that we can create more inspiring and developing outdoor environments.

based on a model for rest and recovery in the workplace. The goal is to boost the well-being and performance of students and employers.

The Hemsö Apple

School playgrounds and the indoor environment are some of the areas that Hemsö evaluates when developing new schools and managing our existing school properties. We do not believe there is a one-size fits-all solution, which is why we work closely with the staff and students of each school to best meet their specific needs, opportunities and challenges.

However, we do believe that a uniform and systematic process for these efforts is best for everyone involved and have therefore created the Hemsö Apple. It is a work tool with a holistic perspective, based on own experience and research, and provides support for everything from decision-making in the early stages of new construction, to prioritisation and consensus on adaptations in existing schools. It is also used for sharing best practices and lessons learned, and in Hemsö's continuous improvement and experience feedback processes.

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



Tomorrow's nursing homes

In 2020, Hemsö commenced forward-looking work to develop the company's nursing home offering. We identified needs and driving forces for the elderly, employees and family members through in-depth interviews, good practice observations from nursing homes, workshops, interviews with researchers and experts, and conducted a survey of the use of assistive technology.

The time spent in nursing homes is an important part of life. The key to a good residential facility is dedicated employees who care about the health and well-being of each resident, and who inspire confidence in their loved ones. Dedication can be created in everything from a property that enables the best social care, to the staff having their own place for rest and relaxation.

Other key factors are stimulating outdoor environments, access to the local surroundings, space for activities and access to simple technology for watching a movie or using video calls to stay in touch with the family. COVID-19 has led to perspectives on both infection control and the social aspects of isolation.

These insights form the basis for Hemsö's continuing efforts with Tomorrow's nursing homes in 2021.



Hemsö as a partner

Hemsö's mission is to create purpose-built premises for health care, education, elderly care and the justice system. Our aim is to offer flexibility, and to create environments where everyone feels comfortable.

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 have a long-term approach – we combine property management and 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.

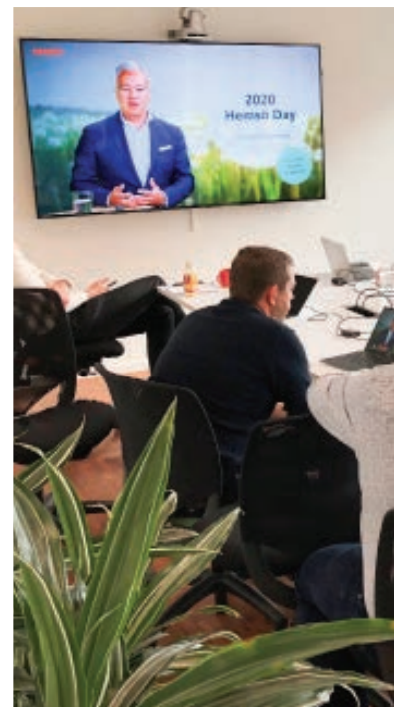


Hemsö's surplus goes to Swedish pensioners





In 2020, Hemsö Day was held in August in the form of a virtual conference.



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 what we believe is the key to an infinitely sustainable workplace and company.

A workplace with head and heart

Hemsö aims to be an employer that can retain and develop employees, and attract new colleagues. Both culture and sustainability are important to us and by that, we don't only mean values, but also a permissive culture that allows employees to test their ideas in practise and dare to make mistakes. Our culture is characterised of accountability, flexibility and a passion for the social value that Hemsö helps to create. The ability for employees to shape the direction of their work with new ideas and suggestions is something that characterises our environment. Work processes are characterised by openness and fast decision-making processes.

The employee survey conducted in 2020 showed that all index scores have developed positively 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.

A different year

Like the rest of the world, Hemsö's employees were affected by the pandemic. Our employees switched to remote working and worked considerably more from home. Hemsö has kept track of its employees and paid extra attention to the state of their mental and physical health, home workspace and contact with their colleagues and manager.

Frequent pulse surveys, health activities and on-line training courses were introduced.

Employee development

It's no coincidence that Hemsö's employees choose to stay with the company. Hemsö provides many opportunities for employees to develop. All employees are able to influence their own role, as well as the business in general. That lays the foundation for employee commitment and motivation. As a basis for professional development, all employees have an individual development plan that is established together at their annual performance review.

Hemsö offers 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. During the year, several employees were recruited to new positions within Hemsö.

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 is a school where employees describe and communicate their own unique speciality and working day. This form of knowledge transfer has been appreciated and new topics are continuously added in step with changes in the external environment and the company. Every year, Hemsö measures the perception of competence development. In the latest employee survey, 88 per cent responded positively and 12 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 opportuni-

ties 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. In 2020, this was a virtual event with a focus on remote leadership and leadership during change. Specific training courses are arranged for managers on the basis of needs and in 2020, salary setting and employeeship were on the agenda. When recruiting new managers, Hemsö's leadership competencies guide the selection of candidates.

Our core values are integral to everything we do at Hemsö. The Hemsö School plays a key role in building a common set of values. In this school, new employees complete practical and theoretical exercises in order to understand and embrace Hemsö's value words – accessible, reliable and progressive. Hemsödagarna

Hemsö'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 sustainable development and our properties are part of the social infrastructure.

Progressive

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

(Hemsö Days) – an internal company conference for all employees – is also held every year. In 2020, this was a virtual event and focused on Hemsö’s culture, key strategic issues and changes in macroeconomic factors that affect the operations.

Code of Conduct

Hemsö’s Code of Conduct describes how our values, visions, obligations and expectations guide our everyday actions, and provides guidance for employees and other stakeholders. Hemsö’s aim is that all new employees will complete training in Hemsö’s Code of Conduct. Due to the coronavirus, however, it was not possible to offer this training and the Code of Conduct was communicated via Hemsö’s intranet. Hemsö has a whistleblowing system at hemso.se that guarantees complete anonymity for reporters. The new system 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 2020, no incidents of corruption or legal violations were reported in connection with Hemsö’s operations. The same applies to 2019 and 2018. In 2020, there were two reports that led to investigations. Both cases were subsequently dismissed.

Tomorrow’s talents

To attract young talent, Hemsö meets 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 2020, Hemsö employed its sixth trainee and several young talents. We offer all employees a permanent position with attractive employee benefits.

Health and balance

Hemsö aims to be a health leader by taking a proactive approach to health and well-being at work. Hemsö promotes a work-life balance, opportunities for exercise and a long-term focus on health. All employees are offered physical activity 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 2020, Hemsö’s employee attendance rate was 99.2 per cent (2019: 97.5, 2018: 98.9) and there were zero work or employee or work-related accidents or fatalities.

Diversity and inclusion

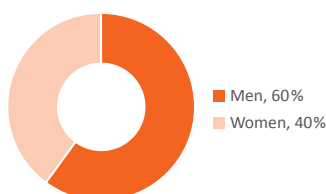
Hemsö aims to employ people with diverse backgrounds and experiences. This helps to broaden the company’s knowledge base and create a more dynamic work environment. Variation in terms of gender, age

and background are 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. Hemsö’s 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.

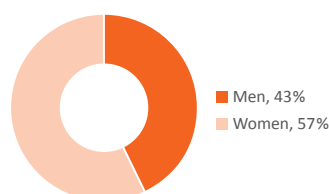
Hemsö has a zero tolerance approach to harassment and takes clear preventive measures. The company measures and regularly monitors these issues in, for example, the employee survey. In 2020, salaries were reviewed and showed that, as in the previous two years, there are no pay gaps between women and men at Hemsö.

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

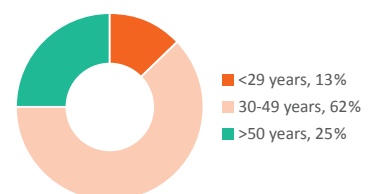
Gender balance, management



Gender balance total, %



Age balance



New employees

In 2020, Hemsö recruited several new employees. Three of them – Fredrik Hörnsten, Simon Bürger and Malin Boman – explain why they wanted to start working at Hemsö.



Fredrik Hörnsten,
digitisation manager

Why did you chose Hemsö?

"I was working as a consultant and had no focus on the property industry at all. But a recruiter asked me whether I would like to meet Hemsö – and what an eye-opener it was! Hemsö grew before my eyes throughout the entire recruitment process, and is still growing. It's an exciting industry and right now, digital technology is opening new horizons. Hemsö wants to be involved, to leverage digital advances, develop the business and stay one step ahead."

Hemsö has prioritised digital initiatives. How is this manifested?

"There is a general willingness, especially from management, to go further and really embrace the digital transformation. Hemsö already has a strong and successful offering in construction and property management, but wants to do more. We are currently looking at how technology can help us connect with the real needs of users, so that we can offer new types of services at schools and nursing homes via digital solutions."



Simon Bürger,
property manager, Germany

Why did you choose Hemsö?

"There were two main reasons. First of all, I wanted to work in a small team with flat hierarchies, where you know you can trust your colleagues and make fast decisions. I was also interested in working with publicly funded services and social institutions that make a real contribution to people's lives."

What was it like when you first started?

"I felt really welcome from the start and I love the great atmosphere in the team. It was very interesting to meet the first tenants and see the properties. They gave me some good feedback."

What's next?

"I'll focus on the existing property portfolio in Germany and I want to continue developing the good relationship we have with our tenants into a successful partnership."



Malin Boman,
innovation manager

Why did you chose Hemsö?

"I was longing for a job with a long-term focus and looking for a company that really made a difference. When I met Hemsö, I knew immediately that this was a forward-thinking company that likes development and innovation, just like me. It is truly inspiring to be part of a company that contributes to the social infrastructure and to the everyday life and lives of so many people."

Hemsö invests in innovation. How do you feel you can contribute?

"As an innovation manager, I create conditions for even more innovation and innovative thinking. It involves how we can develop our properties and our role as a property owner. My job is to help the organisation become as innovative and efficient as possible – from capturing ideas to developing new solutions."

What will be important to develop as we move forward?

"First of all, we have to understand the needs of children, elderly people and everyone who works in our properties. To always want to make their day-to-day life easier. There is a huge commitment throughout all of Hemsö and a great deal of innovation in the pipeline."

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.

Private-sector tenants also receive funding from municipalities, regions or the state. 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. 94 per cent of Hemsö's total rental income is derived from taxpayer-funded operations.

Definition of a public property

A property that is predominantly used for taxpayer-funded operations and is purpose-built for public services. Internationally, these properties are generally referred to as social infrastructure.

SWEDEN



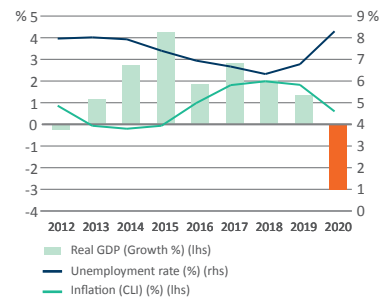
Economic outlook

Sweden's support to mitigate the economic impact of the global pandemic has included tax relief, such as simplified eligibility requirements for unemployment benefits, reorientation support and deferred tax for companies, as well as a temporary deferral of interest payments for households.

The Swedish economy slumped 3 per cent in 2020. The unemployment rate rose in 2020 and is now 8.3 per cent. The inflation rate is still low at 0.6 per cent.¹

The Swedish Manufacturing Purchasing Managers Index showed very high levels of activity in December 2020 with rising orders², which means we are now in a recovery phase.

GDP growth, unemployment and inflation in Sweden



Source: Oxford Economics, CBRE House-view (January 2021)

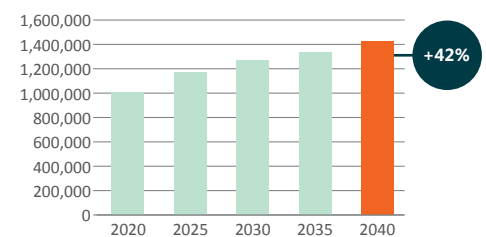
Demographics

In the 2020s, those born in the 1940s will be over 80 years of age. This group consists of almost 550,000 people and according to Boverket (the Swedish Board of Housing, Building and Planning), they are approaching an age when the need for care will increase. According to a report published by Boverket, demand for new housing for the elderly will rise in many Swedish regions. A high proportion of the Swedish housing stock

has low standards of accessibility for elderly people with limited mobility.

The growing proportion of elderly in the population will continue as life expectancy increases. Moreover, by 2040, the total population of Sweden is expected to reach 1.1 million, up 11 per cent compared with 2020. The proportion of the population aged 75+ is expected to rise by over 40 per cent.

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



Source: CBRE Research.

¹ Oxford Economics, CBRE House-View
² Swedbank/Silfw

Transaction market

In 2020, the transaction volume in the Swedish real estate market was SEK 182 billion, down 6 per cent compared with the record year of 2019. Interestingly, all three large cities – Stockholm, Gothenburg and Malmö – saw lower transaction volumes compared with 2019, while volumes increased for the rest of Sweden.

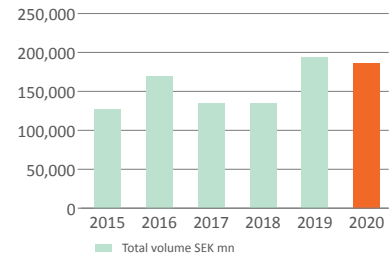
The reason for this geographic change is probably linked to the change in the sector composition of the transactions. Multi-family volumes were slightly lower than in 2019, but remained the largest real estate segment in 2020. The public properties segment, which had a record year in 2020, was second largest. Meanwhile, the office segment declined 50 per cent, with most of this volume in the largest cities.

The transaction volume for retail and logistics declined 17 per cent year-on-year, which was more likely due to dwindling supply than demand.

In 2020, the retail volume rose from SEK 12 billion to SEK 14 billion, due to a growing interest in retail areas.

Foreign investors accounted for a considerably lower share of the transaction volume year-on-year – 17 per cent in 2020 compared with 33 per cent in 2019. Travel restrictions clearly affected cross-border volumes during the year.

Total transaction volume per year, Sweden



Source: CBRE Research.

Transaction market for public properties

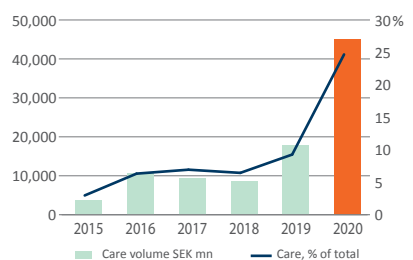
During the pandemic, public, residential and logistics properties were most favoured by investors, and yield compression continued in 2020. Market demand for public and residential properties is considered stable while the segment for logistics properties is driven by e-commerce growth.

Amongst public properties, lower prime yields are noted for nursing homes than for properties related to the justice system (such as court houses, police stations) or education. Yield compression for public properties, particularly nursing homes, continued in 2020 and reached 3.80 per cent for Sweden as a whole (even lower in the large cities).

The number of investors will continue to rise, although the majority are still Nordic or domestic. However, while more foreign investors are starting to show interest, the main obstacle is usually that the available units/portfolios are generally too small.

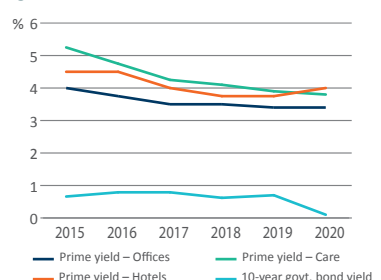
Municipal finances are burdened by an ageing population, which means they will have to seek financing for their core business. Since many nursing homes in Sweden were built between 1960 and 1990, the number of beds will have to be increased and the existing property stock will need to be refurbished.

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

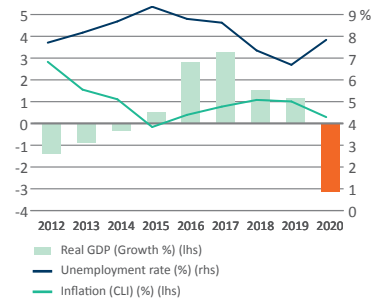


Economic outlook

Finland coped relatively well during the pandemic compared with many countries in the Eurozone, both socially and economically. Finland took swift measures early on to fight the pandemic, including tight travel restrictions, nearly EUR 20 billion of new government debt, large fiscal stimulus for troubled sectors and businesses as well as regional guidelines and restrictions.

Financial growth will hopefully recover in 2021 as the vaccinations get underway. The pandemic will put further pressure on the finances of Finnish municipalities and the structural trend of municipality outsourcing will probably continue. The Finnish public property market has scope for more growth and the key drivers are the rapidly ageing population and municipality outsourcing.

GDP growth, unemployment and inflation in Finland



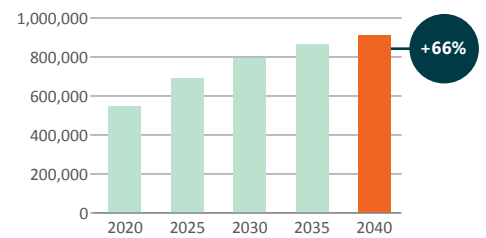
Source: Oxford Economics, CBRE House-view (January 2021)

Demographics

Finland is experiencing a rapidly ageing population. The number of over 75-year-olds is expected to increase by more than 350,000 people, representing 66-per cent growth by 2040. Finland's annual population growth will remain slow (0.20-0.40 per cent) due to low birth rates and low net migration. The population

forecast by Statistics Finland expects the population to reach 5.54 million by the end of 2021. This demographic trend of a rapidly ageing population will continue to favour the public properties market in Finland.

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



Source: Statistics Finland.

Transaction market

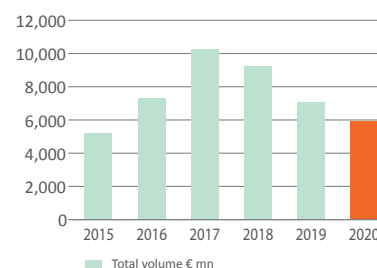
In 2020, the Finnish transaction volume was EUR 6.0 billion, down 13 per cent year-on-year. Finland accounted for the largest share of cross-border activity and foreign capital in the Nordics with a five-year average of 53 per cent (57 in 2020). Restrictions on travel and movement weighed heavily on market activity in 2020.

In 2020, the Helsinki metropolitan area received 62 per cent of the total invested capital, EUR 3.7 billion. The largest sector in 2020 was offices with EUR 19.9 billion in invested capital and 32 per cent of the total transaction volume, followed by

public properties (21 per cent) and residential (18 per cent). The two sectors with the highest growth year-on-year were industrial/logistics and public properties, with 43 and 40 per cent respectively.

Prime yield movements in 2020 for centrally located properties reflected the impact of the pandemic on various real estate sectors. The prime yield for central hotels decompressed considerably during the pandemic, while the prime office yield rose slightly at year-end.

Total transaction volume per year, Finland



Source: CBRE Research.

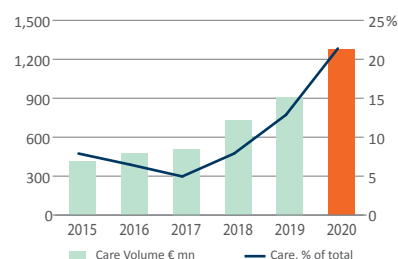
Transaction market for public properties

The Finnish transaction market for public properties ended the year on a high note with a volume of EUR 1.3 billion, representing 40 per cent growth from the previous year. There were large M&A deals in 2020, since both domestic and international investors were looking for alternatives to the traditional real estate sectors. Demand for public properties has grown steadily in recent years and with a 21 per cent share, this was the second-largest sector in Finland in 2020.

Investors are attracted by the demographic and structural megatrends that are driving demand for many types of public properties. The sector continues to offer attractive targets for investors seeking steady, long-dated cash flows that

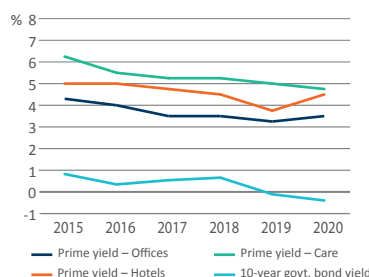
are somewhat immune to market cycles. The public property market in Finland is dominated by domestic and Nordic investors, but there have been notable market entries by foreign capital in recent years and the foreign interest for this sector is likely to continue, provided that deployable capital remains high. The yield on Finland's 10-year government bond remains negative within the framework of the massive stimulus measures performed by the European Central Bank. Prime yields for public properties (primarily nursing homes) continued to decompress in 2020, on the back of continued strong investor demand and favourable market fundamentals.

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

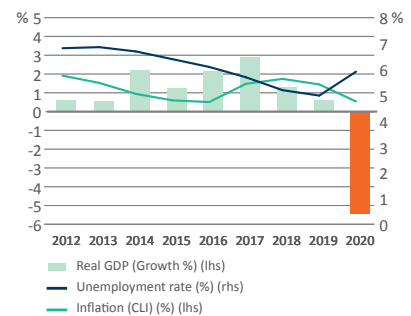


Economic outlook

According to preliminary estimates from the German Federal Statistical Office (Destatis), price-adjusted GDP fell 5 per cent in 2020 year-on-year. In 2020, after a ten-year growth period, the German economy was again hit by a deep recession, in which COVID-19 affected nearly every sector. Production was curtailed, in some cases massively, in the service sectors as well as in the manufacturing industry. In contrast, the construction industry was able to hold its own during the crisis with a 1.4 per cent increase in gross value added year-on-year. The unemployment rate was 5.9 per cent in

December 2020, up 0.9 percentage points compared with the year-earlier period. The coronavirus pandemic put an end to the 14-year increase in employment that had even outlasted the financial and economic crisis of 2008/2009. Particularly affected were marginally employed persons and self-employed persons, while the number of employees receiving social insurance remained stable.

GDP growth, unemployment and inflation in Germany



Source: Federal Statistical Office (Destatis), Federal Employment Agency.
Note: not calendar and seasonally adjusted

Demographics

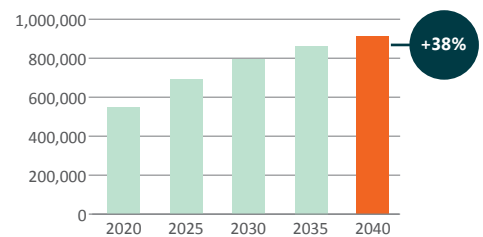
According to the latest estimates by Destatis, 83.2 million people lived in Germany at the end of 2020, which means that the population has not increased for the first time since 2011. This is believed to be the result of lower net migration, higher death rates and slightly fewer births year-on-year.

In 2020, the proportion of people over 75 was around 9.4 million, or 11 per cent of the total population. The demographic trend means that this age cohort will increase by 16 per cent by 2040, while the number of people in these age groups will increase by 38 per cent in the forecast period. With rising longevity, the need for long-term care is also likely to increase.

In 2019, around 4.1 million people in Germany were in need of long-term care, compared with 3.4 million

in 2017. The current development impressively shows the structural change in Germany's ageing society. The majority of those in need of care (80 per cent) receive a care allowance and are cared for in their own homes by relatives or outpatient care services, while more than 800,000 people receive full-time residential care. In view of the changes in family structures, the fact that family members live far away from each other and the singularisation of the population, it can be assumed that the proportion of family members providing care will continue to decline in the future. Accordingly, professional inpatient care in nursing homes and senior residences as well as outpatient care in assisted living concepts will continue to grow in importance.

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



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

Transaction market

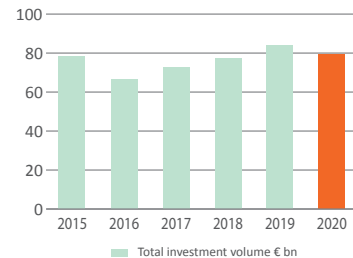
In 2020, EUR 79.2 billion was channelled into Germany's real estate investment market, down 5.5 per cent compared with the record year of 2019.

Office investments remained the most important asset class with 35 per cent (EUR 27.6 billion), followed by residential (25 per cent), retail (15 per cent) and logistics (10 per cent). Office property prime yields in the Top 7 cities remained at their all-time low and the strong demand for multi-family housing led to yield compression, which is approaching the 2 per cent threshold. Shopping centres have been significantly affected by current challenges, with yield decompression of 1 percentage point year-on-year.

Hotel yields are also half a percentage point higher year-on-year.

In 2020, the trend towards premium properties in large cities with a low risk profile was even clearer, while demand outside large cities favoured properties with long rental agreements and strong tenants, such as the public sector. Against the background of COVID-19 and its consequences, these defensive investments are experiencing an additional surge in demand that cannot be covered by supply. Moreover, institutional investors tended to reshuffle their real estate portfolios in 2020 in favour of multi-family and public properties, along with logistics and light industrial.

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



Source: CBRE Research, 2021

* Exclusive minority interests in the context of corporate takeovers amounting to EUR 2.24 billion in 2020.

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

The transaction market for public properties*

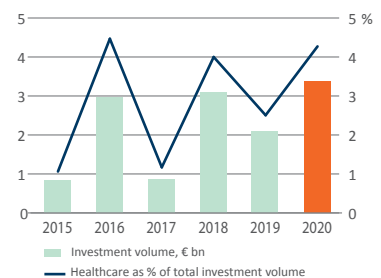
In 2020, the investment volume on the German public properties market surged 61 per cent year-on-year to EUR 3.4 billion. These levels signified that the public properties market significantly outperformed the peak years to date of 2016 and 2018. The decisive factor for this trend was not only the unbroken high demand from investors, but also the economically stable situation of the operators, which was at least partially ensured by the reimbursement of pandemic-related additional expenses by the government.

A good 20 per cent of the investment volume in 2020 was attributable to site developments. New build activities are nevertheless not keeping up with society's needs, especially in nursing homes. International investors were disproportionately represented in 2020 with a market share up 8 percentage points to 69 per cent. This development was driven

above all by large-scale portfolio transactions.

At the end of 2020, the most well-maintained nursing home prime yield stood at 4 per cent, reflecting yield compression of 0.5 percentage points compared with year-end 2019 – and down 0.25 percentage points since the third quarter of 2020 alone. The primary factors for this trend include growing demand, dwindling supply and stable cash flows in the short and long term, also during the pandemic and the financial crisis. A little more than 10 years ago, yields started at just under 8 per cent.

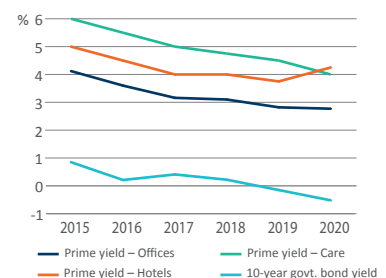
Total transaction volume for public properties and share of total volume, Germany.



Source: CBRE Research, 2021

* As of 2018, health/medical centres, (rehab) clinics and sheltered housing 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 62.2 billion.

At year-end, the market value of Hemsö's property portfolio was SEK 62.2 billion and comprised 392 properties in four categories: nursing homes, education, health care and the justice system. The lettable area was 2,005,000 square meters and contracted annual rent amounted to SEK 3,340 million. Net operating income amounted to SEK 2,425 million.

Hemsö owns properties in Sweden, Germany and Finland. At year-end, the Swedish the portfolio accounted for 68 per cent of the market value. Hemsö made its first acquisition in Germany in 2011, and its first acquisition in Finland in 2013. At year-end, the foreign property portfolio accounted for 32 per cent of the market value.

Portfolio development

Hemsö is growing through acquisitions, investments in existing properties and by developing new properties. In 2020, a total of 32 properties were acquired for SEK 2,483 million. Property acquisitions amounted to SEK 615 million in Sweden, SEK 1,521 million in Germany and SEK 348 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 2020, Hemsö invested SEK 2,601 million in new construction and SEK 654 million in existing properties.

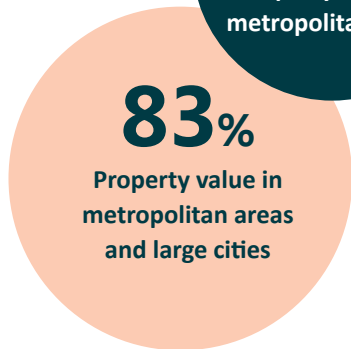
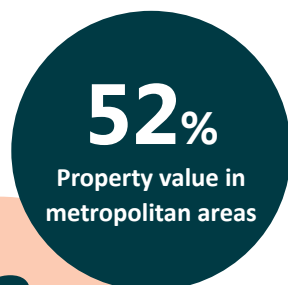
Hemsö is continuously striving to raise the quality of its property portfolio. This is mainly carried out in development projects, where modern and sustainable public properties are built in the regions where there is evidence of sustained demand. The investments are also aimed at optimising the portfolio 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 close to 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.	Property value, SEK million	% of portfolio
Stockholm	2,270	18,900	30
Helsinki	1,470	5,000	8
Malmö	680	4,000	6
Västerås	150	3,100	5
Gothenburg	950	2,400	4
Ruhr	5,100	2,400	4
Norrköping	140	2,300	4
Turku	190	2,100	3
Berlin	5,140	1,100	2
Umeå	130	1,100	2
Eskilstuna	110	1,000	2
Frankfurt	2,650	1,000	2
Gävle	100	900	1
Uppsala	230	800	1
Wiesbaden	280	800	1
Gotland	60	700	1
Växjö	90	700	1
Pori	80	700	1
Linköping	160	600	1
Luleå	80	600	1
Total 20 largest		50,320	81
Other		11,920	19
Total Hemsö		62,240	100

 Metropolitan area or large city
 Small city



Sweden

SEK 42 billion
68%

	SEK million	No. of
Value, Jan 2020	37,468	265
Acquisitions	615	15
Investments	2,726	–
Divestments	-124	-10
Value changes	1,340	–
Exchange-rate differences	–	–
Value, Dec 2020	42,026	270

Finland

SEK 10 billion
16%

	SEK million	No. of
Value, Jan 2020	9,334	49
Acquisitions	348	7
Investments	244	–
Divestments	–	–
Value changes	520	–
Exchange-rate differences	-402	–
Value, Dec 2020	10,044	56

Germany

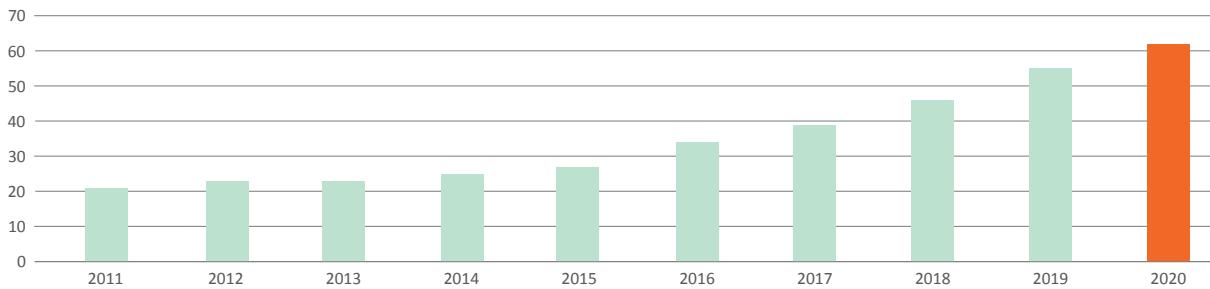
SEK 10 billion
16%

	SEK million	No. of
Value, Jan 2020	8,225	56
Acquisitions	1,521	10
Investments	285	–
Divestments	–	–
Value changes	549	–
Exchange-rate differences	-408	–
Value, Dec 2020	10,171	66



Visualisation of school in Dabendorf, Berlin.

Market value, SEK billion

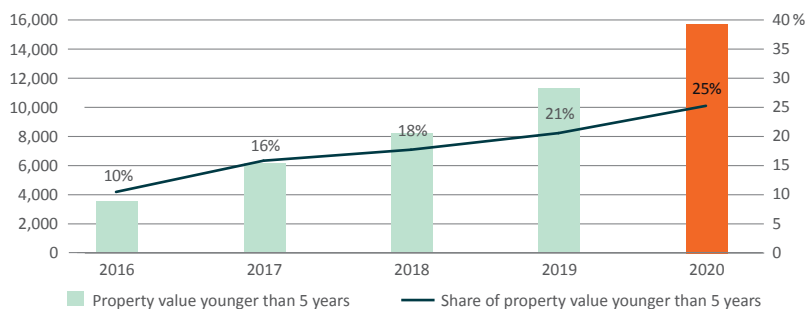


Property portfolio development 2020

	SEK million	No. of
Market value, opening balance	55,027	370
Acquisitions	2,483	32
Investments in new construction, extension and refurbishment	3,255	–
Divestments	-124	-10
Exchange-rate fluctuations	-810	–
Unrealised value changes	2,408	–
Market value, closing balance	62,240	392



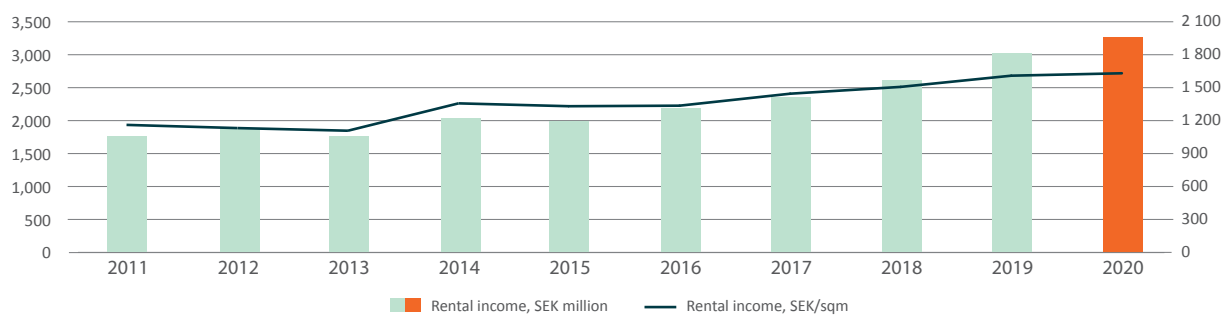
Share of property value younger than 5 years





Nakterhusskolan, preschool and elementary school in Haninge.

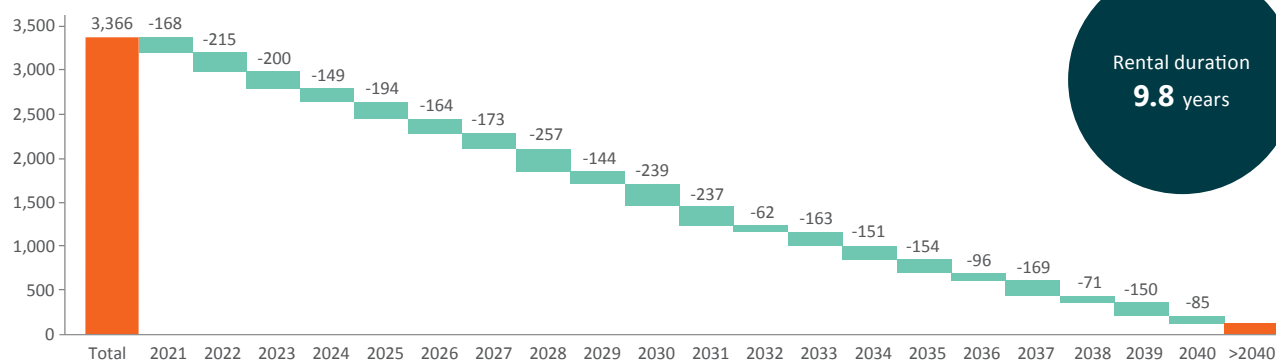
Rental income per sqm



Key ratios per property category

	Nursing homes	Education	Health care	Justice system	Total
Property value, SEK million	24,119	19,332	11,267	7,522	62,240
Lettable area, tsqm	891	594	308	212	2,005
No. of properties	194	118	58	22	392
Value/property, SEK million	124	164	194	342	159
NOI margin, %	77	72	68	76	74
Ec. occupancy rate, %	99	98	96	96	98
Rental duration, years	9	12	9	9	10
Share of large cities, %	78	80	96	89	83
Rental income, SEK million	1,290	1,010	558	412	3,270
Rent/sqm, SEK	1,447	1,700	1,811	1,942	1,630
Net operating income, SEK million	991	730	383	321	2,425
Property yield, %	4.5	4.4	4.8	4.7	4.5

Rental maturity, annual rent, SEK million



Rental duration
9.8 years

Tenants

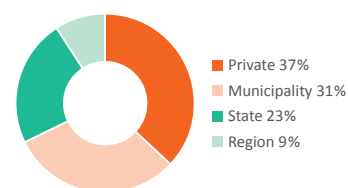
94 per cent of Hemsö's rental income was derived from taxpayer-funded services. The share of contracted annual rent with public-sector tenants was 63 per cent, where rental agreements with state operators accounted for 23 per cent, municipal operators for 31 per cent and regional operators for 9 per cent. In Sweden, most privately run education, health-care and elderly-care operations are taxpayer-funded via school, health-care and care voucher schemes. In Finland, private elderly care providers

receive funding through a system similar to Swedish schemes.

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, Attendo and the Finnish Ministry of Justice.

Contracted rent per category



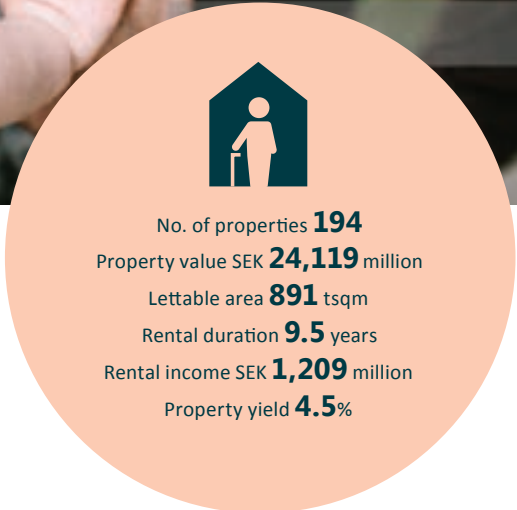
Hemsö's 20 largest tenants

Tenant	Category	Annual rent, SEK million	Annual rent, %	No. of rental agreements
Swedish Police	State	200	6.0	31
Region Stockholm	Region	197	5.9	77
City of Turku (FI)	Municipality	144	4.3	14
Attendo	Private	122	3.6	80
Ministry of Justice (FI)	State	109	3.3	14
Academedia	Private	108	3.2	20
Mälardalen University	State	102	3.1	3
City of Västerås	Municipality	83	2.5	17
AWO Hesse Süd (GER)	Private	79	2.4	10
Norrköping Municipality	Municipality	76	2.3	18
Ambea	Private	72	2.2	11
Västra Götaland Region	Region	70	2.1	60
Karolinska Institute	State	64	1.9	7
Alloheim (GER)	Private	58	1.7	8
North Rhine-Westphalia (GER)	State	54	1.6	1
HEWAG (GER)	Private	53	1.6	9
Gävle Municipality	Municipality	52	1.5	19
University of the Arts Helsinki (FI)	State	43	1.3	3
Esperi Care (FI)	Private	43	1.3	15
Mehiläinen (FI)	Private	43	1.3	8
Total		1,772	53.1	425

Public-sector tenant
Private-sector tenant

Rental value – public-sector tenants

Tenant	Annual rent, SEK million	% of Hemsö's rental value
Swedish municipalities	804	24
Swedish state	474	14
Swedish regions	306	9
Finnish municipalities	218	7
Finnish state	184	6
German state/states	114	3
German municipalities	19	1
Total	2,119	63



Property portfolio – Nursing homes

Portfolio and tenants

Nursing homes is Hemsö's largest property category and at year-end, accounted for 39 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 also important for family members and loved ones.

Hemsö owns 194 nursing home properties, of which 103 are in Sweden, 34 in Finland and 57 in Germany.

The premises accommodate:

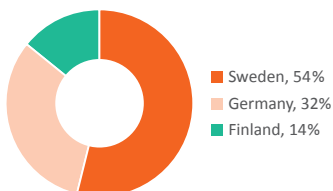
- Nursing homes
- Dementia care facilities
- Short-term residential facilities
- Assisted living/group homes
- Residential facilities for people in need of extra support and assistance

Of the contracted annual rent, public-sector tenants accounted for 42 per cent, and private taxpayer-funded operators for 58 per cent. In Sweden, public-sector tenants accounted for 68 per cent and private-sector tenants for 32 per cent of contracted

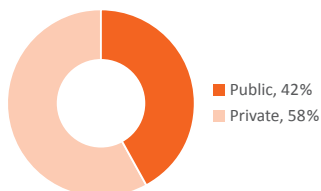
annual rent. In Finland, public operators accounted for 21 per cent, and private operators for 79 per cent, of contracted annual rent.

In Germany, Hemsö mainly has private-sector tenants in the nursing home category, but acquired one residential facility with a municipal tenant in 2020. The three largest tenants in this category are Attendo, AWO (Germany) and Norrköping Municipality.

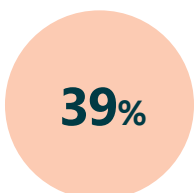
Market value per country



Annual rent per customer category



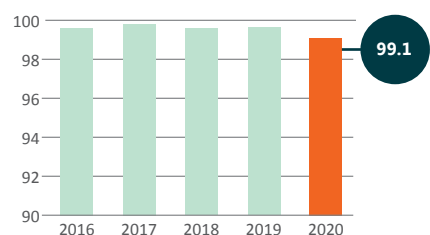
Share of property value



No. of beds



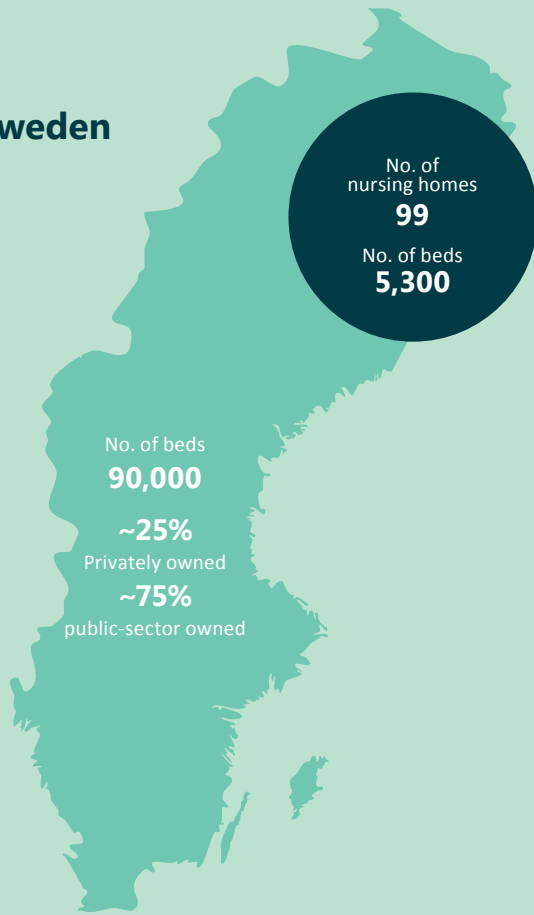
Economic occupancy rate, %



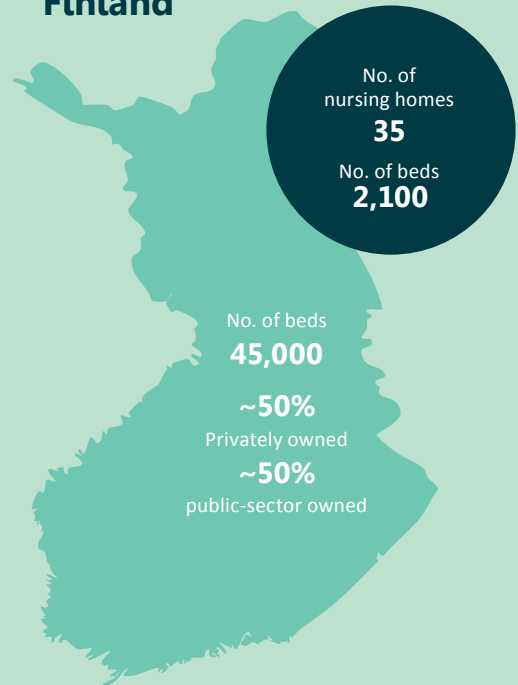
Nursing homes per country

- Hemsö's portfolio
- Total portfolio

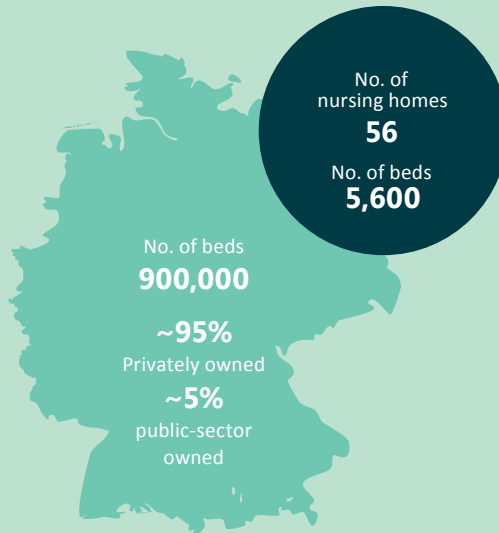
Sweden



Finland



Germany





Property portfolio – Education

Portfolio and tenants

Education is Hemsö's second-largest property category and at year-end, accounted for 31 per cent of the total property value. Schools are an important place of learning, reflection and physical activity for children and young people. Together with teachers, students and other school staff, we create indoor and outdoor environments according to needs and possibilities in both existing properties and new construction.

Hemsö owns 118 educational properties, of which 103 are in Sweden, 11 in Finland and 4 in Germany.

The premises accommodate:

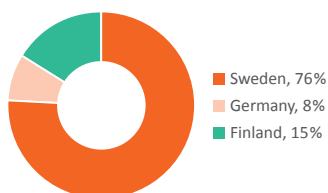
- Preschools
- Elementary schools
- Secondary schools
- Colleges/Universities
- Premises for advanced research

Of the contracted annual rent, public-sector tenants accounted for 65 per cent, and private taxpayer-funded operators for 35 per cent. In Sweden, public-sector tenants accounted for 56 per cent and private-sector tenants for 44 per cent of contracted annual rent. In principle, all of Hemsö's private-sector tenants in

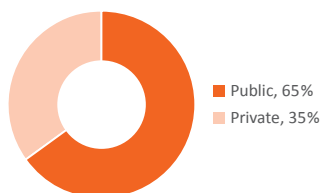
Sweden are taxpayer-funded via school vouchers. In Finland, public operators accounted for 94 per cent, and private operators for 6 per cent, of contracted annual rent. In Germany, all educational properties are let to public-sector tenants.

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

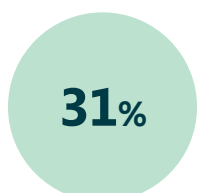
Market value per country



Annual rent per customer category



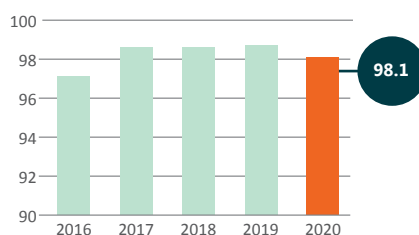
Share of property value



No. of students

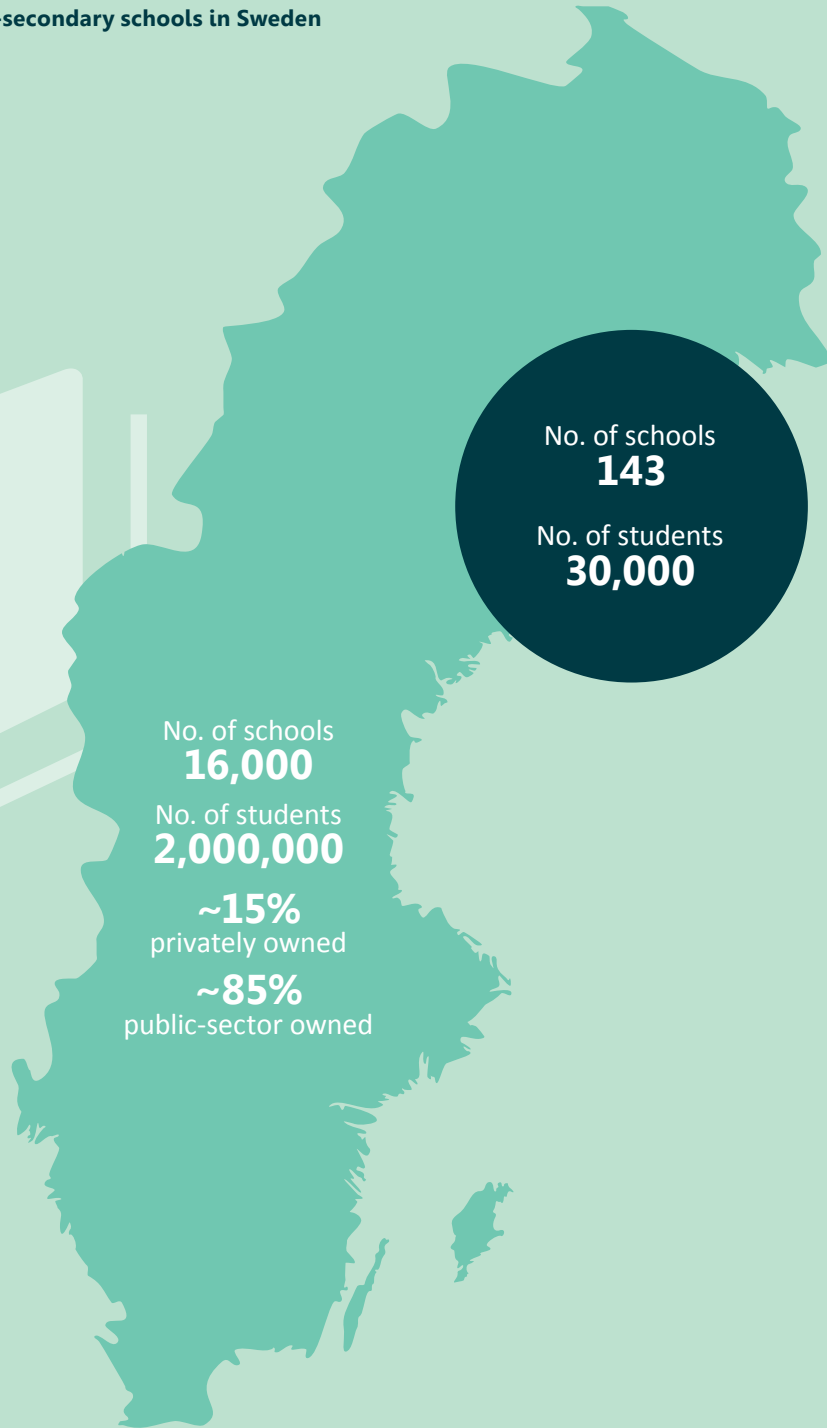


Economic occupancy rate, %

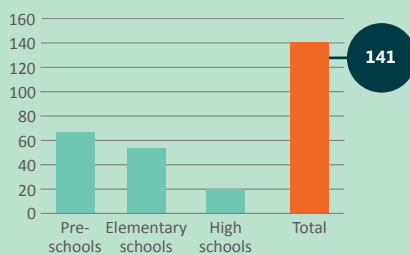


Schools – preschools to upper-secondary schools in Sweden

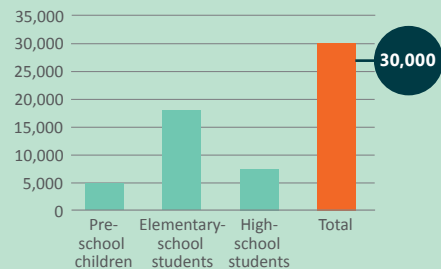
- Hemsö's portfolio
- Total portfolio



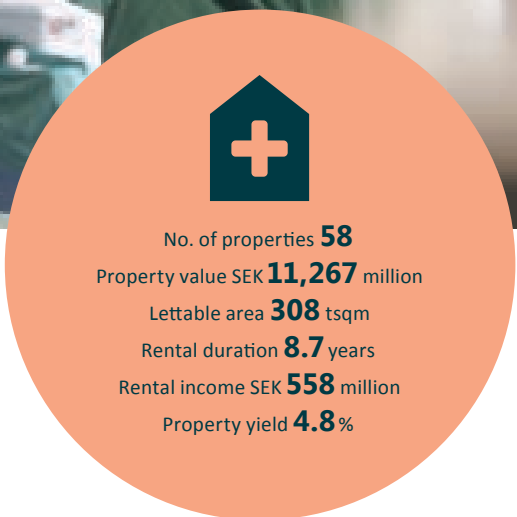
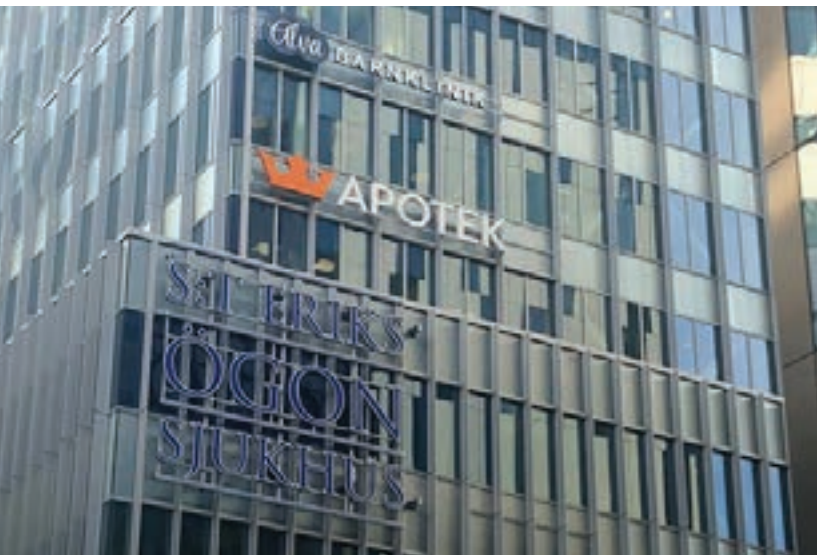
No. of schools per category, Sweden



No. of students per category, Sweden



Source: Hemsö. Schools under construction have been excluded. Please note that statistics for the large image also exclude colleges/universities.



Property portfolio – Health care

Portfolio and tenants

At year-end, health care properties accounted for 18 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. Our properties shall be accessible and safe for both care receivers and employees. Hemsö owns 58 health care properties, of which 52 are in Sweden and 6 in Finland. The premises accommodate a range of operations, including:

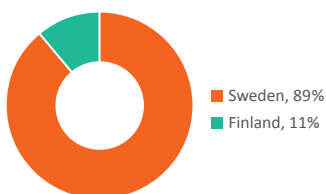
- Hospitals
- Local hospitals
- Medical centres
- Dental practices
- Pharmacies
- Palliative care
- Rehab clinics
- Child health clinics
- Maternity centres
- Child and adolescent psychiatry
- Emergency centres

Of the contracted annual rent, public-sector tenants accounted for 82 per cent, and private taxpayer-funded operators for 18 per cent.

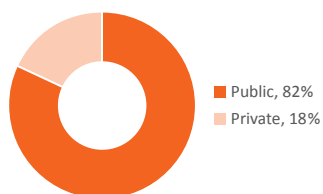
In Sweden, public-sector tenants accounted for 80 per cent, and private operators for 20 per cent, of the contracted annual rent. In Finland, public operators accounted for 88 per cent, and private operators for 12 per cent, of contracted annual rent.

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

Market value per country



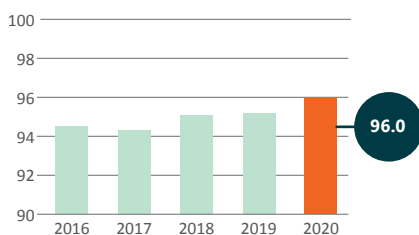
Annual rent per customer category



Share of property value



Economic occupancy rate, %





Property portfolio – Justice system

Portfolio and tenants

At year-end, justice system properties accounted for 12 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 22 justice system properties, of which 12 are in

Sweden, 5 in Finland and 5 in Germany. The premises accommodate:

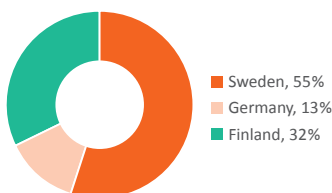
- Police stations
- Prisons
- Courts
- Prosecutors
- Fire and rescue stations

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.

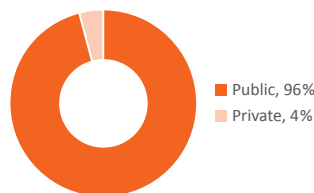
Of the contracted annual rent, public-sector tenants accounted for 96 per cent, and private operators for 4 per cent. In Sweden, the majority of Hemsö's tenants are state agencies, and accounted for 99 per cent of contracted annual rent. In Finland, public operators accounted for 89 per cent, and private operators for 11 per cent, of contracted annual rent. In Germany, public-sector tenants accounted for 100 per cent.

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



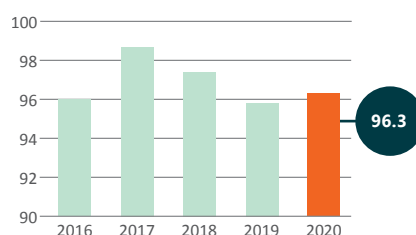
Annual rent per customer category



Share of property value



Economic occupancy rate, %





Education, Rosenhill 1, Västerås
Heidi Hanhijärvi, property manager in Helsinki.



The Helsinki Court House.

Property management

A clearly 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. Our properties are therefore 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 2020, there were no accidents in Hemsö's properties that led to premises liability claims. Two accidents were investigated in 2019, and there were no claims in 2018.

NOI margin

73.7%

Rental duration

9.8 years

Economic
occupancy rate

97.9%



Sandra Fernandez, property manager in Norrköping.



Higher level of tenant satisfaction

We identify needs and views through ongoing contact and regular meetings with tenants. We also follow up tenant satisfaction in connection with fault reports. In 2020, 96 per cent of customers were satisfied or very satisfied with Hemsö's management. The outcome was 95 per cent in 2019, and 93 per cent in 2018. This creates security and helps to build long-term relationships. We work with customer care on a daily basis and conduct regular CSI surveys through external providers who also quality-assure the results. Customer service, property quality and maintenance have the greatest overall impact on customer satisfaction and are the areas that our customers consider most important. Hemsö attaches great importance to customer feedback, and works pro-actively to continuously improve both our business operations and our offering.

In autumn 2020, a customer satisfaction survey was carried out in Fin-

land with a score of 3.81 on a scale of 1-5 and a Net Promoter Score (NPS) of 49 – NPS is a customer loyalty and satisfaction measurement. The respondents were interviewed by phone and the response frequency was 76 per cent. The most recent CSI survey in Sweden was carried out in January 2021 via a web-based questionnaire and phone interviews, and showed an increase from 71 in 2019 to 73 in 2020 (66 in 2018). Hemsö's target is a CSI score of 75 points (on a 100-point scale) within a five-year period.

9.2%

Reduction in energy consumption between 2019 and 2020 in the comparable portfolio in Sweden.

A focus on energy efficiency

Hemsö's overall objective is to reduce energy consumption 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 consumption declined 9.2 per cent between 2019 and 2020 in the Swedish portfolio, and just over 1 per cent in the Finnish portfolio. There is no aggregate data for the German portfolio at present. In Germany, tenants are responsible for purchasing all media and for all consumption costs. In 2020, the outcome for the entire portfolio, as a separate year, was 122 kWh/m² (138) for heating and electricity (including business electricity) for Sweden, and 254 kWh/m² (221) for Finland.

The decrease in energy consumption in the Swedish portfolio was mainly attributable to Hemsö's systematic energy management, and the fact that new energy-efficient buildings are added to the portfolio through new construction. The outcome was also due, to some extent, to the mild winter at the beginning of 2020. The slight increase in energy consumption in the Finnish property portfolio was mainly due to the fact that a

number of existing buildings were added to the portfolio through acquisitions, of which one single large property accounted for an unusually high amount of electricity usage for business purposes. Hemsö's objectives are to develop energy efficiency targets, and to continue focusing on energy projects in Finland to reduce energy consumption.

Climate strategy for reduced emissions

Hemsö's long-term climate strategy accounts for GHG emissions from both operations and new construction as well as physical climate-change risks, and the company's target is to achieve 100 per cent non-fossil energy consumption and net-zero emissions in the existing portfolio by 2035.

42

No. of properties with PV systems.

GHG emissions are measured using the standard supplied by GHG Protocol and for 2020, emissions were based on data for buildings in Sweden and Finland. In 2020, GHG emissions in Sweden were 5.0 kg CO₂e/m² (6.8 kg CO₂e/m² in 2019 and 6.8 kg CO₂e/m² in 2018). In Finland, GHG emissions were 19.6 kg CO₂e/m² (21.4 kg CO₂e/m² in 2019 and 25 kg CO₂e/m² in 2018). District heating accounts for most heating, but the proportion of properties with geothermal heating is growing, which is also helping to reduce Hemsö's GHG emissions. In 2021, Hemsö is planning to look into alternative methods for gathering energy consumption data in Germany and has introduced a requirement for feedback on consumption data when signing new agreements.

During the year, the GHG emissions of all completed development projects in Sweden and one development project in Finland were calculated to provide basic knowledge of baselines for various performances. In 2020, Hemsö introduced en-

hanced requirements for the choice of building materials in development projects in Sweden to make future calculations of emissions easier.

By participating in a pilot project for the new Swedish NollCO₂ certification, we are increasing our own knowledge of climate-smart construction, while also sharing our experience and insights with the industry. Collaboration is a critical success factor in the climate transition – Hemsö has joined the Fossil Free Sweden initiative (Roadmap 2045) and the LFM30 network (Roadmap Malmö), in which Hemsö is planning to start up a carbon-neutral development project in Malmö by 2025. Hemsö is a member of the Sweden Green Building Council (SGBC) and also became a member of Green Building Council Finland during the year. In 2020, preliminary work also commenced to report financial risks related to climate change in accordance with the Task Force on Climate Related Financial Disclosures (TCFD). During the year, a pilot study was undertaken in Sweden to test climate risk assessment methodology in the existing portfolio.

Solar energy

Hemsö has continued to invest in renewable energy, including more photovoltaic (PV) systems in both new construction and the existing portfolio. During the year, the first solar PV project was completed in Finland where Hemsö installed a 35 kWp system on the roof of the Helsinki Court House. Production started in September 2020 and the expected power generation of the system is 28 MWh annually.

In 2020, another 15 PV systems were completed and Hemsö currently has 42 properties with PV systems. The total installed capacity is 3,050 kWp (2,092) and the expected annual output of the systems is 2,710 MWh (1,870). During the year, the implementation of a central system for monitoring and visualising the systems commenced. The system will make it possible to efficiently minimise power loss due to faults

Hemsö is contributing

Through a partnership with Bi-man and the Beateberg Prison, several properties in southern Sweden have received beehives. The aim is to promote biodiversity and contribute to ecosystem services by supporting pollination.

in the systems. More PV projects have been planned for 2021 in both Sweden and Finland.

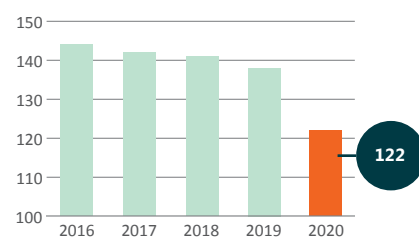
Digitisation

Hemsö has continued to work on the digitisation of both its working methods and 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 consumption.

In winter 2020, Hemsö also initiated a pilot project to explore the possibility of using artificial intelligence (AI) to optimise energy consumption. In the project, AI technology actively optimises the indoor climate of a building combined with the lowest possible cost. The objective is a more pleasant indoor climate for our tenants, while we reduce our energy consumption and contribute to a more sustainable society.

At Satakunta University of Applied Sciences, Hemsö implemented a digital twin and data management system through Platform of Trust. Data from various sources, such as building automation and energy me-

Energy consumption in Sweden kWh/m² A-temp



Scan the QR code to see a short video with Philip Harnek, property manager in Malmö, speaking about Hemsö's beehives.



Hemsö has placed beehives on strategically selected properties in southern Sweden, in partnership with Biman and inmates of Beateberg Prison.

tering, is connected to the platform and harmonised to increase energy efficiency, optimise the use of space and enable proactive maintenance. The digital twin is a virtual replica of the property in 3D, in which data and information is connected to various physical assets in the building. For example, the quality of the indoor air and any faulty equipment can be mirrored and tracked in the twin. This simplifies maintenance since both the physical location and type of error can be investigated virtually.

Waste management

Efforts with a coordinated procurement of waste management continued in 2020. This will lead to better source separation and optimised fractions, receptacle sizes and frequencies. Improved management and procurement will increase opportunities for tenants to sort their waste, while also reducing costs and waste volumes – and ultimately promote both environmental and economic sustainability.

The 'Skolgårdslyftet' project

The Skolgårdslyftet project, an initiative to raise the quality of existing playgrounds in schools and pre-schools, continued in 2020. Hemsö is investing SEK 30 million in the identification and implementation of measures that will raise the quality of the entire existing portfolio. 14 school playgrounds were completed in 2020. Hemsö's target is to make an inventory of all school playgrounds in the Swedish portfolio by 2022.

Tomorrow's nursing homes

In 2020, Hemsö commenced forward-looking work to develop the company's nursing home offering. With a focus on the residents, employees and family members, in-depth interviews and good practice observations of nursing homes were carried out. Several key insights were identified, including how much our tenants appreciate local and responsive property management that is mindful of the needs of employees and their suggestions for improvement. For more information about

tomorrow's nursing homes, refer to page 14.

Hospitals

Hemsö already owns and manages two hospitals in Finland. In 2020, the most advanced eye hospital in Europe was completed – Patienten 1 in Hagastaden, Solna. This property with cutting edge technology was built with the vision of creating an Eye Centre of Excellence to stimulate ophthalmology care, research and development. The anchor tenant, St Erik Eye Hospital, collaborates with a number of other health care, academia and industry professionals to meet patient needs and working methods for today and tomorrow's care. Hemsö has employees with extensive experience in hospital property management.

Suppliers

Hemsö's main suppliers consisted of contractors and consultants for construction projects and property operations, and utility companies. Guidelines for purchasing and devel-



opment projects guide the supplier assessment process. 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 phase through regular meetings and a review of the quality, environmental and work environment management plan. Purchasing is characterised by high ethical standards, respect for human rights, professionalism, objectivity and equal treatment. Hemsö's suppliers are to act in accordance with set requirements in relation to, for example, the environment, sustainability, quality, reliability, service, social sustainability, terms of employment and human rights. These aspects are included in Hemsö's supplier requirements, and apply for all central purchasing and procurement. In 2020, nine (six in 2019, six in 2018) central procurements were carried out. To ensure compliance with all regulatory requirements and to simplify monitoring and regulatory inspections, Hemsö launched a digital tool called Greenview. In addition to better opportunities for monitoring and analysis, case management is also digitised.

Sponsorship

Hemsö prioritises sponsorships where the efforts are focused on particularly vulnerable groups, and

on activities and initiatives that create social value. At the end of 2020, Hemsö entered into a new partnership agreement with the Hjärnfonden charity. The aim of the partnership is to contribute to their work and to benefit from their competence in our property management and development of nursing homes and schools. Every year, we also award the Hemsögåvan (Hemsö Gift) to people in our properties with the aim of facilitating and enriching their daily lives. In 2020, all applications for the Hemsö Gift from various social care operations were approved. In addition, 104 nursing homes in Sweden received a gift voucher to help make their outdoor environments greener.

Focus in 2021

Our experience from the pandemic has meant that 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 maintain a high level of planned maintenance.

The company's focus on sustainability will continue. In 2020, our efforts to digitise the properties and certify existing properties according to BREEAM-in-Use and SGBC Miljöbyggnad iDrift continued. The rate of investment in energy projects will be high, in order to achieve the targets we have set. Energy consumption per sqm declined during the year and there is a well-formulated strategy to ensure that this trend continues to move in the right direction. One key area is to accelerate investments in renewable energy in 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 refurbishment potential, and on implementing and adapting Hemsö's sustainability policy for the German property management portfolio. Efforts are ongoing to improve the efficiency of property management and agreements, and several renewable energy projects are currently being planned.

New police station in Rinkeby combines high security with openness

In the midst of ongoing construction, Hemsö acquired the new police station in Rinkeby – and was welcomed with open arms: “Hemsö’s experience was a huge benefit,” says Jörgen Ohlsson from Rinkeby Police Station.



Rinkeby Police Station needed new premises and eventually found two buildings with potential in central Rinkeby. The buildings were owned by Familjebostäder, a municipal housing company, and the plan was to convert the worn-down apartments into contemporary and safe office blocks. The project began in December 2017 and the new police station was ready for occupancy in June 2020. In the midst of everything, Hemsö acquired the property.

“Hemsö’s history and experience made a difference”

“We are very happy about that. Hemsö’s history of owning specialised properties, and especially their experience with other police stations, really made a difference. They knew exactly what the collabo-

ration would require and what would work,” says Jörgen Ohlsson, Chief Police Officer at Rinkeby Police Station and the organisation’s representative throughout the entire process.

A different approach

Rinkeby Police Station serves a population of approximately 100,000. The 11,000 sqm station is the hub of local policing, with approximately 250 police officers. The two floors also accommodate sections of the Police Contact Centre, where about 80 civilian employees handle calls to the emergency telephone number 114 14. A total of 330 employees work in the building.

The station is designed to be welcoming, and to generate a feeling of community connection. The police can hold meetings here instead of having to rent premises like before. Risk protection is high, but balanced with a desire to be transparent and welcoming.

“It’s a completely different approach. No one was allowed to enter our previous station. We have a high level of security now, but people can still come in and say hello,” says Jörgen.

Interested and accommodating partner

The partnership with Hemsö has been problem-free, according to Jörgen. All preliminary meetings worked

smoothly and Hemsö immediately assumed the role of a serious, interested and accommodating partner.

“There’s always something that goes wrong when you first move in, but we managed to solve everything together,” says Jörgen.

Now that everything is up and running, the police force’s own service organisation resolves most day-to-day problems. There is also a continuous collaboration with Hemsö who, in turn, have engaged Coor for routine operation and maintenance.

Requires availability and fast feedback

When asked what was most important for a landlord, the answer was:

“A clear and effective communication path. Fast feedback. And availability. The police station is open 24 hours a day and some matters can be critical. A garage door that doesn’t open has to be fixed quickly, otherwise police cars can’t respond to calls.”

Because of the company’s responsiveness, continuous check-ins and structured way of working, Hemsö gets a nod of approval from the police. Jörgen Ohlsson cannot think of anything he would like to change, but believes the collaboration should be followed up to determine how it could be developed moving forward.



First in Sweden with elementary school and nursing home in the same building

This development project in Gothenburg is unique. Hemsö is developing the unusual combination of an elementary school and nursing home in the same building.

“Hemsö’s professionalism and experience are helping us to stay at the forefront,” says Seija Kempainen, project manager for the City of Gothenburg.



Scan the code to watch a video where several parties describe more of this unique collaboration project.

The City of Gothenburg is facing major challenges. In the next 10–15 years, the number of inhabitants is expected to rise by more than 100,000. As a result, more housing – and many large housing projects (both private and municipal) – have already been started. There is also a need for municipal services, in the form of nursing homes, assisted living homes, schools and preschools.

From school to combination projects

The Sandarna district is a good example. About 1,000 new housing units will be built here and adjacent to these, Hemsö is developing its first proprietary construction project in Gothenburg – a combination building with an elementary school for 400 students on the first three floors, and a nursing home with 100 beds on the top four floors.

“Hemsö makes long-term investments in its production”

“The original plan was to build a school, but when we gained access to more land, Hemsö, who has experience in the construction of combination buildings, wondered whether we didn’t need a nursing home as well – and we did,” says Seija Kempainen, project manager for the City of Gothenburg. The Sandarna proj-

ect is the first in Sweden to combine these two types of operations.

There are many benefits – the co-utilisation of some premises and functions, and the creation of spontaneous encounters between older people and young children that helps to prevent age segregation.

Based on research

The City of Gothenburg has a great overall need for nursing homes and works with both own production and in-sourcing.

“One insight is that small operators, who are not experienced community builders or familiar with municipal operations, find our governing documents and long decision-making processes tiresome.

The meeting with Hemsö was a very positive experience. Experience and professionalism permeate everything, according to Seija.

“Hemsö wants to be at the forefront when it comes to nursing homes and schools, and we’ve been able to incorporate recent research into the development project. It feels really great.”

Insight is important

Experience, knowledge and expertise, which ensure a quality-assured construction process, are key elements when it comes to selecting

partners for the City of Gothenburg. Another priority is an understanding of the activities that will be taking place in the building every day.

“Hemsö also integrates social and ecological aspects. The building has Silver level-certification and clear energy-reduction targets, which also benefits the tenant. Hemsö’s long-term investment in its production is also clear – the building is likely to stand for a long time, and they have taken that into account,” says Seija Kempainen.

Added value with digitisation and innovation

Seija believes that Hemsö and other private operators will be able to contribute to tomorrow’s urban development with their experience as community builders – and to take the lead and show the possibilities and opportunities of new technologies and digital solutions.

“Even if I am old or demented, technology can make life easier and help me become more independent. Take height-adjustable toilet frames, for example, or smart showering and floor sensors. Or lighting control that creates safe outdoor environments. There is no doubt that digitisation can create added value.”

The building is scheduled for completion by early 2023.



Nursing homes and elementary school in Gothenburg.

The Sköndalsvillan nursing home – pilot project for NollCO2 certification

The construction of Sköndalsvillan in Tyresö has a climate focus. The new nursing home will also be a purpose-built facility.

“Being involved from the start is a huge advantage,” says Annika Elfström from the Stora Sköndal Foundation.



Most of the Stora Sköndal Foundation’s services, including nursing homes, are provided on its own site at Drevviken, south of Stockholm. Annika Elfström is head of business development and has been tasked with finding more premises for the Foundation’s activities.

“We’ve had our eyes on Tyresö for a while, so when we heard that Hemsö had been granted development rights for a site that looked promising, we contacted them,” says Annika.

Meets high quality standards

The new nursing home and short-term residential facility, Sköndalsvillan, will have 80 and 12 apartments, respectively, as well as services on the ground floor. Occupancy is scheduled for the first quarter of 2022.

“Hemsö has an effective way of working”

Annika Elfström thinks it feels great to be involved in a development project with a property company that has the experience and skills required. She thinks the fact that Hemsö will both develop and own the building is a bonus that brings a completely different long-term perspective.

“Stora Sköndal stands for quality, so the premises we choose for our operations have to meet high standards. In a new construction project

like this, we can present our views and ideas from the beginning. It’s a huge advantage.”

Pilot project for NollCO2 certification

Hemsö’s Sköndalsvillan development project is one of six pilot projects for a new certification system, NollCO2. The aim of the certification system is to achieve net-zero carbon emissions during the life cycle of the building. For Hemsö, this provides an opportunity to influence the design of the criteria and to contribute knowledge about the GHG emissions of nursing homes. Stora Sköndal is very positive to the building’s NollCO2 certification, not least because the Foundation has its own ambitious climate targets.

“The certification is focused on the construction process and doesn’t affect the day-to-day life of the residents, but it feels important from a sustainability and social perspective,” says Annika.

Confidence and clarity with Hemsö

The collaboration around Sköndalsvillan is the first between Stora Sköndal and Hemsö. Annika Elfström says it has worked well the whole way – from negotiation to planning – with a positive tone, good communication and

a serious and well-prepared working method.

“We had frequent reconciliation at tenant meetings and now we hold regular meetings to discuss all kinds of topics with enthusiastic input from both sides.”

When asked what makes a good landlord, the most important thing for Annika was smooth collaboration with clear boundaries. “Knowing exactly who’s responsible for what makes everything so much easier,” she says. As mentioned, it’s the first time that Stora Sköndal and Hemsö have worked together, but Annika says the Foundation feels completely confident.

“Hemsö is an established landlord for public properties with solid experience of being a good landlord and an effective way of working. Moreover, both we and Hemsö are very solution-oriented, so everything will probably run smoothly.”



Gesamtschule Dabendorf will be one of the most modern schools in Germany

At the time of writing, the school is almost complete. The new municipal secondary school in Zossen is scheduled for completion in the second quarter of 2021.

“Students and teachers will have an effective learning environment and the highest possible standard,” says Thomas Kosicki, CEO of Zossener Wohnungsbau GmbH.



Zossen is a town in north-eastern Germany, about 35 kilometres south of Berlin. Hemsö is developing a secondary school here for 1,000 students. This is Hemsö’s first school project in Germany and is taking place in a joint venture with the City of Zossen, 90-per cent owned by Hemsö and 10-per cent owned by the City.

The new school, Gesamtschule Dabendorf, will have an area of just over 16,000 sqm. 11,300 sqm will contain classrooms, break rooms, staff rooms, toilets, archive rooms and corridors. In a separate building, the remaining area will offer plenty of space for a lunchroom, kitchen, cafeteria/assembly hall, locker rooms – and a bowling alley.

“This will be one of the most modern schools in Germany,” says Thomas Kosicki.

Very happy about experienced school developer

In 2015, the City of Zossen assigned Zossener Wohnungsbau GmbH (ZWG), a municipal property company, to develop a new municipal school in the district of Dabendorf. However, it was difficult to obtain financing for the new school, so the development project was put on ice. And that is where it stayed until 2018, when Hemsö entered the arena:

“ZWG was overjoyed to find a financing partner with so much knowledge and experience of developing new schools. Hemsö was able to help us realise our vision, while offering reliability and fair, transparent contracts. Exactly the type of partner we were looking for.”

Since then, Thomas has felt that Hemsö has always shown great professionalism, objectivity and efficiency. He is also impressed by the simplicity of contract procedure.

to date, he is not expecting any unpleasant surprises and is sure the stable partnership will continue on similar terms.

“Hemsö helped us realise our vision”

A lift for the entire city

For the City of Zossen, and especially the Dabendorf district, having access to one of the most modern schools in Germany will be an improvement. At the start of the 21/22 school year, 1,000 students and a large number of teachers will enter their new, state-of-the-art school for the very first time.

“They will have an effective learning environment and the highest possible standard,” says a very satisfied Thomas Kosicki who believes the first day of the new school year will be a special day for everyone involved.

The development project in Zossen is still in the construction phase, so Thomas doesn’t have any comments to make about Hemsö as a landlord. But based on his positive experience of the collaboration



Hemsö is building two fire and rescue stations in Oulu: “This development project is worthy of recognition”

In summer 2019, Hemsö secured the rental contract for two new fire and rescue stations in Oulu, Finland. The fire and rescue service is very pleased with the ongoing construction project.



Construction of the 6,400-sqm fire and rescue station in Linnanmaa has commenced and is scheduled for completion by late summer 2021. When the new station is finished, Hemsö will build a smaller station in Raksila, which is scheduled for completion by spring 2023.

Hemsö will let the fire and rescue stations to the City of Oulu under a 25-year rental agreement. The stations will be operated by the Oulu-Koillismaa Fire and Rescue Service.

First construction with private property company

“The City’s decision to build the new stations is a real boost for the fire and rescue service, and the first construction project in collaboration with a private property company,” says Mika Haverinen, Chief Fire Officer of the Oulu-Koillismaa Fire and Rescue Service, and claims the construction project has made excellent progress so far.

According to Haverinen, the main benefits of the collaboration have been that Hemsö gathered a professional team around the project based on architects and builders. The views of the actual user, the fire and rescue service, have also been taken into consideration.

Focus on usability and functionality

Construction of the fire and rescue stations comprises a range of techniques and issues related to the usability and functionality of the facilities. The building has also been designed to maintain the station as a ‘clean zone,’ which means that used clothing and equipment are separated from the clean areas of the facility.

“Hemsö is a reliable property owner”

“We are convinced the finished stations will meet our expectations. We’ve received positive feedback because our requests have been so clear. It’s also good that someone from the user’s side has been involved, that they’ve been able to set aside time for the project, gather information and engage in discussion with the architects.”

The project has followed its timeline without any major issues.

“The city plan has limited construction to a certain extent and we’ve had to make a few compromises, but none of that has had anything to do with Hemsö,” says Haverinen.

Professionalism and long-term profitability

When completed, the Linnanmaa fire and rescue station will significantly improve access to northern Oulu, so that the various departments of the fire and rescue service can reach the scene as fast as possible. Mika Haverinen believes that municipalities will be willing to collaborate with Hemsö and other similar companies in the future.

“We only have positive things to say about Hemsö, and their employees have shown great professionalism in how they handle everything. This project from them is definitely worthy of recognition.”

According to Haverinen, Hemsö is a reliable property owner that is more interested in long-term profitability than short-term profits.

“The company obviously wants to take good care of the properties. The fire and rescue stations that are currently under construction will be used for decades, so working with a stable partner is important. If the buildings need to be modified, Hemsö will definitely arrange that without any problems.”





Construction commenced for a combined elementary school and nursing home in Gothenburg on 28 September 2020.



RWS Bagartorpsskolan, Solna.

Development projects

Hemsö is continuously developing public properties in close collaboration with tenants and business operators. We are creating the foundation for effective care and education together.

Major need for new schools and nursing homes

OECD projects that populations will grow. By 2030, the population of Sweden is projected to be more than 11 million, nearly 83 million in Germany and more than 5.6 million in Finland. By 2040, the 75+ age group is expected to rise between 38 and 66 per cent in the countries where Hemsö is active. At the same time, many children and young people will be of school age. The forecast shows a higher rate of urbanisation, with more young people moving to major cities, which creates greater demographic differences between urban and rural areas. This will require major investment in expanded social infrastructure in the form of

new schools, preschools and nursing homes.

1,400

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

According to estimates from the Swedish Ministry of Finance, 700 new nursing homes and 1,400 preschools and schools will be needed in Sweden over the next decade. According to estimates from Statistics Finland, approximately 400 new nursing homes will be needed in Finland. According to a study by the

German Property Federation (ZIA), Germany will need to add more than 200 new nursing homes every year to meet the growing need for nursing home beds by 2030. The need for new schools is also great in Germany. According to the Federal Statistical Office of Germany, the number of students in 2025 will rise by 600,000 compared with 2015.

Long-term partner for municipalities

Many municipalities are faced by the major challenge of building 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. That makes Hemsö a long-term partner for municipalities – we can meet tomorrow’s need for public properties together.

Long-term ownership

At year-end, Hemsö had 14 large-scale new construction projects under way in the nursing home, education, health care and justice system categories. Projects are developed under own management, and in collaboration with partner companies. Regardless of the form, Hemsö’s objective is long-term ownership. Property development takes place in collaboration with internal experts, such as project developers and property managers, as well as external consultants, tenants, business operators and municipalities. All parties are involved at an early stage of the process to achieve consensus on the design of the property. This guarantees a modern, purpose-built and functional property from both an operational and property management perspective. It also creates good conditions for long-term relationships with the company’s tenants. Long-term collaboration and reliability are also the keywords for the Letters of Intent we signed with municipalities such as Uddevalla and Bjuv during the year.

Driving development

Because Hemsö both develops and manages public properties with a broad tenant mix – municipalities, regions, private operators and foundations – the company has unique knowledge and insight into

the requirements for running, for example, a well-functioning school or nursing home. User-driven innovation forms the basis for how new knowledge and experience feedback are used in both new construction and existing properties. This method

Sköndalsvillan

Construction of Sweden’s first Noll-CO2-certified nursing home started.

also underlies the development of the Hemsö Apple and Tomorrow’s nursing homes concepts, where we adapt schools and nursing homes according to needs and possibilities using a range of metrics. 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

One example of an innovative development project is the nursing home and elementary school in Gothenburg, with the City of Gothenburg as the tenant. Both of these operations will be conducted in the same building with shared meeting places where the generations can interact. This combination is the first of its kind in Sweden. Another is the Sköndalsvillan nursing home in Tyresö which will be NollCO2-certified and thereby the first net zero carbon-neutral nursing home in Sweden. The nursing home services will be run by the non-profit Stora Sköndal Foundation. Another example of social sustainability is the rental agreement and collaboration agreement with the Stockholm Sjukhem Foundation and Raoul

Wallenberg School in Upplands Väsby. The aim of the collaboration agreement 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.

Operational focus

We always proceed from the needs of the operations when a project commences. Because our properties serve an important function for public services, the starting point of our development is to create conditions for effective care and education. By knowing what is important for our operations and their users, we are able to design effective properties from both an operational perspective and a long-term property-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.

By ensuring an efficient construction process and developing high-use properties, we can offer our tenants attractive rents.



Villa Vikhem, nursing home in Staffanstorp.

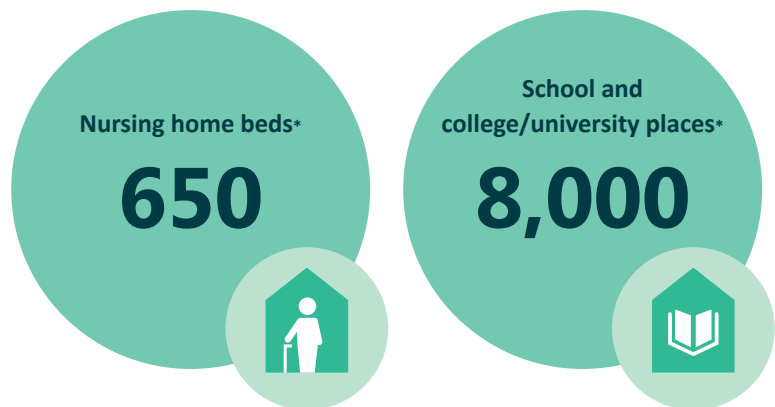


Nakterhus School, preschool and elementary school in Vega, Haninge.

Completed development projects

During the year, Hemsö completed the nursing home Anoraken in Luleå, the police station in Rinkeby in Stockholm and St Erik Eye Hospital in Solna.

In 2020, Hemsö initiated development projects that will add 650 new nursing home beds and 8,000 new school places. Since its inception in 2009, Hemsö has completed 1,250 nursing home beds, 8,000 school places and 7,000 college/university places.



*No. of places/beds added by development projects initiated in 2020.

Development projects completed, 2020

Municipality	Development project	Certification	Category	Area, sqm	Investment, SEK million	Rental duration, years	Rental value increase, SEK million	Occupancy rate, %
Stockholm	Rinkeby Police Station	N/a	Justice system	11,703	491	15	28	100
Halmstad	Fyllinge	SGBC	Nursing home	3,804	98	15	8	100
Solna	Patienten 1	SGBC	Health care	21,258	2,321	18	104	100
Kristianstad	Villa Boulevard	SGBC	Nursing home	4,477	134	15	10	100
Luleå	Anoraken	SGBC	Nursing home	11,000	278	20	21	100
Total				52,242	3,321	17	171	

Public-sector tenant
Private-sector tenant

Completed development projects

Anoraken, Luleå

Property category: Nursing home

Country: Sweden

Project type: New construction

Project area: 12,000 sqm

Pre-let: 100%

Environmental certification: SGBC, Miljöbyggnad Silver

Project description: In December 2020, Hemsö completed a new residential care facility in Luleå. The facility has 144 beds, a lettable area of 12,000 sqm and is located in the new district of Kronan. Luleå Municipality has signed a 20-year rental agreement.



Rinkeby Police Station

Property category: Justice system

Country: Sweden

Project type: New construction

Project area: 11,700 sqm

Pre-let: 100%

Project description: The new police station in Rinkeby was completed in September 2020. As part of the acquisition, Hemsö assumed the role of project developer. The Swedish Police have signed a 15-year rental agreement for the entire property. The completed building provides 330 new workplaces for the police in Rinkeby.

St Erik Eye Hospital, Stockholm

Property category: Health care

Country: Sweden

Project type: New construction

Project area: 21,000 sqm

Pre-let: 100%

Environmental certification: SGBC, Miljöbyggnad Gold

Project description: In September 2020, St Erik Eye Hospital moved into Hemsö's new property in the life science cluster in Hagastaden in Solna. The vision for the property is to be an Eye Centre of Excellence to stimulate ophthalmology care, research and development. St Erik Eye Hospital is the largest tenant in the property.



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
Stockholm	Princeton 1 ¹⁾	Miljöbyggnad	Health care	22,364	1,647	384	106	93	2021
Västerås	Södra Källtorp	Miljöbyggnad	Nursing home	15,308	553	177	28	100	2021
Gothenburg	Silverkällan	Miljöbyggnad	Nursing home	13,458	509	387	31	96	2022
Zossen	Dabendorf	Green Building	Education	16,250	474	138	25	100	2021
Staffanstorps	IES Staffanstorps	Miljöbyggnad	Education	6,950	301	275	16	100	2022
Trelleborg	IES Trelleborg	Miljöbyggnad	Education	7,524	274	226	19	100	2022
Tyresö	Sköndalsvillan	Miljöbyggnad	Nursing home	6,000	263	221	14	96	2022
Norrköping	NOD-huset	Miljöbyggnad	Health care	4,495	258	70	13	89	2021
Borlänge	Paradisskolan	—	Education	9,200	250	76	17	100	2021
Södertälje	Hantverkaren	Miljöbyggnad	Nursing home	4,982	185	130	12	100	2021
Oulu	Linnanmaa	BREEAM	Justice system	5,919	170	95	13	100	2021
Büttelborn	Büttelborn	—	Nursing home	6,193	166	144	11	100	2021
Solna	Bagartorp ²⁾	Nordic Swan	Education	4,456	187	77	11	100	2021
Joensuu	Conservatory	BREEAM	Education	3,374	126	73	10	100	2021
Total				126,473	5,363	2,474	327		

¹⁾ The development projects are conducted in joint ventures with SveaNor.

²⁾ Municipal guarantee.

 Public-sector tenant  Private-sector tenant



Upper secondary school, Stockholm

Property category: Education

Country: Sweden

Project type: Refurbishment

Project area: 11,400 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 Aca-deMedia. The property is scheduled for completion in the third quarter of 2022.

Konservatoriet, Joensuu

Property category: Education

Country: Finland

Project type: New construction

Project area: 3,700 sqm

Construction start: 2020

Pre-let: 100 per cent

Project description: Hemsö commenced the construction of a new music school in Joensuu in the second quarter of 2020. 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. The property is scheduled for completion in the fourth quarter of 2021.



Bylegård, Täby

Property category: Nursing home

Country: Sweden

Project type: New construction

Project area: 5,555 sqm

Construction start: 2020

Pre-let: 100%

Project description: Hemsö is developing a new nursing home on the existing Bylegård property in Täby kyrkby. The nursing home will have 86 apartments spread over three floors. There is already one building, a hospice, on the property. The building will be SGBC-certified with a Silver rating. A 20-year rental agreement has been signed with Täby Municipality. The property is scheduled for completion in autumn 2022.



Dabendorf, Zossen

Property category: Education

Country: Germany

Project type: New construction

Project area: 16,300 sqm

Construction start: 2018

Pre-let: 100%

Project description: Hemsö began the construction of a secondary school in Zossen, south of Berlin, at the end of 2018. The City of Zossen is the tenant and has signed a 20-year rental agreement. The school is designed to accommodate 1,000 students and scheduled for completion in the second quarter of 2021.

Arkadiaskolan, Helsinki

Property category: Education

Country: Finland

Project type: Refurbishment

Project area: 6,000 sqm

Construction start: 2020

Pre-let: 100%

Project description: Hemsö is developing a new elementary school for 700 pupils at the Arkadia 24 property in central Helsinki, Finland. The property is undergoing extensive refurbishment and a 15-year rental agreement has been signed with the City of Helsinki. The Arkadia 24 property was built in 1930 in the Nordic Classicism style of the 1920s. The building has a colourful history and also served as a military hospital and temporary accommodation during the war years.



IES, Trelleborg

Property category: Education

Country: Sweden

Project type: New construction

Project area: 7,500 sqm

Construction start: 2020

Pre-let: 100%

Project description: Hemsö commenced the construction of a new preschool and elementary school with 860 places in the fourth quarter of 2020. A sports centre is also being developed adjacent to the school. A 20-year rental agreement has been signed with the International English School. The school is scheduled for completion by the start of the 2022/23 school year.



Linnanmaa fire and rescue station, Oulu

Property category: Justice system

Country: Finland

Project type: New construction

Project area: 6,500 sqm

Construction start: 2020

Pre-let: 100%

Project description: Hemsö and the City of Oulu have signed an agreement to construct two new fire and rescue stations in Oulu. Linnanmaa will be an energy-efficient property with a major focus on sustainability, and health and safety. The stations will be operated by the Oulu-Koillismaa fire and rescue service.

Stavsborgskolan, Nacka

Property category: Education

Country: Sweden

Project type: New construction

Project area: 13,900 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.





Sandbyhov – a development site with a nursing home, schools and health care premises in Norrköping.



Developing sustainable public properties

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

It is also important to understand the nature of the services and their users. Hemsö's properties are more than four walls and a roof. Everyone who uses them should have the best conditions to develop and feel comfortable. To achieve this goal, we use our own experience and collaborate with researchers, students, residents, teachers and care workers to ensure that requests and needs are captured, prioritised and met in the development of schools and nursing homes. The results of this systematic process include schools that are designed with as few hidden and dark spaces as possible to reduce the risk of bullying, and school playgrounds designed to encourage physical activity, to support the physical and cognitive development of children.

Hemsö's requirement is that all new developments must be environmentally certified, and we use a variety of certification systems to ensure high-quality indoor environments, building materials and energy efficiency. In 2020, we started working

with our first Nordic Swan Ecolabel buildings. At the end of 2020, Hemsö had 56 environmentally certified buildings. These comprised 32 SGBC, four LEED, one BREEAM, 18 BREEAM In-Use and one DGNB certifications. The number of certified buildings and their share of the market value of the portfolio is steadily increasing due to the growing number of own-produced buildings, where Hemsö imposes demands on environmental certification.

All of Hemsö's new developments are environmentally certified.

In Sweden, Hemsö uses SundaHus Material Data assessments for all new developments. All materials and products used by Hemsö must have either A or B classification under the SundaHus system. In 2020, 86 per cent of the assessed materials in completed projects were classified as either A or B (83 per cent in 2019, and 92 per cent in 2018). In some cases, non-compliant products were approved following a special evaluation, on account of no other options being available. SundaHus Material Data is also used for large-scale refurbishments, and for routine property maintenance.

Focus and trends in 2021

In 2021, Hemsö will be 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 designed to generate added value for our tenants, care users and the community.

The trend is moving towards the inclusion of construction, extension and refurbishment in property acquisitions. Many municipalities have a need to modernise their portfolios, and are primarily interested in retaining and refurbishing acquired properties. Hemsö has 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.

Hemsö will continue to develop systematic experience feedback to ensure we capture lessons learned in subsequent projects. To achieve cost and time efficiencies, the company will intensify its efforts with continuous improvement 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 2020 annual report for the Group and the Parent Company.

About the operations

Hemsö is Sweden's largest private owner of public properties. 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.

On 31 December 2020, Hemsö owned 392 properties with a market value of SEK 62.2 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 companies with taxpayer-funded operations. The Third Swedish National Pension Fund is the majority owner and holds, directly and indirectly, 85 per cent of Hemsö.

Hemsö presents some performance measures in the Annual Report that are not IFRS-defined measures. Calculations and definitions of these alternative performance measures (APMs) can be found on pages 130–132.

Profit from property management

SEK million	2020	2019	Δ %
Rental income	3,270	3,027	8.0
Other income	23	19	21.1
Property costs	-867	-770	12.6
Net operating income	2,425	2,276	6.5
Central administrative expenses	-158	-135	17.0
Profit/loss from associated companies	1	-2	150.0
Operating profit	2,268	2,139	6.0
Financial items	-500	-419	19.3
Profit after financial items	1,768	1,720	2.8
- of which Profit from property management	1,810	1,760	2.8
NOI margin	73.7%	74.8%	
Operating margin	68.9%	70.2%	

Income

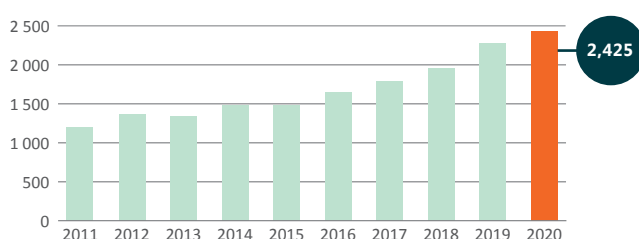
In 2020, rental income amounted to SEK 3,270 million (3,027), up 8.0 per cent. The increase was a result of implemented acquisitions, completed development projects and investments in the existing portfolio. Rental income in the comparable portfolio rose SEK 24 million (70), corresponding to 0.9 per cent (3.1). At year-end, the economic occupancy rate declined slightly to 97.9 per cent (98.1) and economic vacancies amounted to SEK 74 million (63). At period-end, contracted annual rent amounted to SEK 3,340 million (3,126). Hemsö's rental agreements typically include a Consumer Price Index

(CPI) clause, enabling inflation-related adjustments. The rental duration was 9.8 years (9.9). The high credit scores of tenants reduce the risk of credit losses.

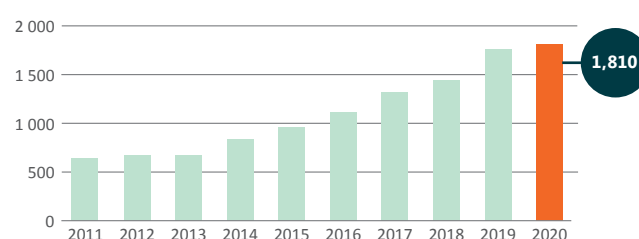
Costs

Hemsö's property costs largely comprise operating costs such as maintenance, heating, electricity and water, and the cost of ongoing and planned maintenance. Property costs amounted to SEK 867 million (770), up SEK 97 million, corresponding to 12.6 per cent. The increase was attributable to a larger property portfolio, higher maintenance costs and a non-recurring cost of SEK

Net operating income, SEK million



Profit from property management, SEK million



14 million related to acquisition of the Kadetten property in Stockholm.

In the comparable portfolio, costs increased SEK 28 million, or 4.5 per cent, mainly due to higher costs for routine maintenance.

Net operating income

Net operating income rose SEK 149 million to SEK 2,425 million (2,276), up 6.5 per cent. The increase was mainly attributable to acquisitions and completed development projects. The NOI margin was 73.7 per cent (74.8), down 1.1 percentage points year-on-year due to higher maintenance costs and a non-recurring item of SEK 14 million.

In 2020, net operating income in the comparable portfolio remained largely unchanged at SEK 1,953 million (1,954).

Net financial items

Net financial items amounted to an expense of SEK -500 million (-419). The increase in net financial items was attributable to increased interest-bearing debt of SEK 38,652 million (35,542), up SEK 3,110 million. In November, Hemsö also bought back bonds prior to maturity, triggering lost-interest compensation of SEK -37 million. The fixed-rate period was 6.2 years (6.4), and the average interest rate was 1.2 per cent (1.3). Net financial items comprised interest expense of SEK -495 million (-420), other financial expenses of SEK -50 million (-42), interest income of SEK 11 million (5), other financial income of SEK 57 million (57) and interest expense of SEK -24 million (-19) on ground leases and leasehold properties.

Net operating income per geographic market

	Sweden	Finland	Germany	Total
Property income, SEK million	2,174	647	471	3,293
Property costs, SEK million	-651	-173	-43	-867
Net operating income, SEK million	1,523	474	428	2,425
Key ratios				
Share of NOI, %	63	20	18	100
NOI margin, %	70	73	91	74

Profit from property management

Profit from property management totalled SEK 1,810 million (1,760), up 3 per cent. The increase was mainly attributable to a larger property portfolio.

Change in value of properties

At the end of 2020, the market value of investment properties was SEK 62,240 million (55,027). During the year, changes in the value of investment properties amounted to SEK 2,441 million (2,037), of which unrealised change in value accounted for SEK 2,408 million (1,983) and realised for SEK 33 million (54). 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 negative impact of SEK -45 million (66) on profit and were mainly due to falling market rates. Currency derivatives had a negative impact of SEK -27 million (-91) on profit, attributable to currency risk management in connection with property acquisitions in EUR.

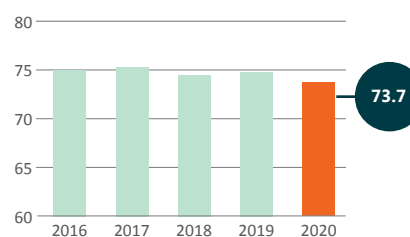
Tax

Recognised tax for the year amounted to SEK -803 million (-621) of which current tax accounted for SEK -115 million (-78) and deferred tax for SEK -688 million (-543).

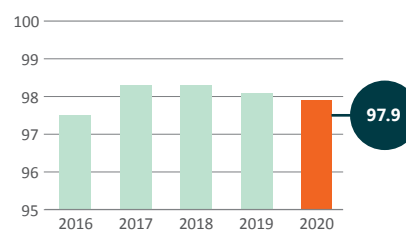
Profit for the year

Profit for the year before tax amounted to SEK 4,136 million

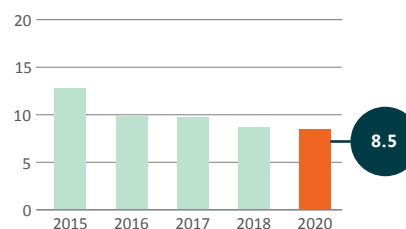
NOI margin, %



Economic occupancy rate, %



Total yield, %



(3,732), and profit for the year after tax to SEK 3,333 million (3,111), representing a year-on-year increase of SEK 222 million.

The improvement was mainly attributable to a higher change in the value of investment properties and higher net operating income year-on-year.

Profitability

Return on equity was 18.1 per cent (20.8). Return on equity from property management profit was 8.9 per cent (10.6). The total yield was 8.5 per cent (8.7).

Investments

Investments refer to investments in existing properties, new construction and acquisitions. During the year, Hemsö invested SEK 5,738 million (7,966), of which SEK 2,483 million (5,242) pertained to acquisitions and SEK 3,255 million (2,724) to new construction, extension and refurbishment. SEK 2,601 million (2,215) was invested in new con-

struction and SEK 654 million (508) 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 2,474 million (2,774).

Cash flow

Consolidated cash flow from operating activities was SEK 1,643 million (1,614) and operating cash flow was SEK 1,696 million (1,628). Investing activities had a negative impact of SEK -5,614 million (-7,139) on cash flow, while increased borrowings had a positive impact of SEK 3,989 million (5,940) on cash flow from financing activities. Overall, cash and cash equivalents declined SEK 100 million (544) during the year.

Parent Company

Parent Company sales amounted to SEK 83 million (78) and consisted of fees for services to the subsidiaries. In the preceding year, other operating income amounted to SEK 253 million and was related to gains on the sale of shares in subsidiaries. Administrative expenses increased to SEK -176 million (-164). The increase mainly attributable to higher personnel costs due to more employees. Financial items amounted to SEK 972 million (100). Financial items include profit of SEK 716 million (-52) from participations in Group companies, interest income of SEK 617 million (559), interest expense of SEK -544

million (-462), and exchange-rate differences of SEK 183 million (55). Changes in the value of financial instruments amounted to SEK -47 million (-25). The comprehensive income for the year increased to SEK 1,040 million (301).

Employees

At period-end, Hemsö had 138 employees (122), of whom 59 (57) were women. Of all employees, 123 (110) are employed in Sweden, 7 (6) in Germany and 8 (6) in Finland.

Sustainability performance

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Hemsö has elected to prepare the statutory Sustainability Report separately from the Annual Report. The Sustainability Report has been audited. For a summary of Hemsö's compliance with the applicable accounting standards for the Sustainability Report pursuant to the Swedish Annual Accounts Act, refer to page 130 of this document. Hemsö's sustainability efforts are governed by a Group-wide policy and reported in accordance with the Global Reporting Initiative's GRI Guidelines. Sustainability management is focused on the following areas:

- Safe and healthy environments in our properties
- Attractive employer for existing and potential employees
- Resource efficiency

- Responsibility for any negative impacts on human health and/or the environment
- Long-term and sustainable financial growth in line with yield requirements.
- Community engagement and impact

Future trends

Investors are showing a strong interest in public properties but investment objects 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 Chapter 18, Section 4 of the Swedish Companies Act.

The proposed dividend is based on the annual report for 2020, which were presented to the Annual General Meeting for adoption on 29 April 2021, 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

	30 Dec 2020	30 Dec 2019	Change, %
No. of properties	299	299	–
Market value, SEK million	42,388	40,995	3.4
Property yield, %	4.5	4.8	-0.3

Amounts in SEK million	Jan-Dec 2020	Jan-Dec 2019	Change, %
Rental income	2,598	2,574	0.9
Other income	15	11	32.9
Operating costs	-376	-388	-3.0
Maintenance costs	-229	-195	17.4
Other costs	-55	-49	12.6
Net operating income	1,953	1,954	0.0

Proposed appropriation of profits

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

Retained earnings	2,092,137,117
Share premium reserve	1,700,000,000
Profit for the year	1,039,656,061
Market value at period-end	4,831,793,178

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

To shareholders	905,000,000
To be carried forward	3,926,793,178
Total	4,831,793,178

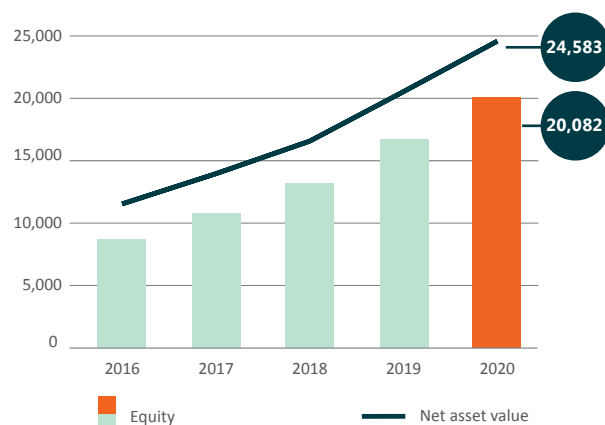
Dividend policy

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.

Balance sheet

SEK million	2020	2019	2018	2017	2016
Properties	62,240	55,027	46,236	38,883	33,629
Right-of-use assets	605	582	–	–	–
Other assets	1,457	1,348	720	660	392
Cash	891	988	450	1,134	932
Assets	65,193	57,945	47,406	40,677	34,953
Equity	20,082	16,714	13,199	10,795	8,672
Interest-bearing liabilities	38,652	35,542	29,728	25,575	22,483
Lease liabilities	605	582	–	–	–
Derivatives	231	211	281	544	723
Deferred tax	4,270	3,600	3,067	2,591	2,103
Other liabilities	1,353	1,296	1,131	1,172	972
Equity and liabilities	65,193	57,945	47,406	40,677	34,953
Payment to shareholders					
Dividends paid, SEK million	860	721	657	555	585
Financial resilience					
Equity, SEK million	20,082	16,714	13,199	10,795	8,672
Equity/assets ratio, %	30.8	28.8	27.8	26.5	24.8
Net asset value, SEK million	24,583	20,525	16,547	13,930	11,498
Adjusted equity/assets ratio, %	37.7	35.4	34.9	34.2	32.9

Development of equity, SEK million



Financing

Hemsö's financing aims to maintain a stable capital structure and low financing costs. Despite an occasionally turbulent financial market in 2020, we experienced good access to capital. During the year, Hemsö has diversified its lending by issuing bonds in NOK and AUD. Hemsö has worked pro-actively to maintain the company's loan maturity and fixed-rate periods to maintain low financial risk and secure stable cash flows.

Debt management

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

Good access to capital

In recent years, the fixed-income market has been characterised by volatility due to the pandemic. The initial turmoil with widening credit spreads and a general shortage in liquidity was followed by stimulus

packages from central banks, which led to narrowed credit spreads and low interest rates. However, Hemsö had access to capital throughout the entire year and did not need to use any credit facilities.

Higher rate of sustainability-linked loans

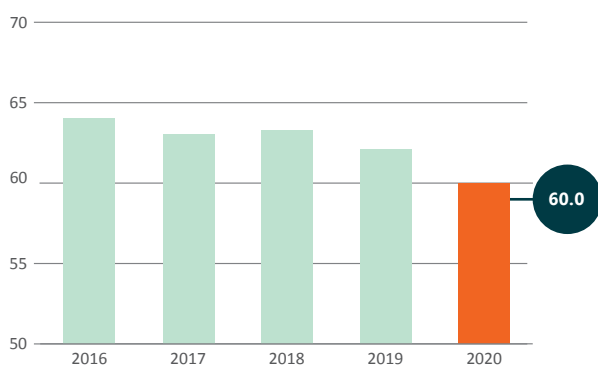
Sustainable finance has become an increasingly important element of Hemsö's lending. In 2020, Hemsö borrowed the equivalent of SEK 2,800 million under the sustainability bonds framework. In addition, Hemsö withdrew SEK 1,050 million from a committed credit line previously issued by the European Investment Bank (EIB). The total amount of sustainability-linked loans was SEK 7,450 million, representing

an increase of SEK 3,850 million in 2020. This year, sustainability-linked borrowing accounted for 51 per cent.

Hemsö has now added Fitch's credit rating

Hemsö already has a long-term credit rating of 'A-' with a stable outlook from Standard and Poor's. During the year, Fitch Ratings assigned Hemsö a long-term credit rating of A. To increase transparency, and due to requests from some investors, Hemsö elected to add another credit rating agency to enable a better understanding of the company's business model and financial risk profile.

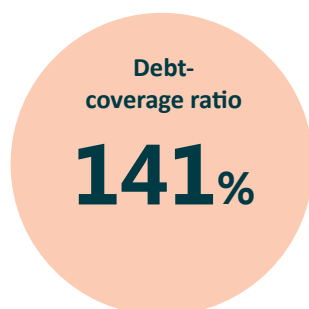
Loan-to-value ratio, %



Capital structure

SEK million	2020	2019
Interest-bearing liabilities	38,652	35,542
Cash and cash equivalents	891	988
Net debt	37,761	34,554
Market value of investment properties	62,240	55,027
Associated companies	698	635
Property assets	62,938	55,662
Loan-to-value ratio, %	60.0	62.1
Secured debt, %	0.0	0.0

Capital structure



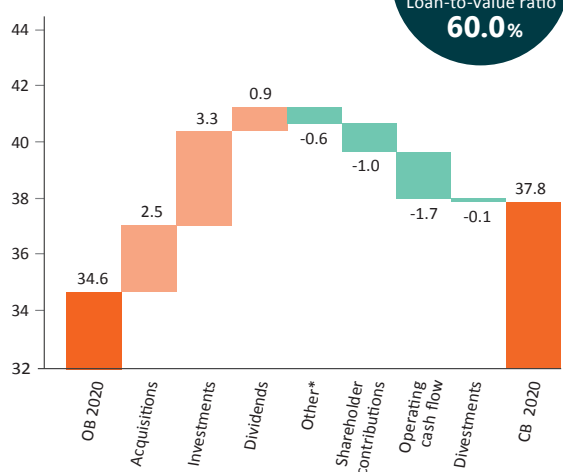
Sources of funding

SEK million	2020	2019
Bonds, SEK	14,052	12,989
Bonds, EUR	13,707	14,053
Bonds, NOK	1,155	–
Bonds, AUD	313	–
Total bonds	29,227	27,042
<i>Of which sustainability bonds</i>	<i>3,802</i>	<i>1,000</i>
Commercial papers	5,023	5,074
European Investment Bank	2,848	1,843
Nordic Investment Bank	800	800
Schuldschein	753	783
Secured loans	–	–
Interest-bearing liabilities	38,652	35,542
<i>Of which sustainable finance</i>	<i>7,450</i>	<i>3,643</i>

Committed credit facilities and underwriting commitments

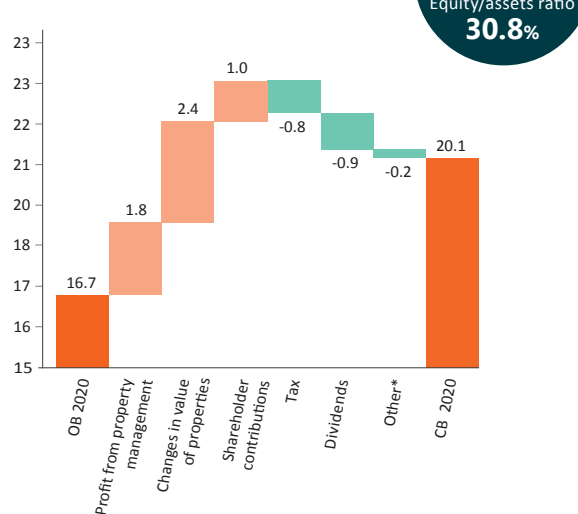
SEK million	2020	2019
Banks	7,500	6,500
Third Swedish National Pension Fund	5,000	5,000
European Investment Bank	0	1,161
Total	12,500	12,661
Cash and cash equivalents	891	988
Available liquidity	13,391	13,649
Short-term borrowings	9,524	7,898
Debt-coverage ratio, %	141	173

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 rating is A- from S&P, and A from Fitch. These official credit ratings mean that more investors can buy the company's bonds and have resulted in many new foreign investors choosing to invest in Hemsö.



Capital structure

At year-end, assets totalled SEK 65,193 million (57,945). Hemsö financed its operations with equity of SEK 20,082 million (16,714), interest-bearing liabilities of SEK 38,652 million (35,542), deferred tax liabilities of SEK 4,270 million (3,600) and other liabilities of SEK 1,353 million (1,296). The interest-bearing liabilities comprised uncovered bonds of SEK 29,227 million (27,042), Schuldschein of SEK 753 million (783), commercial papers of SEK 5,023 million (5,074), and unsecured loans of SEK 3,648 million (2,643) from the EIB and NIB. At year-end, Hemsö's loan-to-value ratio was 60.0 per cent (62.1).

Diversified funding sources

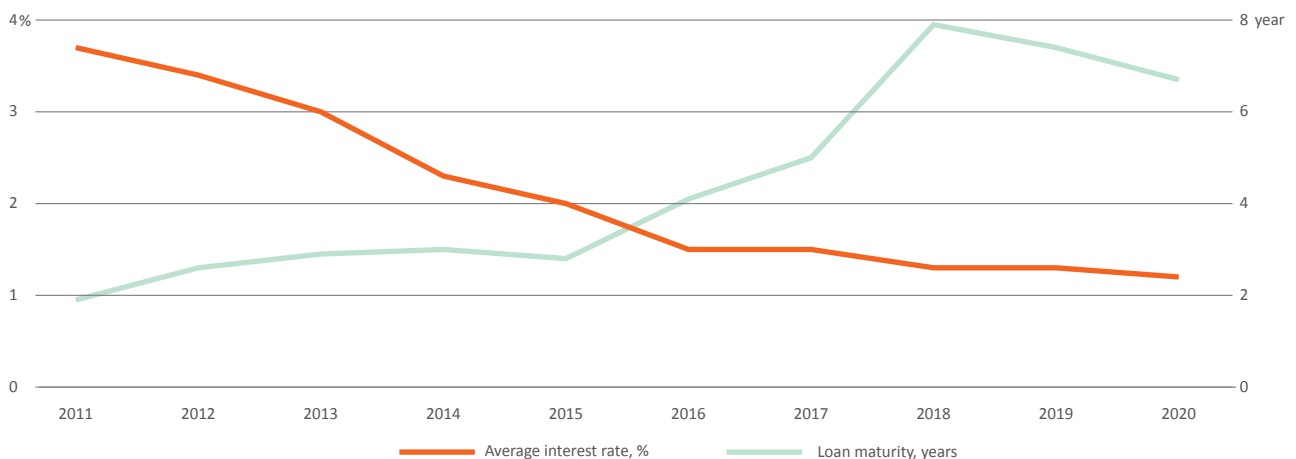
Hemsö is an established issuer in the Swedish and European bond markets. At year-end, Hemsö had outstanding bonds of SEK 14,052 million (12,989) in the Swedish capital market, making the company one of

the largest issuers in Sweden. Hemsö has been issuing bonds in the European market since September 2016 and at year-end, the total issuance of outstanding EUR-denominated bonds corresponded to SEK 13,707 million (14,053), 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. In 2020, Hemsö also issued bonds in both NOK and AUD, corresponding to SEK 1,155 million (-) and SEK 313 million (-), respectively, at year-end.

Focus on stable cash flows

Hemsö works pro-actively to secure stable and predictable cash flows for the company. Through access to European capital markets and a well-planned borrowing strategy, the company had a long fixed-rate period of 6.2 years (6.4) at year-end. The loan maturity remained long at 6.7

Average interest rate and loan maturity



years (7.4). Despite a continued long fixed-rate period, Hemsö's average interest rate decreased to 1.2 per cent (1.3).

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 38,652 million (35,542), representing a loan-to-value ratio of 60.0 per cent (62.1). Of Hemsö's interest-bearing liabilities, SEK 28,595 million (25,914) carries fixed interest rates, and SEK

10,057 million (9,628) variable rates. The company uses interest-rate derivatives to adjust interest-rate risk. Of Hemsö's liabilities, 71 per cent had a fixed-rate period of more than one year.

Bonds

Hemsö has an EMTN programme with a ceiling of EUR 4,000 million, and a MTN programme with a ceiling of SEK 12,000 million. In 2020, Hemsö issued bonds totalling SEK 6,524 million. At 31 December 2020, the bond volume amounted to SEK 29,227 million (27,042), of which seven sustainability bonds accounted for SEK 3,802 million (1,000). The MTN bonds are listed on Nasdaq Stockholm, and the EMTN bonds on Euronext Dublin.

Commercial papers

Hemsö has one commercial paper programme with a ceiling of SEK

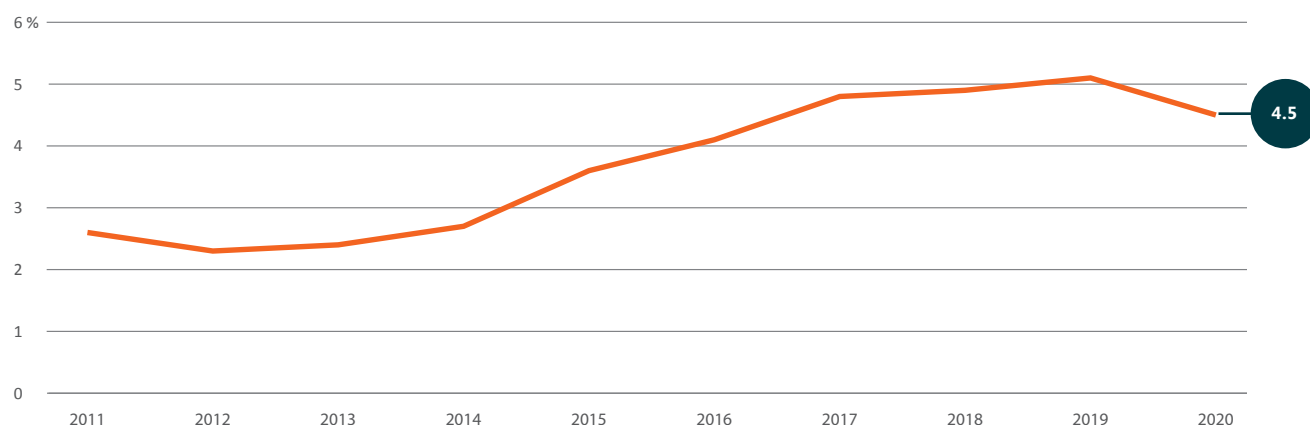
8,000 million. At 31 December 2020, Hemsö had SEK 5,023 million (5,074) in commercial paper outstanding.

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 2020, Hemsö's undrawn committed credit facilities totalled SEK 12,500 million (12,661), 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 (6,500) from banks. At year-end, cash and cash equivalents amounted to SEK 891 million (988), bringing available liquidity to SEK 13,391 million (13,649).



Interest-coverage ratio, times



Interest-rate and currency derivatives

Hemsö uses interest, currency and currency interest-rate derivatives 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. Currency and currency interest-rate derivatives are used to manage and reduce the currency risk. At year-end, the deficit value of Hemsö's derivatives portfolio was SEK 231 million (211). The nominal amount of interest-rate derivatives was SEK 6,300 million (6,300), the value of currency interest-rate derivatives corresponded to SEK 1,396 million (-), and the nominal amount of currency derivatives was SEK 764 million (-).

Value changes

Changes in the value of financial instruments had a negative impact of SEK -72 million (-25) on profit. Changes in the value of interest-rate derivatives had a negative impact of SEK -45 million (66) on profit. Derivatives attributable to currency risk management had a negative impact of SEK -27 million (-91) 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 the company's liabilities in the same currency. Hemsö can also use currency and currency interest-rate derivatives to manage the currency exposure. At 31 December 2020, currency exposure amounted to EUR 206 million, corresponding to SEK 2,067 million. The amount represents 10.3 per cent of consolidated equity.

Interest-rate derivatives at 31 Dec 2020

Extendable Start	Due	Volume SEK million	Pay	Receive	Value
7 Apr 2014	5 Apr 2023	500	2.3%	STIBOR	-27
7 Apr 2014	5 Apr 2023	500	2.3%	STIBOR	-27
19 Nov 2013	5 Oct 2023	500	2.6%	STIBOR	-36
7 Apr 2015	5 Apr 2024	500	2.5%	STIBOR	-40
7 Apr 2015	5 Apr 2024	300	2.4%	STIBOR	-23
7 Apr 2015	5 Apr 2024	200	2.4%	STIBOR	-15
6 Jul 2015	5 Jul 2024	500	2.2%	STIBOR	-39
18 Jun 2020	18 Jun 2030	500	0.7%	STIBOR	-17
13 Jul 2020	15 Jul 2030	500	0.7%	STIBOR	-16
15 Jul 2020	15 Jul 2030	500	0.7%	STIBOR	-17
12 Jul 2021	12 Jul 2028	500	0.7%	STIBOR	-15
16 Aug 2022	16 Aug 2030	500	0.3%	STIBOR	5
Total		5,500			-266

Short-rate Start	Due	Volume SEK million	Pay	Receive	Value
8 Feb 2018	8 Feb 2023	500	STIBOR + 0.60%	1.3%	7
28 Mar 2018	8 Feb 2023	300	STIBOR + 0.56%	1.1%	3
Total		800			10
Total		6,300			-256

Active
 Forward start

Currency exposure

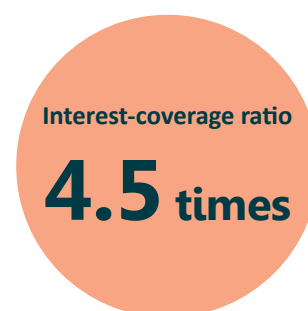
SEK million	31 Dec 2020	31 Dec 2019
Properties, EUR	20,215	17,559
Associated companies, EUR	563	514
Cash, EUR	-43	291
Assets, EUR	20,735	18,364
Debt, EUR	16,508	15,879
Currency swaps, EUR	1,396	-
Exposure, EUR	2,831	2,485
Debt, NOK and AUD	1,468	-
Currency swaps, NOK and AUD	-1,468	-
Exposure, NOK and AUD	0	0
Currency hedging	-764	-
Currency exposure	2,067	2,485
Equity	20,082	16,714
Currency exposure, %	10.3	14.9

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,

Summary of financial policy

Financing risk	Policy	Outcome
Loan-to-value ratio	Max. 70%	60.0%
Loan maturity	At least 3 years	6.7 years
Debt-coverage ratio	At least 125%	141%
Share of secured debt	Max. 20%	0%
Interest-rate risk		
Interest-coverage ratio	At least 2.5 times	4.5 times
Fixed-rate period	3–8 years	6.2 years
Fixed-rate maturity	Max. 40% < 1 year	29%
Counterparty risk		
Financial instruments	A- (S&P)	Fulfilled
Currency risk		
Currency exposure	Max. 20%	10.3%



Loan maturity and fixed-rate period

Maturity year	Loan maturity			Fixed-rate period	
	Credit agreements, SEK million	Drawn, SEK million	Share, %	SEK million	Share, %
2021	7,497	4,497	11.6	11,093	28.7
2022	6,746	3,246	8.4	1,050	2.7
2023	5,455	3,455	8.9	2,850	7.4
2024	5,000	1,000	2.6	2,000	5.2
2025	2,350	2,350	6.1	1,150	3.0
2026	5,802	5,802	15.0	5,002	12.9
2027	100	100	0.3	0	0.0
2028	100	100	0.3	500	1.3
2029	3,471	3,471	9.0	3,471	9.0
2030	2,185	2,185	5.7	4,117	10.6
2031	–	–	0.0	–	0.0
2032	842	838	2.2	842	2.2
2033	1,357	1,356	3.5	1,357	3.5
2034	1,004	1,004	2.6	1,004	2.6
2035–	4,221	4,226	10.9	4,216	10.9
Total	46,129	33,629	87.0	38,652	100.0
Commercial papers		5,023	13.0		
Total		38,652	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.

COVID-19

Hemsö has assessed all of the company's material risks due to the ongoing pandemic. We monitor developments on an ongoing basis to determine whether further action is required.

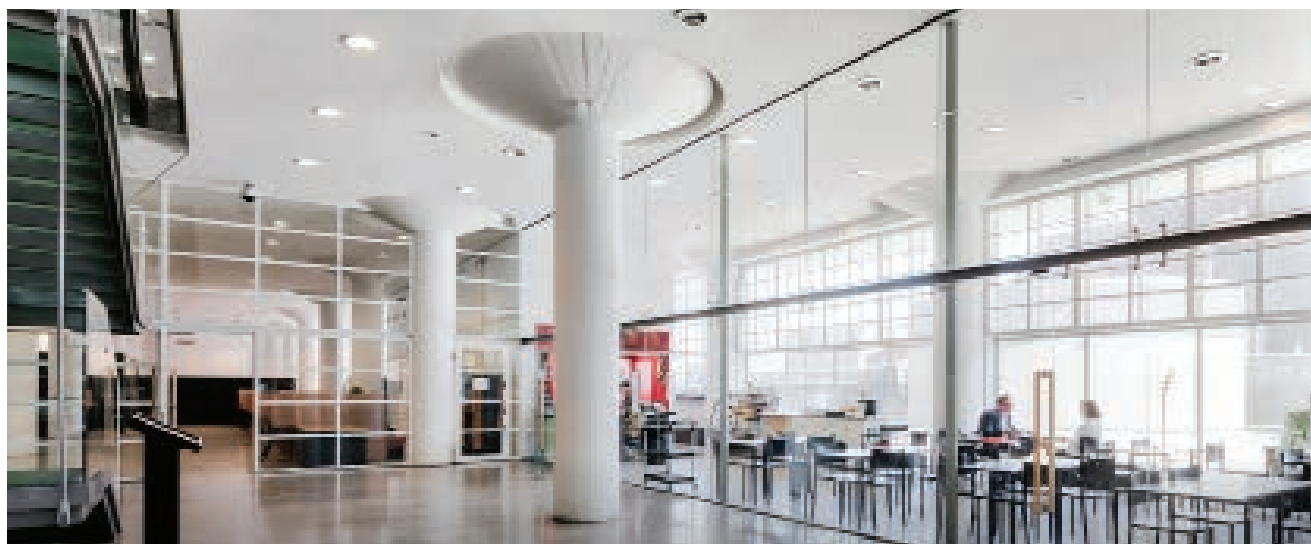
Hemsö has long-term rental agreements, mainly with public-sector tenants or private operators that are taxpayer-funded. In 2020, Hemsö offered rent reductions to a small number of tenants due to the pandemic, but these discounts did not add up to any material amounts. The company's tenants are active in essential services for the general public and provide health care, education, elderly care and other services linked to law enforcement and prosecution. Hemsö's property costs and adminis-

trative expenses are not expected to be affected by the pandemic. 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. Hemsö does not therefore expect any significant impact on the company's operating cash flow.

Since Hemsö's tenants were particularly affected by COVID-19, we changed the way we work to prevent the spread of the virus. In the nursing homes, we adapted entirely to the wishes of the operations by, for example, avoiding physical visits wherever possible. Because we need to enter the properties to carry out certain repairs and maintenance, we and our maintenance contractors

started using full PPE in early spring. We also adapted new construction and refurbishment projects to prevent the spread of the virus. Whatever is applicable to Hemsö's other property types will be implemented in the same way in future development projects.

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 a focus on virtual meetings instead of physical, 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 impact 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 reviews of the property portfolio's value. The value of all Swedish properties is assessed internally four times per year. The internal valuation is quality-assured every year by various external independent valuers. In 2020, 95 per cent of Hemsö's Swedish property portfolio was valued externally. The value of properties in Germany and Finland is primarily determined by external valuations. These are carried out at least once annually, but more frequently if there are any major changes in the market.



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 2020, the occupancy rate was more than 98 per cent. Hemsö's target is an average remaining rental duration of at least five years. In 2020, the average remaining rental duration was 9.8 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 consumption 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 found 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 specification and follow-up of suppliers in regard to labour rights, the environment and a safe and healthy working environment.

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 shall maintain a commercial approach to tax expense, while also applying 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. Hemsö is not currently subject to any material tax litigation.



Project risk

Risk

New construction, extension and refurbishment entail 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-change risk refer to the company's impact on the environment and the surrounding community, and the risk of climate change effects on the company. Hemsö's activities impact the environment when properties are being built, the ongoing operations of the properties and the activities conducted in them. Changed legislation or regulatory requirements for the environment and energy consumption, as well as growing customer demands on environmental management and environmental certifications, may entail a risk of higher costs and financial losses. There is a risk that climate change could impact Hemsö's operations due to higher costs for handling extreme weather events such as heavy rain and flooding.

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. 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 change risk for the operations. All new construction holds at least Silver rating under the Miljöbyggnad system, or an equivalent rating under similar certification systems such as BREEAM or the Nordic Swan Ecolabel. For new construction, Hemsö chooses materials based on SundaHus Material Data assessments to protect human health and the environment.

Hemsö conducts systematic sustainability management, with a focus determined in agreement with stakeholders, and that undergoes annual revision to account for any changes in requirements or needs. These efforts are followed-up and communicated to stakeholders in the annual sustainability report. Management is based on a sustainability policy and sustainability guidelines. In 2020, no incidents were recorded that led to fines or other environmental sanctions.

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 2020, Hemsö's NPS score increased from 43 to 58, which was higher than the benchmark (53). In 2020, Hemsö raised its ambitions by changing 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. In 2020, employee attendance was 99.2 per cent. Two workplace accidents were recorded for Hemsö's 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 6.7 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 2020, these amounted to SEK 12,500 million and were provided by several Nordic banks and Hemsö's owner, the Third Swedish National Pension Fund.

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 2020, Hemsö's average fixed-rate period was 6.2 years and 29 per cent was due within 12 months.

Financial risks, cont.



Counterparty

Risk

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

Management

Hemsö only enters into financial transactions with counterparties with high credit ratings. Derivatives are only contracted with bank counterparties with a minimum credit rating of A-/A3 (S&P/Moody's), or if collateral can be provided. Excess liquidity is only invested in instruments 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 2020, Hemsö's currency exposure in EUR corresponded to SEK 2,067 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 141 per cent.

Sensitivity analysis

Sensitivity analysis

	Change	Earnings effect before tax, SEK million
Rental income	+/- 1%	+/- 33
Economic occupancy rate	+/- 1 percentage point	+/- 34
Property costs	+/- 1%	-/+ 9
Interest rates, market	+/- 1 percentage point	-114/+70
Valuation yield, change in value of properties	+/- 0.1 percentage point	-1,563/+1,646
EUR/SEK (effect on profit from property management)	+/- 10%	+/- 66

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 changes to 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.

2020 Annual General Meeting

The 2020 Annual General Meeting (AGM) was held on 17 June 2020 in Stockholm, Sweden. All shares were represented. The 2020 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.

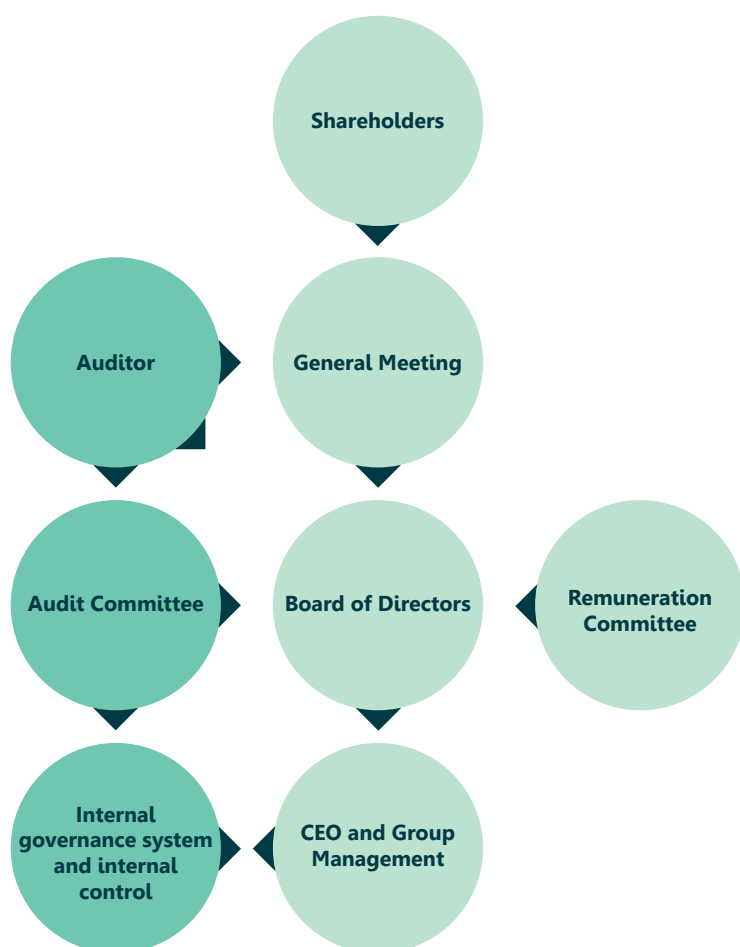
The AGM did not grant the Board authorisation to issue new shares or repurchase own shares.

Extraordinary General Meetings

No Extraordinary General Meetings (EGM) were held in 2020.

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 the Board's rules of procedure. 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 rules of procedure 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 rules of procedure 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 2020, seven scheduled Board meetings, including the statutory Board meeting, and four extra Board meetings were held.

Chairman of the Board

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

also responsible for 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.

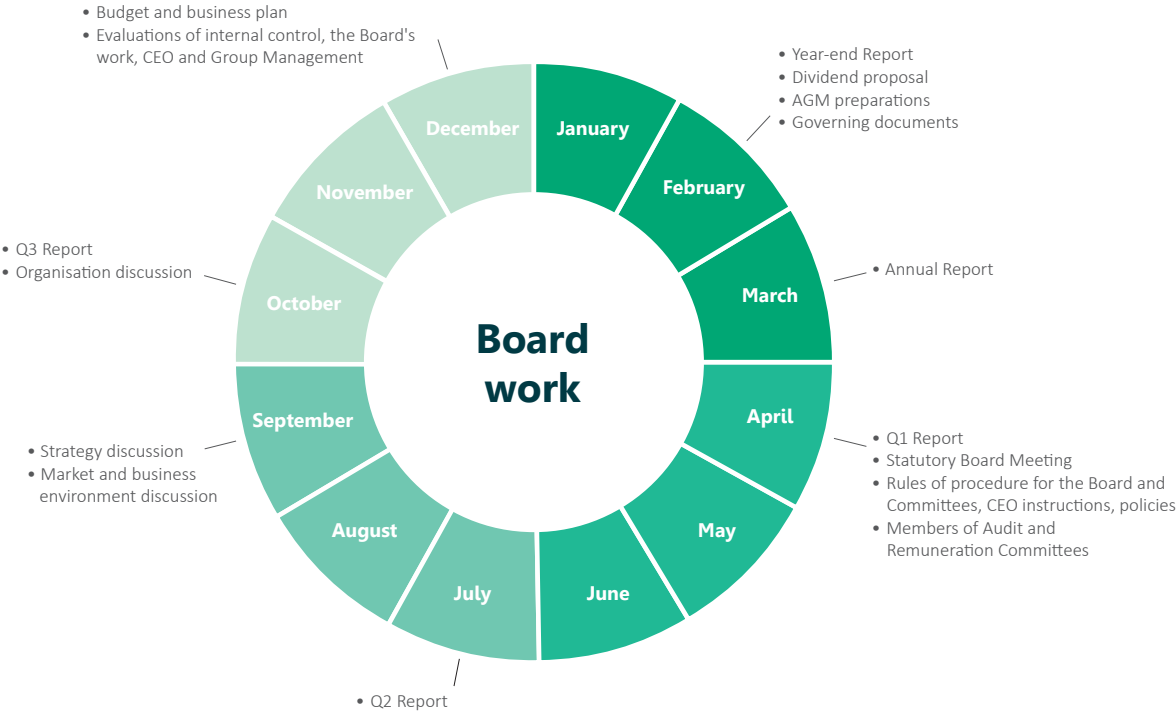
Committees

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 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



Composition of the Board

Name	Year of election	Independent of the company	Independent of major shareholders	Meeting attendance in 2020		
				Board of Directors	Audit Committee	Remuneration Committee
Pär Nuder	2013	Yes	Yes	11/11	–	2/2
Johan Thorell	2013	Yes	Yes	11/11	3/3	–
David Mindus	2009	Yes	No	11/11	–	2/2
Bengt Hellström	2009	Yes	No	11/11	3/3	–
Kerstin Hessius	2009	Yes	No	11/11	–	2/2
Åsa Bergström	2017	Yes	Yes	11/11	2/3	–

Committee members are Johan Thorell (Chairman), Bengt Hellström 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 2020 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 Bengt Hellström are employed by the Third Swedish National Pension

Fund, and David Mindus by AB Sagax. The 2020 AGM resolved that fees of SEK 450,000 (unchanged) would be paid to the Chairman of the Board, and SEK 200,000 (unchanged) to each of the other Board members. In addition, the AGM resolved that remuneration of SEK 40,000 (unchanged) for committee work would be paid to the Chairman of the Remuneration Committee and SEK 30,000 (unchanged) to each of the Committee's other members, and SEK 100,000 (unchanged) to the Chairman of the Audit Committee and SEK 50,000 (unchanged) 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 rules of procedure for the Board and in 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 138 employees in three countries. All of these people are employed in the Parent Company,

except for 22 employees in Hemsö Development AB, seven employees in Germany and eight 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 rules of procedure, 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 stock exchange.

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.



Nursing home, Hantverkaren 2, Södertälje



Åsa Bergström, Bengt Hellström, 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 Fabège AB.
Board member of NP3 fastigheter AB.

Bengt Hellström born 1959

Board member since 2009.
Member of the Audit Committee.

Education and professional experience:

MBA. Head of Alternative Investments at the Third Swedish National Pension Fund, Partner (Investment Manager) EQT Partners AB and Vice President Corporate Finance Investor AB.

Other current assignments:

Senior Advisor Alternative Investments at the Third Swedish National Pension Fund. Chairman of the Board of Trophi Fastighets AB and Fastighets AB Regio. Board member of Hemsö Intressenter AB, Trenum AB, PC Rettig & Co AB, Gysinge skog AB and Fastighets AB Virtuosen.

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, Delarka Holding AB, Nicoccino Holding AB and Storskogen Group AB.

David Mindus born 1972

Board member since 2009.
Member of the Remuneration 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 Has 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 Öbergs färghus. Board member of TPPG The Perimeter Production AB and Azelio AB. Senior Counsellor at Albright Stonebridge Group.

Senior executives

Nils Styf

President and CEO since 2016.
Born 1976.

Education: MBA, Stockholm School of Economics.

Most recent position: Chief Investment Officer, Citycon Oyj.



Jarkko Leinonen

Head of Asset Management Finland since 2014.
Born 1971.

Education: Construction engineer, Helsinki University of Technology.

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

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.



Ulrika Frisk

Head of HR since 2015.
Born 1970.

Education: HR degree, Uppsala University.

Most recent position: HR Director, Anticimex Sweden.



Staffan Arwidi

Head of Transactions since 2020.
Born 1967.

Education: MSc, Royal Institute of Technology in Stockholm.

Most recent position: Senior Investment Manager, 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.

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.



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.



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: Property economist, Kungsleden.

Mats Wilborg

Chief legal counsel since 2014.
Born 1969.

Education: Master of Laws, Stockholm University.

Most recent position: Corporate lawyer, Vasakronan.





Education – Uppåkra preschool in Hjärup, Staffanstorps.

Multi-year overview

Amounts in SEK million	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Income statement										
Property income	3,293	3,046	2,618	2,375	2,204	2,000	2,063	1,887	1,899	1,671
Property costs	-867	-770	-668	-587	-552	-524	-577	-547	-535	-469
Net operating income	2,425	2,276	1,950	1,788	1,652	1,476	1,486	1,340	1,364	1,202
Central administrative expenses	-158	-135	-146	-130	-182	-154	-173	-173	-169	-150
Profit/loss from associated companies	1	-2	11	1	-	-	-	-	-	-
Operating profit	2,268	2,139	1,815	1,659	1,470	1,322	1,313	1,167	1,195	1,052
Financial items	-500	-419	-372	-345	-359	-363	-480	-493	-521	-409
Interest on shareholder loans	-	-	-	-	-	-53	-210	-210	-210	-210
Profit after financial items	1,768	1,720	1,443	1,314	1,111	906	623	464	464	433
<i>- of which Profit from property management *</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>	<i>643</i>
Value change, properties	2,441	2,037	2,060	1,682	2,072	581	-261	-125	84	897
Value change, derivatives	-72	-25	91	135	-208	140	-760	297	-128	-235
Current tax	-115	-78	-36	-63	-49	-46	-89	-9	-17	-19
Deferred tax	-688	-543	-466	-477	-583	-231	127	-99	178	-250
Profit/loss for the year	3,333	3,111	3,092	2,591	2,343	1,350	-360	528	581	826
Other comprehensive income	-88	-87	22	31	81	-50	42	16	-13	-3
Comprehensive income for the year	3,245	3,198	3,114	2,622	2,424	1,300	-318	544	568	823
Balance sheet										
Investment properties	62,240	55,027	46,236	38,883	33,629	26,502	24,668	22,637	22,951	20,858
Right-of-use assets	605	582	-	-	-	-	-	-	-	-
Other assets	1,456	1,348	720	660	392	443	209	156	201	443
Cash and bank balances	891	988	450	1,134	932	157	107	13	70	265
Total assets	65,193	57,945	47,406	40,677	34,953	27,102	24,984	22,806	23,222	21,566
Equity	20,082	16,714	13,199	10,795	8,672	6,764	2,682	3,061	2,633	2,169
Deferred tax liabilities	4,270	3,600	3,067	2,591	2,103	1,518	1,289	1,416	1,325	1,502
Derivatives	231	211	281	544	723	671	826	66	363	235
Shareholder loans	-	-	-	-	-	-	3,000	3,000	3,000	3,000
Interest-bearing liabilities	38,652	35,542	29,728	25,575	22,483	17,433	16,507	14,699	15,085	13,445
Lease liabilities	605	582	-	-	-	-	-	-	-	-
Non-interest-bearing liabilities	1,353	1,296	1,131	1,172	972	716	680	564	816	1,215
Total equity and liabilities	65,193	57,945	47,406	40,677	34,953	27,102	24,984	22,806	23,222	21,566
Key ratios**										
Financial ratios										
Loan-to-value ratio, %***	60.0	62.1	63.1	62.6	64.0	65.2	66.5	64.9	65.4	63.2
Interest-coverage ratio, times	4.5	5.1	4.9	4.8	4.1	3.6	2.7	2.4	2.3	2.6
Secured debt, %	0.0	0.0	0.0	3.1	7.7	15.4	29.2	40.6	62.5	64.5
Equity/assets ratio, %	30.8	28.8	27.8	26.5	24.8	25.0	22.7	26.6	24.3	24.0
Average interest rate, %	1.2	1.3	1.3	1.5	1.5	1.9	2.3	3.0	3.4	3.7
Return on profit from property management, %*	8.9	10.6	10.8	12.1	13.0	13.9	12.8	10.4	11.2	11.9
Total yield, %	8.5	8.7	9.7	9.8	12.8	8.1	5.2	5.3	6.6	10.9
Net asset value, SEK million	24,583	20,525	16,457	13,930	11,498	8,691	7,797	7,543	7,321	6,906
Property-related key ratios										
Market value of investment properties, SEK million	62,240	55,027	46,236	38,883	33,629	26,502	24,668	22,637	22,951	20,858
Property yield, %	4.5	4.7	4.9	5.2	5.7	6.0	6.0	6.1	6.2	6.2
NOI margin, %	73.7	74.8	74.5	75.3	75.0	73.8	72.0	71.0	71.8	71.9
Economic occupancy rate, %	97.9	98.1	98.3	98.3	97.5	97.3	97.0	96.9	96.4	97.0
Property value, SEK/sqm	31,042	29,208	26,695	23,763	20,528	17,686	16,186	13,956	13,445	13,731
No. of properties	392	370	365	346	356	317	313	348	357	312
Lettable area, tsqm	2,005	1,884	1,732	1,636	1,638	1,499	1,524	1,622	1,707	1,519

* Hemsö has updated the definition of 'Profit from property management', which 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.

*** Hemsö has updated its definition of loan-to-value ratio to also include investments in associated companies. 2017 and 2018 have been restated.

Consolidated statement of comprehensive income

Amounts in SEK million	Note	2020	2019
Property income			
Rental income		3,270	3,027
Other income		23	19
Total property income	3-4	3,293	3,046
Property costs			
Operating costs	5	-488	-472
Maintenance costs		-287	-221
Other property costs		-92	-77
Total property costs		-867	-770
Net operating income	3	2,425	2,276
Central administrative expenses	6-8	-158	-135
Profit/loss from participations in associated companies		1	-2
Operating profit		2,268	2,139
Financial items			
Interest income and similar profit items	10	68	62
Interest expense and similar loss items	10	-569	-481
Total financial items		-500	-419
Profit after financial items		1,768	1,720
- of which Profit from property management		1,810	1,760
Changes in value			
Properties, realised	14	33	54
Properties, unrealised	14	2,408	1,983
Financial instruments, realised	10	21	-95
Financial instruments, unrealised	10	-93	70
Total value changes	11	2,369	2,012
Profit before tax		4,136	3,732
Current tax	12	-115	-78
Deferred tax	12	-688	-543
PROFIT FOR THE YEAR		3,333	3,111
Other comprehensive income, items that may be reclassified to profit or loss			
Translation difference for the year, including tax effect		-88	87
COMPREHENSIVE INCOME FOR THE YEAR		3,245	3,198
Profit for the year attributable to			
Parent Company shareholders		3,255	2,948
Non-controlling interests		78	163
Comprehensive income for the year attributable to			
Parent Company shareholders		3,169	3,035
Non-controlling interests		76	163
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		33.3	31.1

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 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development costs	13	0	0
Total intangible assets		0	0
Tangible assets			
Investment properties	14	62,240	55,027
Right-of-use assets	4	605	582
Machinery and equipment	15	4	4
Total tangible assets		62,849	55,613
Financial assets			
Participations in associated companies	17	698	635
Other long-term assets		27	90
Total financial assets		725	725
Total non-current assets		63,574	56,338
Current assets			
Current receivables			
Rent and accounts receivable	18	20	23
Tax assets		3	7
Other current receivables		588	298
Prepaid expenses and accrued income		116	291
Total current receivables	19, 23	727	619
Cash and cash equivalents	26	891	988
Total current assets		1,619	1,607
TOTAL ASSETS		65,193	57,945
EQUITY AND LIABILITIES			
Equity			
Share capital		1	1
Other capital contributions		7,535	6,835
Reserves		148	235
Retained earnings including profit for the year		11,790	9,095
Equity attributable to Parent Company owners		19,474	16,166
Non-controlling interests		608	548
Total equity		20,082	16,714
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	12	4,270	3,600
Derivatives	29	231	211
Interest-bearing liabilities	22, 23	29,128	27,644
Lease liabilities		605	582
Total non-current liabilities		34,233	32,037
Current liabilities			
Interest-bearing liabilities	22, 23	9,524	7,898
Accounts payable		386	243
Current tax liabilities		94	25
Other current liabilities		246	57
Accrued expenses and deferred income	28	628	971
Total current liabilities		10,877	9,194
Total liabilities	23	45,111	41,231
TOTAL EQUITY AND LIABILITIES		65,193	57,945

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 2019	1	6,356	126	6,369	347	13,199
Dividends	–	-500	–	-221	–	-721
Reclassification of capital contribution, 2015	–	-21	–	21	–	–
Shareholder contributions received	–	1,000	–	–	–	1,000
Contributions from minority interests	–	–	–	–	38	38
Adjustment of translation reserve	–	–	22	-22	–	–
Comprehensive income	–	–	87	2,948	163	3,198
Closing equity, 31 Dec 2019	1	6,835	235	9,095	548	16,714
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
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

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	2020	2019
Operating activities			
Profit from property management		1,810	1,760
Adjustment for non-cash items in profit from property management	26	-31	-26
Adjustment for non-cash items	26	-53	-14
Tax paid		-83	-106
Cash flow before changes in working capital		1,643	1,614
Changes in working capital			
Increase (-)/decrease (+) in operating receivables		-119	-131
Increase (+)/decrease (-) in operating liabilities		1	260
Cash flow from operating activities		1,525	1,743
Investing activities			
Acquisition of properties	26	-2,483	-5,242
Investments in new construction, extension and refurbishment		-3,255	-2,724
Property divestments	14	148	1,288
Investments in financial assets		-86	-461
Other non-current assets		61	0
Cash flow from investing activities		-5,614	-7,139
Financing activities			
Interest-bearing loans raised	26	8,783	9,892
Repayment of interest-bearing liabilities		-4,955	-4,174
Financial instruments realised		21	-95
Shareholder contributions received		1,000	1,000
Contributions from non-controlling interests		–	38
Dividends paid		-860	-721
Cash flow from financing activities		3,989	5,940
Cash flow for the year		-100	544
Opening cash and cash equivalents		988	450
Exchange-rate differences in cash and cash equivalents		4	-6
Closing cash and cash equivalents at year-end		891	988

Parent Company income statement

Amounts in SEK million	Note	2020	2019
Net sales		83	78
Central administrative expenses	7-8	-176	-164
Other operating income		0	253
Operating profit		-93	167
Income from financial items			
Profit/loss from participations in Group companies	9	716	-52
Interest income and similar profit items	10	617	619
Interest expense and similar loss items	10	-361	-467
Profit after financial items		879	267
Changes in value			
Financial instruments, unrealised	10	-67	70
Financial instruments, realised	10	21	-95
Profit after changes in value		833	242
Appropriations			
Group contributions paid		-9	-1
Group contributions received		281	102
Provision to tax allocation reserve		15	-24
Profit before tax		1,119	319
Current tax	12	-92	-3
Deferred tax	12	12	-15
PROFIT FOR THE YEAR		1,040	301

Parent Company statement of comprehensive income

Amounts in SEK million	2020	2019
Profit for the year	1,040	301
Other comprehensive income	-	-
COMPREHENSIVE INCOME FOR THE YEAR	1,040	301

Parent Company balance sheet

Amounts in SEK million	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development costs	13	0	0
Total intangible assets		0	0
Tangible assets			
Equipment	15	3	3
Total tangible assets		3	3
Financial assets			
Participations in Group companies	16	7,718	7,697
Deferred tax assets	12	57	43
Other non-current receivables from Group companies	23	31,226	26,674
Total financial assets		39,002	34,414
Total non-current assets		39,005	34,417
Current assets			
Current receivables			
Receivables from Group companies		5,003	5,122
Tax assets		–	30
Other receivables	18	140	17
Prepaid expenses and accrued income		76	81
Total current receivables	23	5,220	5,250
Cash and cash equivalents		0	0
Total current assets		5,220	5,250
TOTAL ASSETS		44,225	39,667
EQUITY AND LIABILITIES			
Equity			
Share capital (100,001,000 at SEK 0.01)		1	1
Share premium reserve		1,700	2,000
Retained earnings		2,092	1,351
Profit for the year		1,040	301
Total equity		4,833	3,653
Untaxed reserves	21		
Tax allocation reserves		43	58
Provisions			
Deferred tax liabilities	12	28	26
Total provisions		28	26
Non-current liabilities			
Derivatives		278	211
Interest-bearing liabilities	22	29,128	27,644
Total non-current liabilities	23	29,406	27,855
Current liabilities			
Interest-bearing liabilities	22	9,524	7,898
Liabilities to Group companies		–	6
Accounts payable		9	6
Tax liabilities		58	–
Other current liabilities		153	6
Accrued expenses and deferred income	28	171	159
Total current liabilities	23	9,915	8,075
TOTAL EQUITY AND LIABILITIES		44,225	39,667

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 2019	1	2,500	572		3,073
Dividends	–	-500	-221		-721
Shareholder contributions received	–	–	1,000		1,000
Profit for the year	–	–	301		301
Closing equity, 31 Dec 2019	1	2,000	1,652		3,653
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

Parent Company statement of cash flows

Amounts in SEK million	Note	2020	2019
Operating activities			
Profit/loss after financial items		879	267
Adjustment for non-cash items	26	-511	-5
Tax paid		-5	-51
Cash flow from operations before change in working capital		363	211
Changes in working capital			
Increase (-)/decrease (+) in operating receivables		-119	29
Increase (+)/decrease (-) in operating liabilities		-551	12
Cash flow from operating activities		-307	252
Investing activities			
Shareholder contributions paid		-15	-2,030
Acquisition of shares and participations in subsidiaries		3	–
Sale of shares and participations in subsidiaries		–	517
Acquisition of other non-current assets		-1	-2
Cash flow from investing activities		-13	-1,515
Financing activities			
External borrowings	26	8,783	9,892
Repayment of external borrowings		-4,955	-4,174
Redemption of financial instruments		21	-95
Shareholder contributions received		1,000	1,000
Intra-Group loans		-3,669	-4,639
Dividends paid		-860	-721
Cash flow from financing activities		320	1,263
Cash flow for the year		0	0
Opening cash and cash equivalents		0	0
Closing cash and cash equivalents at year-end		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 31 March 2021, the Board approved these annual accounts and consolidated financial statements which will be presented to the Annual General Meeting for adoption on 29 April 2021.

New policies applied in 2020

IFRS 3 Business combinations

The changed definition of a business is significant for the distinction between a business combination and an asset acquisition. A screening test has been introduced to determine whether substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, whereby the acquisition is an asset acquisition. If this is not the case, further assessments are made to determine whether the acquisition is a business combination or an asset acquisition.

The change is applied for reporting periods beginning on or after 1 January 2020. Hemsö has applied the change from 1 January 2020, but it has not had any significant effect on Hemsö's financial statements.

Other new and amended standards adopted by the EU, or interpretations of a standard by the IFRS Interpretations Committee are not considered to have any material effect on Hemsö's results or financial position at present.

New and revised IFRSs effective on or after 1 January 2021

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. These new standards and interpretations are not expected to have a significant impact on the consolidated financial statements.

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. All amounts, unless otherwise stated, are presented in millions of SEK, and pertain to the 1 January-31 December period of 2020 (2019) for profit/loss items, and 31 December 2020 (2019) 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. In addition, Hemsö owns half of the shares and votes in Scandinavian Life Science AB. Due to agreements on future acquisitions of additional participations, the company is also included 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 2019 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 2020 or 2019.

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 2020, the tax rate in Sweden was 21.4 per cent, and is calculated on nominal recognised income adding non-deductible items and deducting non-taxable income. The tax rate in Finland was 20 per cent and 16 per cent in Germany.

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

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

Employee benefits

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

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

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

Leases

Hemsö applies IFRS 16 Leases. Hemsö is a major lessor, and rental agreements are classified as operating leases since the lease does not transfer substantially all of the risks and benefits of ownership of the properties. 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 refurbishment 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. During the financial year, revaluations are recognised quarterly, based on internal valuations. 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, bonds, commercial papers, bank loans, loans from minority interests, 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:

Note 1, cont.

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.

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 currency derivatives.

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 2020 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. For business combinations, a deferred tax asset is recognised for all temporary differences except goodwill. Deferred tax liabilities are calculated using the nominal tax rate. 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 six segments: Finland, Germany and four segments in Sweden – East, West, Central/North and South.

2020	East	West	Central/ North	South	Germany	Finland	Unallocated items	Group
Rental income	831	299	686	343	470	640	–	3,270
Other income	8	1	3	3	1	7	–	23
Property income	839	301	688	347	471	647	–	3,293
Property costs	-232	-101	-183	-135	-43	-173	–	-867
Net operating income	607	200	505	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	200	505	211	428	474	-657	1,768
Changes in value								
Properties, realised	0	–	32	1	–	–	–	33
Properties, unrealised	546	280	407	108	549	520	–	2,408
Financial instruments, realised	–	–	–	–	–	–	21	21
Financial instruments, unrealised	–	–	–	–	–	–	-93	-93
Total value changes	546	280	439	109	549	520	-72	2,369
Current tax	–	–	–	–	–	–	-115	-115
Deferred tax	–	–	–	–	–	–	-688	-688
Profit/loss for the year	1,153	480	944	320	977	944	-1,533	3,333
Investment properties – investments, acquisitions, divestments per segment								
Investments, new construction, extension and refurbishment	1,232	199	907	388	285	244	–	3,255
Acquisitions	254	–	59	302	1,521	348	–	2,483
Divestments	-82	–	-9	-32	–	–	–	-124
Total	1,404	199	957	657	1,806	592	–	5,615
Assets per segment at period-end								
Investment properties	18,892	4,377	12,649	6,107	10,171	10,044	–	62,240
Unallocated corporate assets	–	–	–	–	–	–	2,953	2,953
Total assets	18,892	4,377	12,649	6,107	10,171	10,044	2,953	65,193
2019	East	West	Central/ North	South	Germany	Finland	Unallocated items	Group
Rental income	781	303	618	323	434	568	–	3,027
Other income	5	2	3	2	–	7	–	19
Property income	786	305	621	325	434	575	–	3,046
Property costs	-222	-99	-177	-111	-31	-130	–	-770
Net operating income	564	206	444	214	403	445	–	2,276
Administrative expenses	–	–	–	–	–	–	-135	-135
Profit/loss from participations in associated companies	–	–	–	–	–	–	-2	-2
Net financial items	–	–	–	–	–	–	-419	-419
Profit/loss before changes in value	564	206	444	214	403	445	-556	1,720
Changes in value								
Properties, realised	33	15	23	-17	–	–	–	54
Properties, unrealised	832	126	510	191	241	83	–	1,983
Financial instruments, realised	–	–	–	–	–	–	70	70
Financial instruments, unrealised	–	–	–	–	–	–	-95	-95
Total value changes	865	141	533	174	241	83	-25	2,012
Current tax	–	–	–	–	–	–	-78	-78
Deferred tax	–	–	–	–	–	–	-543	-543
Profit/loss for the year	1,429	347	977	388	644	528	-1,202	3,111
Investment properties – investments, acquisitions, divestments per segment								
Investments, new construction, extension and refurbishment	1,092	121	764	305	130	312	–	2,724
Acquisitions	923	102	1	138	516	3,562	–	5,242
Divestments	-662	-288	-256	-76	–	–	–	-1,282
Total	1,353	-65	509	367	646	3,874	–	6,684
Assets per segment at period-end								
Investment properties	16,942	3,898	11,286	5,342	8,225	9,334	–	55,027
Unallocated corporate assets	–	–	–	–	–	–	2,918	2,918
Total assets	16,942	3,898	11,286	5,342	8,225	9,334	2,918	57,945

Note 4 Leases

Lessor

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

Group	31 Dec 2020	31 Dec 2019
Contracted rental income within 12 months	3,235	3,228
Contracted rental income within 1-5 years	11,966	10,952
Contracted rental income later than 5 years	20,917	20,029
Total	36,118	34,209

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

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 36 million (35).

Group	Ground leases	Other leases	Total Right-of-use assets
Opening balance, 1 Jan 2020	547	35	582
Depreciation for the year	—	-12	-12
Currency effects	-16	0	-16
Additional	35	15	50
Closing balance, 31 Dec 2020	567	37	604

Amount recognised in profit or loss	2020	2019
Depreciation	-12	-9
Interest expense	-24	-19
Leases of 12 months or less	0	-7

Maturity analysis of lease liabilities*

Group	31 Dec 2020	31 Dec 2019*
Due within 1 year	12	10
Due within 1-5 years	24	23
Due later than 5 years	1	2
Total	37	35

* Excluding ground leases, which are considered perpetual.

Note 5 Operating costs

Group	2020	2019
Media usage	240	227
Supervision	221	216
Other operating costs	27	29
Total	488	472

Note 6 Central administrative expenses

Group	2020	2019
Personnel costs	178	156
Premises and office expenses	16	14
Services purchased	70	59
Depreciation	1	2
Other operating expenses	7	7
Reversal to other items	-114	-102
Total	158	135

Note 7 Employees, personnel costs and remuneration of senior executives

Group	2020			2019		
	Total	Women	Men	Total	Women	Men
Average no. of employees	127	57	78	112	53	59
No. of Group Management	10	4	6	10	3	7
No. of Board of Directors	6	2	4	6	2	4

At year-end, Hemsö had 138 employees (122), of whom 101 (94) in the Parent Company, 22 (16) in Hemsö Development AB, 7 (6) in Germany and 8 (6) in Finland.

Group	2020		2019		Group	2020		2019		
	Salaries and remuneration, SEK 000s	Salaries and fees	Variable remuneration	Salaries and fees		Variable remuneration	Payroll overheads, SEK 000s	Payroll overheads, incl. special employer's contribution	Pension costs	Payroll overheads, incl. special employer's contribution
Board	990	–	–	990	–	Board	311	–	311	–
CEO	4,842	–	–	4,542	–	CEO	1,943	1,619	1,752	1,339
Deputy CEO	3,249	–	–	3,792	–	Deputy CEO	1,699	463	1,393	830
Other senior executives	7,627	382	–	5,238	–	Other senior executives	2,968	2,357	2,302	1,319
Other employees	73,873	5,055	4,283	63,334	4,283	Other employees	23,211	16,145	22,643	11,309
Total Sweden	90,581	5,437	4,283	77,896	4,283	Total Sweden	30,132	20,583	28,401	14,797
Other senior executives	3,744	–	–	3,632	–	Other senior executives	236	527	205	450
Other employees	9,810	203	196	7,508	196	Other employees	878	904	610	786
Total Foreign	13,554	203	196	11,140	196	Total Foreign	1,114	1,431	815	1,236
Total Group	104,135	5,640	4,479	89,036	4,479	Total Group	31,246	22,014	29,216	16,033

Parent Company	2020			2019		
	Total	Women	Men	Total	Women	Men
Average no. of employees	100	44	56	87	44	43
No. of Group Management, 31 Dec	7	3	4	7	2	5
Board members, 31 Dec	6	2	4	6	2	4

Parent Company	2020		2019		
	Salaries and remuneration, SEK 000s	Salaries and fees	Variable remuneration	Salaries and fees	Variable remuneration
Board	990	–	–	990	–
CEO	4,842	–	–	4,542	–
Deputy CEO	3,249	–	–	3,792	–
Other senior executives	6,088	382	–	4,863	–
Other employees	58,464	3,851	3,555	50,464	3,555
Total Sweden	73,633	4,233	3,555	64,651	3,555
Total Foreign	–	–	–	–	–
Total Parent Company	73,633	4,233	3,555	64,651	3,555

Parent Company	2020		2019		
	Payroll overheads, SEK 000s	Payroll overheads, incl. special employer's contribution	Pension costs	Payroll overheads, incl. special employer's contribution	Pension costs
Board	311	–	–	311	–
CEO	1,943	1,619	1,339	1,752	1,339
Deputy CEO	1,699	463	830	1,393	830
Other senior executives	2,485	2,357	931	1,952	931
Other employees	20,496	8,764	8,175	17,839	8,175
Total Sweden	26,934	13,202	8,175	23,247	11,275
Total Foreign	–	–	–	–	–
Total Parent Company	26,934	13,202	8,175	24,475	11,275

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 450,000, while each of the other Board members are paid an amount of SEK 200,000. The Chairman's Audit Committee is paid remuneration of

SEK 100,000 and other members are paid an amount of SEK 50,000. The Chairman's Remuneration Committee is paid remuneration of SEK 40,000 and other members are paid an amount of SEK 30,000. Members of the Board who are employed by the owners receive no remuneration.

Variable remuneration

Hemsö's variable remuneration scheme for 2020 includes all permanent employees except for senior executives. The reported variable remuneration for senior executives relates to one person and the period before this person was included in the category of 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. 69 employees (60) have defined-benefit ITP plans with continuous payments to Alecta. The year's contributions for defined-benefit pension plans with Alecta amounted to SEK 8,448,000 (7,381,000). Alecta's surplus can be distributed to the policyholders and/or insured. At December 2020, Alecta's surplus in the form of the collective funding ratio was 148 per cent (December 2019: 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	
	2020	2019	2020	2019
Audit engagement				
Ernst & Young	3	3	2	2
Audit activities in addition to the audit engagement	0	–	0	–
Tax consultancy	0	0	–	–
Other assignments	1	1	1	–
Total	4	4	3	2

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	2020	2019
Dividends	707	250
Profit from unlimited and limited partnerships	29	29
Impairment	-20	-331
Total	716	-52

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	
	2020	2019	2020	2019
<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	340	251	340	251
Interest paid, derivatives that do not qualify for hedge accounting	-400	-326	-400	-326
Total	-60	-75	-60	-75
<i>Assets and liabilities measured at amortised cost:</i>				
Interest income from rent and accounts receivable	0	0	–	–
Interest income, other financial assets	11	5	617	559
Total interest income, effective interest method	11	5	617	559
Interest expense, loans	-436	-345	-436	-344
Interest expense, other financial liabilities	0	–	–	–
Total interest expense, effective interest method	-436	-345	-436	-344
Exchange-rate differences, financial items	0	0	183	55
Remuneration for guarantee commitments	57	57	–	–
Other income	–	–	–	–
Commitment fees	-24	-22	-24	-22
Other financial expenses	-49	-39	-25	-21
Expected credit losses on financial assets	–	–	–	–
Total	-16	-4	134	12
Total recognised in net financial items	-500	-419	256	152
<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	33	70	21	70
Loss from the change in value of derivatives that do not qualify for hedge accounting	-105	-95	-67	-95
Total	-72	-25	-47	-25
Total recognised in profit/loss	-573	-444	209	127

Note 11 Value changes

Investment properties

The value changes attributable to investment properties amounted to SEK 2,441 million (2,037). The value changes were SEK 33 million (54) in realised changes and SEK 2,408 million (1,983) in unrealised changes.

The realised value change was mainly attributable to sales of properties in 2020.

Unrealised value changes were mainly derived from lower yield requirements in all countries and property categories. The highest reduction in yield requirement was found in the metropolitan areas and the categories of Nursing homes and Education. The unrealised value changes were also attributable to development projects primarily in Sweden and revised estimates of net operating income as a result of new lettings, terminated rental agreements and renegotiations. The property yield on the entire property portfolio, excluding development properties, was 4.5 per cent (4.7).

Unrealised value changes, SEK million	2020	2019
Property management and development-related value change	688	890
General market value change	653	769
Subtotal Sweden	1,340	1,659
Property management and development-related value change	221	32
General market value change	847	292
Subtotal Foreign	1,068	324
Total unrealised value changes	2,408	1,983

Note 11, cont.

Change in value of derivatives

Hemso uses interest-rate derivatives to manage and adapt the interest-rate risk and currency derivatives to manage and adapt the currency risk in the Group. If the agreed interest rate deviates from the market rate, a surplus or deficit value 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 currency derivatives. At period-end, the nominal value of the interest-rate derivatives portfolio was SEK 6,300 million (6,300). Derivatives attributable to currency risk management consist of two instruments – currency interest-rate derivatives, which corresponded to SEK 1,396 million (0), and currency derivatives, which amounted to a nominal value of SEK 764 million (0). The deficit value of the interest-rate derivatives was SEK 256 million (211), the surplus value of the currency derivatives was SEK 12 million (0) and the surplus value of the currency interest-rate derivatives was SEK 13 million (0).

Changes in the value of financial instruments had a negative impact of SEK -72 million (-25) on profit. Changes in the value of interest-rate derivatives had a negative impact of SEK -45 million (66) on profit, of which the unrealised value change amounted to SEK -45 million (70). In the preceding year, a previously recognised loss of SEK -4 million was realised in connection with Hemso's early termination of an interest-rate derivative. The unrealised change in the value of financial instruments was mainly due to low market rates during the year. At period-end, the average duration of the interest-rate derivatives was 5.0 years (5.9). At year-end, the 10-year swap rate was 0.4 per cent (0.7).

Derivatives purchased to manage currency risk during the year had a negative impact of SEK -27 million (-91) on profit.

Note 12 Tax

	Group		Parent Company	
	2020	2019	2020	2019
Recognised profit before tax	4,136	3,732	1,119	319
Current tax	-111	-73	-89	-3
Deferred tax	-688	-543	12	-15
Tax attributable to prior years	-4	-5	-3	-
Total tax recognised in profit or loss	-803	-621	-80	-18

Tax expense analysis	Group		Parent Company	
	2020	2019	2020	2019
Recognised profit before tax	4,136	3,732	1,119	319
Reversal of profit/loss from associated companies	-1	2	-	-
Profit before tax excluding profit/loss from associated companies	4,135	3,734	1,119	319
Expected tax expense at Swedish rate	-885	-799	-239	-68
Difference in foreign tax rates	77	50	-	-
Tax attributable to prior years	-4	-5	-3	-
Effect of changed tax rate*	16	20	-1	-2
Tax effect of				
Impairment of capitalised tax-loss carryforwards	-10	18	-	-
Utilisation of uncapitalised tax-loss carryforwards	-	7	-	-
Non-taxable sales	13	91	-	54
Impairment of participations	-	-	-4	-71
Non-deductible expenses	-14	-3	-1	-
Other tax adjustments	4	-	17	13
Dividends	-	-	151	54
Income from limited partnership	-	-	-	2
Recognised tax expense	-803	-621	-80	-18
<i>Effective tax rate</i>	<i>-19%</i>	<i>-17%</i>	<i>-7%</i>	<i>-6%</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 (17) of consolidated profit before tax. Current tax is calculated using the current tax rate, which is 21.4 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	
	2020	2019	2020	2019
Derivatives	19	-15	14	-14
Investment properties	-704	-531	-2	-4
Untaxed reserves	6	-15	-	-
Tax deficit	-9	18	-	-
Effect of changed tax rate*	-	-	-	-
Total deferred tax recognised on the income statement	-688	-543	12	-18

Deferred tax recognised on the balance sheet	Group		Parent Company	
	2020	2019	2020	2019
Derivatives	-47	-43	-57	-44
Investment properties	4,308	3,638	28	26
Untaxed reserves	33	38	-	-
Tax deficit	-24	-33	-	-
Total deferred tax recognised on the balance sheet	4,270	3,600	-29	-18

* 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.

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 24 million (20) 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 4,341 million (3,677) in the Group and SEK 28 million (26) for the Parent Company. Unrecognised deferred tax assets on tax loss carryforwards and non-deductible net interest income amounted to SEK 15 million (10). Of these, tax loss carryforwards and non-deductible net interest income corresponding to a tax asset of SEK 8 million (10) had an indefinite life. Of the deferred tax assets recognised, SEK 70 million (74) had an indefinite life.

Note 13 Capitalised development costs

	Group		Parent Company	
	2020	2019	2020	2019
Accumulated cost, opening balance	5	5	5	5
Cost for the year	-	-	-	-
Reclassified	-	-	-	-
Total	5	5	5	5
Accumulated amortisation, opening balance	-5	-4	-5	-4
Amortisation for the year	-	-1	-	-1
Total	-5	-5	-5	-5
Market value, closing balance	0	0	0	0

Note 14 Investment properties

Group	31 Dec 2020	31 Dec 2019
Market value, opening balance	55,027	46,236
Acquisitions	2,483	5,242
Investments in new construction, extension and refurbishment	3,255	2,724
Divestments	-124	-1,239
Disposals	-	-43
Exchange-rate fluctuations	-810	124
Unrealised value changes	2,408	1,983
Market value, closing balance	62,240	55,027
of which recognised in profit or loss	2,441	2,037

At 31 December 2020, the estimated market value, corresponding to the carrying amount, totalled SEK 62,240 million (55,027). Of investments for the year, SEK 56 million (57) pertains to capitalised interest expense with an average interest rate of 1.3 per cent. Total value change amounted to SEK 7,213 million (8,791), corresponding to 13.1 per cent (19.0). 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 12 properties in Germany for SEK 972 million that will be transferred in 2021. In Sweden, Hemsö acquired five properties for SEK 300 million that will be transferred in 2021. Hemsö also has obligations to complete ongoing development projects, in which the remaining investment amount is SEK 4,853 million (4,945).

Valuation method

Hemsö determines the value of a property both through an internal valuation model and through external valuations conducted quarterly. The valuation model is an integral part of Hemsö's business process. The market value of each property is assessed individually. The valuation method uses a 20-year cash flow analysis, 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 highest and best use of the properties.

Changes to the unobservable inputs used in the valuations during the period are analysed by management at each closing date against internally available information, information from completed and planned transactions and information from external valuers.

The valuation method therefore complies with 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 a fair value in accordance with IAS 40 and, at 31 December 2020, had conducted valuations of all properties.

The value in Sweden is determined by the internal valuation model and the external valuations. External valuations are mainly used to determine the value of Hemsö's property portfolios in Germany and Finland. 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.

Property value per property category and segment at 31 December 2020, SEK million

	Property value, 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	3,244	18	178	97.1	100	3.9-5.5	4.4
Education	5,559	40	266	99.4	134	3.9-6.4	4.4
Health care	8,148	18	296	95.0	137	3.5-7.3	4.3
Justice system	1,941	2	99	96.0	43	4.6-4.9	4.8
Sweden East	18,892	78	839	97.1	414	3.5-7.3	4.4
Nursing home	847	8	52	96.9	38	4.1-7.2	4.5
Education	1,762	12	111	97.2	86	4.1-7.5	5.3
Health care	1,500	27	118	95.2	88	4.5-8.3	5.8
Justice system	269	3	22	100.0	15	5.4-5.8	5.4
Sweden West	4,377	50	302	96.9	227	4.1-8.3	5.3
Nursing home	6,681	52	337	99.0	260	3.9-5.8	4.5
Education	4,069	25	221	97.2	130	4.6-9.0	5.0
Health care	227	4	18	98.9	12	5.4-6.2	5.7
Justice system	1,672	4	112	100.0	56	4.3-5.8	4.9
Sweden Central/North	12,649	85	688	99.0	457	3.9-9.0	4.7
Nursing home	2,353	25	142	96.2	97	4.2-5.9	4.5
Education	3,386	26	178	96.4	125	4.5-8.5	4.6
Health care	98	3	6	94.4	7	5.2-6.3	4.6
Justice system	271	3	20	100.0	9	5.0-6.0	5.3
Sweden South	6,107	57	347	96.2	239	4.2-8.5	4.6
Nursing home	7,630	57	371	100.0	283	3.7-5.4	4.3
Education	1,597	4	65	100.0	22	4.3-5.1	4.4
Justice system	945	5	35	100.0	31	2.9-5.6	3.5
Germany	10,171	66	471	100.0	336	2.9-5.6	4.3
Nursing home	3,365	34	214	97.4	114	4.3-9.0	5.1
Education	2,960	11	174	99.1	97	4.3-6.5	5.1
Health care	1,294	6	125	100.0	64	5.8-6.5	5.9
Justice system	2,426	5	134	91.1	57	4.8-6.8	4.7
Finland	10,044	56	647	97.4	332	4.3-9.0	5.1
Nursing home	24,119	194	1,294	97.9	891	3.7-9.0	4.5
Education	19,332	118	1,016	98.1	594	3.9-6.5	4.7
Health care	11,267	58	563	96.0	308	3.5-6.5	4.7
Justice system	7,522	22	421	96.3	212	2.9-6.8	4.7
Total	62,240	392	3,294	97.9	2,005	2.9-9.0	4.6

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, in bidding processes in which Hemsö has participated and information from the external valuations. The yield requirement is used to discount the estimated 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 2020, year 1

Estimated rental level, SEK/sqm	1,652
Property costs, SEK/sqm	-447
Vacancy rate, %	1.9

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 investment properties is calculated using assumptions of expected rental income, property costs, economic vacancy and yield requirement. These factors vary depending on the economy, demand for properties and interest rates. The valuation assumes an uncertainty range of +/- 5 per cent, corresponding to values in the range of SEK 59,128-65,353 million (52,276-57,779). 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%	+/- 3,112
Yield requirement	+/- 0.1 percentage point	-1,563 / +1,646

External valuation

During 2020, Hemsö has valued 368 properties, comprising 65 properties in Germany and 54 in Finland, and corresponding to 95 per cent of the portfolio's value, by external, independent valuers. Savills performed the valuation of the Swedish portfolio, CBRE the German portfolio, and JLL the Finnish portfolio. A full valuation was performed on 28 of the 368 properties, including a physical inspection. A desktop valuation was performed on the remaining properties. During the year, 15 properties were acquired in Sweden, 10 in Germany and seven in Finland. In general, external valuations had not been performed on the year's acquisitions or early-stage development projects before year-end 2020.

Note 15 Equipment

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Accumulated cost, opening balance	12	10	9	7
Acquisitions	1	2	1	2
Divestments	–	–	–	–
Total	13	12	10	9
Accumulated depreciation, opening balance	-8	-8	-6	-6
Depreciation for the year	-1	0	-1	0
Total	-9	-8	-7	-6
Market value, closing balance	4	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 2020
				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
Årlingheden Fastighets AB	556761-3756	Stockholm	Sweden	100.0		–
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 AB	556709-9205	Stockholm	Sweden	100.0		42
Hemsö Patienthotell AB	556709-9206	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	25
Förvaltningsbolaget Hanen 4 KB	969601-3862	Stockholm	Sweden	10.0	90.0	26
Bokbacken Fastigheter Fiskebäck KB	916850-4570	Stockholm	Sweden	10.0	90.0	53
Bokbacken Fastigheter Solskiftet KB	916434-5549	Stockholm	Sweden	10.0	90.0	59
KB S:t Jörgen Äldreboende	969673-1430	Stockholm	Sweden	10.0	90.0	27
FB Fair Fyrtiotre KB	916630-7455	Stockholm	Sweden	1.0	99.0	40
Bjölåhemmet KB	916849-3212	Stockholm	Sweden	1.0	99.0	20
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		5
Hemsö Söderport AB	556752-5554	Stockholm	Sweden	100.0		36
Hemsö Beckomberga Fastigheter AB	556617-6151	Stockholm	Sweden	100.0		1
Hemsö Development AB	556873-8529	Stockholm	Sweden	100.0		7
Hemsö LSS fastigheter Holding	556923-9527	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		100.0	–
Hemsö Äldreboende KB	969781-6206	Stockholm	Sweden		100.0	–
Hemsö Norrbottenfastigheter KB	969780-9839	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 Nackavillan AB	559079-7600	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		288
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 Benzelius 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	–
Häninge Skola Fastighets 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 Notarieängen 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		314
Hemsö Gotland Holding Fastigheter AB	556930-2713	Stockholm	Sweden	100.0		–
Hemsö Vittran AB	559214-5675	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 2020
				Direct	Indirect	
Hemsö Life Holding AB	559017-8314	Stockholm	Sweden	100.0		–
Scandinavian Life Science AB	556761-5082	Stockholm	Sweden		50.0	–
Scandinavian Life Science Två AB	559015-3531	Stockholm	Sweden		100.0	–
Oslo Naeringseiendom AS	889976152	Hamar	Norway		100.0	–
Hemsö Författaren AB	559014-3664	Stockholm	Sweden		100.0	–
Hemsö Huginerva AB	559002-6570	Stockholm	Sweden	100.0		96
Hemsö Arttiv Fastigheter AB	556745-4979	Stockholm	Sweden	100.0		19
Hemsö Skarpnäck AB	556757-1186	Stockholm	Sweden	100.0		21
Hemsö Ystad Tonsättaren AB	559005-5348	Stockholm	Sweden	100.0		41
Hemsö skolfastigheter i Järvastaden AB	559017-4354	Stockholm	Sweden	100.0		10
Hemsö Borstahusen Fastigheter AB	559017-4586	Stockholm	Sweden	100.0		1
Hemsö Kungshamn Fastigheter AB	556805-3085	Stockholm	Sweden	100.0		25
Fastighetsutveckling Lindholmen AB	559011-5233	Stockholm	Sweden	100.0		71
KV 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 Höbalen 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		1,660
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 Kattilatanhua 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 Arpentie 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 Kununkaanaakson 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 Helliitie 1	2552098-5	Helsinki	Finland		100.0	–
Kiinteistö Oy Laihian Vallinmäentie 47	3007065-9	Helsinki	Finland		100.0	–
Kiinteistö Oy Helsingin Keskiyöntie 6	2536809-8	Helsinki	Finland		100.0	–
Kiinteistö Oy Kangasalan Herttuatar	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 Maksiojen Palvelukoti	2430602-0	Helsinki	Finland		100.0	–
Kiinteistö Oy Pälkäneen Lastenlinnantie	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 Elämänaarikodit	1704871-3	Helsinki	Finland		100.0	–
Kiinteistö Oy Rettinginpuisto Kaarina	2839609-4	Helsinki	Finland		100.0	–
Kiinteistö Oy Pirttipuistikko Turku	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 terveyspalvelukiinteistöt Oy	2718451-6	Helsinki	Finland		100.0	–
Hemsö Suomi 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 Haapaniemenkatu 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	–
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 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	–

Note 16, cont.

Parent Company Subsidiaries	Corp. Reg. No.	Reg. office	Country	Participation, %		Market value 31 Dec 2020
				Direct	Indirect	
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 Bochohl 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		94.5	–
Hemsö Germany Invest 14 GmbH	HRB 248303	Munich	Germany		94.5	–
Hemsö Germany Invest 22 GmbH	HRB 259952	Munich	Germany		100.0	–
Hemsö Germany Invest 23 GmbH	HRB 259953	Munich	Germany		100.0	–
Total						7,718

Parent Company	31 Dec 2020	31 Dec 2019
Accumulated cost, opening balance	9,357	7,562
Acquisitions	1	–
Profit from participations in limited partnerships after dividend	29	30
Shareholder contributions	15	2,029
Divestments	-4	-264
Total	9,398	9,357
Accumulated impairment, opening balance	-1,660	-1,329
Impairment for the year	-20	-331
Total	-1,680	-1,660
Total	7,718	7,697

Hemsö's holdings in the subsidiary Scandinavian Life Science AB, Corp. Reg. No. 556761-5082, amounted to 50 per cent. The remaining 50 per cent is owned by SveaNor JV Holding AB, Corp. Reg. No. 559017-8397. The company conducts development projects for the construction of life science properties, with Hemsö as its long-term property owner. Following the acquisition of the remaining 50 per cent of shares in the formerly half-owned company Scandinavien Life Science Två AB, Corp. Reg. No. 559015-3531 in October 2020, the company is now a wholly owned subsidiary of the Hemsö Group.

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.

Note 17 Participations in associated companies

Group	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening balance	635	112	–	–
Settlement of share of profit	1	-2	–	–
Currency translation	-24	–	–	–
Capital contribution	86	525	–	–
Closing balance	698	635	–	–

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 2020
				Direct	Indirect	
Lanthen Samhällsfastigheter AB	559000-6036	Stockholm	Sweden		50.0	136
Turun Teknologiaikintestöt Oy	2349955-3	Turku	Finland		40.1	563
Total						698

Note 18 Accounts receivable

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Rent receivable	14	15	–	–
Accounts receivable	8	9	0	0
Reserve for doubtful receivables	-2	-1	–	–
Total	20	23	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 2 million (1), corresponding to 9 per cent (4) 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 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Group												
Rent receivable	0	13	11	1	0	–	0	–	3	1	14	15
Accounts receivable	3	2	5	4	0	–	0	1	0	2	8	9
Total	3	15	16	5	0	–	0	1	3	3	22	24
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 2020	31 Dec 2019
Current assets		
Payment due within 1 year	727	619
Non-current assets		
Payment due 1–5 years	3	65
Total	730	684

Note 21 Tax allocation reserves

Parent Company	31 Dec 2020	31 Dec 2019
Tax allocation reserve, set aside for taxation in 2021	–	–
Tax allocation reserve, set aside for taxation in 2020	9	24
Tax allocation reserve, set aside for taxation in 2019	–	–
Tax allocation reserve, set aside for taxation in 2018	34	34
Total	43	58

Note 20 Guidelines for management of capital

Summary of financial policy

Financing risk		Outcome, 31 December 2020
Loan-to-value ratio	Max. 70%	60.0%
Loan maturity	At least 3 years	6.7 years
Debt-coverage ratio	At least 125%	141%
Secured loans	Max. 20%	0.0%
Interest-rate risk		
Interest-coverage ratio	At least 2.5 times (rolling 12-month period)	4.5 times
Fixed-rate period	Hemsö's average fixed-rate period should range from 3–8 years	6.2 years
Fixed-rate maturity	Max. 40% of the fixed-rate period should mature within 12 months.	29%
Counterparty risk		
Financial instruments	Bank with a minimum credit rating of A- (S&P)	Fulfilled
Currency risk		
Currency exposure	Max. 20% (in SEK) of consolidated equity without currency hedging.	10.3%

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 2020, 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 2020	Carrying amount 31 Dec 2019
Statement of financial position		
Bond loans	29,227	27,042
Schuldschein (NSV)	753	783
Commercial papers	5,023	5,074
Bank loans	3,648	2,643
Total	38,652	35,542
Amount, opening balance	35,542	29,728
Borrowings	7,676	9,121
Loan repayment	-3,795	-4,023
Commercial papers	-51	626
Exchange-rate differences	-720	90
Liabilities, closing balance	38,652	35,542

At period-end, Hemsö's interest-bearing liabilities amounted to SEK 38,652 million (35,542). The debt portfolio comprised uncovered bonds of SEK 29,227 million (27,042), commercial papers of SEK 5,023 million (5,074), unsecured bank loans of SEK 3,648 million (2,643) and unsecured Schuldschein (NSV) loans of SEK 753 million (783). Available liquidity amounted to SEK 13,391 million (13,649), of which bank deposits accounted for SEK 891 million (988) and undrawn credit facilities for SEK 12,500 million (12,661). In addition to the external liabilities, loans from minority interests amounted to SEK 0 million (0). At the closing date, Hemsö's average interest rate was 1.2 per cent (1.3).

Note 22, cont.

Liabilities	Group		Parent Company	
	2020	2019	2020	2019
Interest-bearing liabilities due within one year of the closing date	9,520	7,899	9,520	7,899
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	10,050	10,719	10,050	10,719
Interest-bearing liabilities due later than 5 years after the closing date	19,082	16,924	19,082	16,924
Total excluding deferred tax liabilities and interest-rate derivatives	38,652	35,542	38,652	35,542

Loan maturity and fixed-rate period

Maturity year	Loan maturity			Fixed-rate period	
	Credit agreements, SEK million		Share, %	SEK million	
	Drawn, SEK million	Share, %		Share, %	Share, %
2021	7,497	4,497	11.6	11,093	28.7
2022	6,746	3,246	8.4	1,050	2.7
2023	5,455	3,455	8.9	2,850	7.4
2024	5,000	1,000	2.6	2,000	5.2
2025	2,350	2,350	6.1	1,150	3.0
2026	5,802	5,802	15.0	5,002	12.9
2027	100	100	0.3	0	0.0
2028	100	100	0.3	500	1.3
2029	3,471	3,471	9.0	3,471	9.0
2030	2,185	2,185	5.7	4,117	10.6
2031	0	0	0.0	0	0.0
2032	842	842	2.2	842	2.2
2033	1,357	1,357	3.5	1,357	3.5
2034	1,004	1,004	2.6	1,004	2.6
2035	1,358	1,358	3.6	1,354	3.5
2036-	2,862	2,862	7.4	2,862	7.4
Total	46,129	33,629	87.0	38,652	100.0
Commercial papers		5,023	13		
Total		38,652	100		

Interest-rate derivatives at 31 Dec 2020

Extendable Start	Due	Volume	Pay	Receive	Value
7 Apr 2014	5 Apr 2023	500	2.3%	STIBOR	-27
7 Apr 2014	5 Apr 2023	500	2.3%	STIBOR	-27
19 Nov 2013	5 Oct 2023	500	2.6%	STIBOR	-36
7 Apr 2015	5 Apr 2024	500	2.5%	STIBOR	-40
7 Apr 2015	5 Apr 2024	300	2.4%	STIBOR	-23
7 Apr 2015	5 Apr 2024	200	2.4%	STIBOR	-15
6 Jul 2015	5 Jul 2024	500	2.2%	STIBOR	-39
18 Jun 2020	18 Jun 2030	500	0.7%	STIBOR	-17
13 Jul 2020	15 Jul 2030	500	0.7%	STIBOR	-16
15 Jul 2020	15 Jul 2030	500	0.7%	STIBOR	-17
12 Jul 2021	12 Jul 2028	500	0.7%	STIBOR	-15
16 Aug 2022	16 Aug 2030	500	0.3%	STIBOR	5
Total		5,500			-266
Short-rate Start	Due	Volume	Pay	Receive	Value
8 Feb 2018	8 Feb 2023	500	STIBOR + 0.60%	1.3%	7
28 Mar 2018	8 Feb 2023	300	STIBOR + 0.56%	1.1%	3
Total		800			10
Total		6,300			-256

Sensitivity analysis, interest-rate fluctuations

	Effect on net financial items (12 months), SEK million
The loan portfolio's average interest rate, +/- percentage point	-/+ 378
Short-term market rate (≤ 3 months), +1 percentage point	-114
Short-term market rate (≤ 3 months), -1 percentage point	70

Financial risks and risk management

Hemsö's financing activities are conducted in accordance with the finance 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 finance 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 56 (49) properties in Finland and 66 (56) properties in Germany, entailing EUR exposure. The properties are financed with equity, intra-Group loans and external loans. On 31 December 2020, external interest-bearing liabilities in EUR corresponded to SEK 17,904 million (15,878). At the same date, the market value of property assets in Finland and Germany corresponded to SEK 20,778 million (18,073¹). Hemsö's bank deposits in EUR corresponded to SEK -43 million (291). At the closing date, the hedged amount in EUR corresponded to SEK -764 million (0). Net exposure at 31 December 2020, defined as property assets, cash and currency hedging less interest-bearing liabilities in EUR corresponded to SEK 2,067 million (2,485¹). Hemsö also has bonds in NOK and AUD, where the currency risk has been eliminated by currency interest-rate derivatives.

Since Hemsö applies IAS 21, most of the company's exchange-rate effects are recognised directly in equity. Hemsö's EUR bonds of SEK 13,707 million in the EMTN programme, loans of SEK 2,048 million from EIB, Schuldschein of SEK 753 million and currency interest-rate derivatives of SEK 1,396 million are hedged against net investments in foreign subsidiaries. Only a small 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.

¹ In 2020, the definition of currency exposure was changed to also include associated companies in EUR.

Note 22, cont.

Hedging instruments and hedge accounting

At 31 December 2020, the Group's foreign currency-denominated debt was distributed between the following underlying amounts and maturities.

Maturity analysis, hedging instruments

Hedging instruments identified in hedging relationships at 31 December 2020.

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*	1,471	10,080	5,980	17,531

*Translated to SEK million at the closing rate.

Effects of hedge accounting on financial position and results – Reconciliation of translation reserve

	Translation reserve	
	2020	2019
Opening carrying amount	235	126
Currency translation effects from net investments in foreign operations	-698	155
Revaluation of foreign currency debt identified as hedging instruments	777	-58
Total additional items recognised in other comprehensive income	79	97
Tax effect recognised in other comprehensive income	-166	-10
Adjustment of translation reserve**	–	22
Closing carrying amount, entirely attributable to continuous hedging	148	235

**The tax effect on the translation difference was not recognised in comprehensive income in prior years and was not therefore included in the item for 2019. Adjustment of prior years amounted to SEK 22 million.

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.

Effects of hedge accounting on financial position and results – Current hedging relationships

SEK million	Hedging instruments identified in hedging relationships at 31 December 2019			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*	15,119	15,051	Interest-bearing liabilities	-58	58

*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 and AUD. The loans in NOK and AUD were swapped to EUR loans. 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 qualitative 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 751 million (702). Other financial liabilities consist of bonds, Schuldschein, commercial papers, liabilities to credit institutions, accounts payable and other liabilities and amounted to SEK 39,912 million (36,813). The fair value of Hemsö's bonds was SEK 30,804 million, compared with their carrying amount of SEK 29,227 million.

Financial assets and liabilities measured at fair value through other comprehensive income consisted of derivatives and amounted to SEK 231 million (211).

Parent Company

The loans and accounts receivable category consists of other non-current receivables, accounts receivable and other receivables and amounted to SEK 36,445 million (31,894). Other financial liabilities consist of liabilities to credit institutions, accounts payable and other liabilities and amounted to SEK 38,814 million (35,924).

Note 24 Pledged assets

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Property mortgages	6,866	4,261	–	–
Participations in Group companies	–	–	–	–
Receivables from subsidiaries	–	–	6,866	4,261
Total	6,866	4,261	6,866	4,261

The assets are mainly pledged for revolving credit agreements. 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 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Liability as partner in unlimited/limited partnerships	–	–	8	8
Guarantees on behalf of Group companies	–	–	–	–
Total	–	–	8	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. Future amounts in relation to these disputes is not tangible.

Note 26 Supplemental disclosures of cash flow information

Group	2020	2019
No funds other than cash and bank balances are included in the cash and cash equivalents item		
Cash flows		
Interest received	15	5
Interest paid	488	394
Acquisition of subsidiaries		
<i>Acquired assets and liabilities</i>		
Investment properties	583	4,182
Financial receivables	0	1
Operating receivables	0	6
Total assets	583	4,189
Deferred tax liabilities	–	–
Operating liabilities	1	4
Total liabilities	1	4
Proceeds paid, shares	-439	-2,167
Proceeds paid, repayment of loans	-162	-2,028
Additional: Cash and cash equivalents in the acquired operations	1	10
Effect on cash and cash equivalents – acquisition of properties via companies	-600	-4,185
Effect on cash and cash equivalents – direct acquisition of properties	-1,883	-1,057
Acquisition of properties	-2,483	-5,242
Divestment of subsidiaries		
<i>Divested assets and liabilities</i>		
Investment properties	101	1,239
Financial receivables	–	–
Operating receivables	0	4
Total assets	101	1,243
Deferred tax liabilities	–	16
Operating liabilities	8	36
Total liabilities	8	52
Purchase price received, shares	79	839
Proceeds received, repayment of loans	44	449
Less: Cash and cash equivalents in the divested operation	0	0
Effect on cash and cash equivalents – divestment of properties via companies	123	1,288
Effect on cash and cash equivalents – direct divestment of properties	25	0
Divestment of properties	148	1,288
Group	2020	2019
Adjustment for non-cash items		
Depreciation/amortisation and impairment	12	12
Exchange differences, unrealised	-21	40
Loss from associated companies, loss from property management	-43	-38
Capital losses on divestment and disposal of properties	-33	-54
Total	-84	-40

Note 26, cont.

Group

Specification of changes in liabilities attributable to financing activities	31 Dec 2019	Items affecting cash flow		Items not affecting cash flow		31 Dec 2020
		New loans	Loan repayment	Exchange-rate fluctuations	Leases	
Non-current interest-bearing liabilities	27,644	2,587	-387	-716	–	29,128
Current interest-bearing liabilities	7,898	6,196	-4,568	-2	–	9,524
Lease liabilities	582	–	–	-15	38	605
Total interest-bearing liabilities	36,124	8,783	-4,955	-718	38	39,257

Parent Company

No funds other than cash and bank balances are included in the cash and cash equivalents item

Cash flows

	2020	2019
Interest received	617	559
Interest paid	-488	337

Parent Company

	2020	2019
Adjustment for non-cash items		
Depreciation/amortisation and impairment	20	333
Profit/loss from divestment of participations	–	-253
Loss from participations in unlimited/limited partnerships	-29	-30
Exchange-rate differences	-182	-55
Anticipated dividend	-320	–
Total	-511	-5

Parent Company

Specification of changes in liabilities attributable to financing activities	31 Dec 2019	Items affecting cash flow		Items not affecting cash flow		31 Dec 2020
		New loans	Loan repayment	Exchange-rate fluctuations		
Non-current interest-bearing liabilities	27,644	2,587	-387	-716		29,128
Current interest-bearing liabilities	7,898	6,196	-4,568	-2		9,524
Total interest-bearing liabilities	35,542	8,783	-4,955	-718		38,652

Note 27 Related-party transactions

Parent Company

During the year, dividends totalling SEK 707 million (250) were paid to the Parent Company. See Note 9 regarding Profit/loss from participations in Group companies. The Parent Company leases office space from subsidiaries on market terms. Of the company's total purchasing and sales measured in SEK, 0 per cent (0) pertains to purchases and 100 per cent (100) to the net sales of other Group companies.

Parent Company owners

In 2020, dividends totalling SEK 860 million were paid to the Parent Company's owners – the Third Swedish National Pension Fund and AB Sagax. Hemsö has an underwriting commitment of SEK 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 amounted to SEK 1 million (loss: -2).

Note 28 Accrued expenses and deferred income

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Prepaid rental income	322	472	–	–
Accrued interest expense	155	146	155	146
Accrued personnel costs	17	14	14	12
Other items	134	339	2	1
Total	628	971	171	159

Note 29 Supplementary information on financial assets and liabilities

Derivative instruments in the consolidated and Parent Company balance sheet

Recognised as financial assets	2020	2019
Interest-rate derivatives	15	32
Currency interest-rate derivatives	20	–
Currency derivatives	12	0
Total	47	32

Recognised as financial liabilities	2020	2019
Interest-rate derivatives	271	243
Currency interest-rate derivatives	7	–
Currency derivatives	0	0
Total	278	243

Net (debt) derivative instruments	2020	2019
	231	211

Derivative instruments

Derivative instruments are mainly drawn to achieve the desired fixed-rate period in the loan portfolio. In addition, currency derivatives are used to eliminate currency exposure on foreign currency loans. The value of the derivatives can be derived from the quotation from the counterparty if they are categorised within Level 2 of the fair value hierarchy under IFRS 13. Fair value is based on the discounting of future cash flows for each maturity term at a market rate.

The following table presents the Group's financial assets and liabilities, at carrying amount and fair value, respectively, classified into categories in accordance with IFRS 9.

Measurement of financial assets and liabilities at 31 Dec 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

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 2019

	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					
Non-current receivables from associated companies	–	–	–	–	–
Other long-term assets	–	–	90	90	90
Rent and accounts receivable	–	–	23	23	23
Derivative instruments	32	–	–	32	32
Other current receivables	–	–	298	298	298
Prepaid expenses and accrued income	–	–	291	291	291
Cash and cash equivalents	–	–	988	988	988
Total	32	–	1,690	1,722	1,722
Financial liabilities					
Bond loans	–	–	27,042	27,042	27,288
Schuldschein (NSV)	–	–	783	783	783
Bank loans	–	–	2,643	2,643	2,643
Commercial papers	–	–	5,074	5,074	5,074
Derivative instruments	243	–	–	243	243
Loans from minority interests	–	–	–	–	–
Accounts payable	–	–	243	243	243
Other liabilities	–	–	57	57	57
Accrued expenses	–	–	971	971	971
Total	243	–	36,813	37,056	37,302

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 approach to 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.

Not 30 Events after the closing date

Hemsö issued in January a 7-year EUR 500 million bond on the European capital market. The coupon rate was set at zero, with an effective annual interest rate of 0.12 per cent.

In February Hemsö acquired all the buildings and ongoing development projects in the Paavola campus grounds in central Lahti. The buildings will undergo extensive refurbishment in addition to the new construction on the campus grounds. The total investment amount is approximately EUR 85 million. The City of Lahti has signed a 20-year rental agreement for all of the space. In March, another acquisition in Finland was made. The acquired

property will undergo extensive refurbishment and convert into a municipal family centre in Espoo outside Helsinki. A 10-year rental agreement has been signed with the City of Espoo. The total investment amount is approximately EUR 22 million.

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 9.05 per share is based on the annual accounts for 2020, which were presented to the Annual General Meeting for adoption on 29 April 2021, 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	1,700,000,000
Retained earnings	2,092,137,117
Profit for the year	1,039,656,061
Total	4,831,793,178

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

To shareholders	905,000,000
To be carried forward	3,926,793,178
Total	4,831,793,178



Romberga 23, Villa Idun – nursing home in Enköping.

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. The Annual Report also contains sustainability reporting for the Group and the Parent Company in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, refer to page 130, and the Sustainability Report in accordance with the Global Reporting Initiative (GRI), refer to the GRI Content Index on pages 128-129.

Stockholm, as of the date of our electronic signature.

Pär Nuder
Chairman of the Board

Åsa Bergström
Board member

Bengt Hellström
Board member

Kerstin Hessius
Board member

David Mindus
Board member

Johan Thorell
Board member

Nils Styf
Chief Executive Officer

Our audit report was submitted as of the date of our electronic signature
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 2020 except for the corporate governance statement on pages 77–80 and other information on pages 1–58 and 118–136. 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 2020 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 2020 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 62 240 on December 31, 2020.

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 118–136. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director 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 2020 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 17 June 2020 and has been the company's auditor since the 17 June 2020.

Stockholm on the day stated in our electronic signature

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	
Boden 56:51	Idrottsgatan 6	Boden	10,700	0	0	0	0	10,700
Romberga 23:54	Frejas allé 2	Enköping	4,100	0	0	0	0	4,100
Bunge Stucks 1:297	Strandvägen 51	Gotland	3,222	0	0	0	0	3,222
Hemse Blåkråkan 15	Parkgatan 16-18	Gotland	2,490	0	0	0	0	2,490
Hemse Fasanen 10	Hagagatan 30	Gotland	11,404	0	322	0	0	11,726
Klinte Åvalle 2:27	Skolgatan 7-9	Gotland	2,719	0	0	0	1,099	3,818
Othem Kiläkern 2	Apoteksgatan 3	Gotland	5,378	0	0	0	0	5,378
Roma Kloster 1:37	Björkstigen 10	Gotland	3,565	0	0	0	0	3,565
Visby Pjäsen 11	Lännavägen 21-43	Gotland	1,094	0	0	0	308	1,402
Visby Pjäsen 12	Pjäsgatan 12	Gotland	6,600	0	0	0	6	6,606
Brynäs 55:4	Tredje Tvärgatan 31	Gävle	6,490	0	0	0	0	6,490
Kristinelund 49:2	Norra Järstavägen 20a-b	Gävle	11,707	0	2,540	0	0	14,247
Strömsbro 4:2	Sanatorievägen 17	Gävle	6,451	0	0	0	0	6,451
Södertull 13:14	Flemminggatan 11-17	Gävle	14,767	0	0	0	0	14,767
Vallbacken 24:3	Vallbacksgatan 8	Gävle	4,937	0	0	0	0	4,937
Varva 2:20	Norra Prästvågen 12-14	Gävle	5,563	0	0	0	0	5,563
Backa 243:52	S:t Jörgens väg 22	Gothenburg	4,441	0	0	0	619	5,060
Fiskebäck 8:7	Hälleflundregatan 20	Gothenburg	6,444	0	0	0	1,341	7,785
Krokslätt 147:2	Fridkullagatan 18 G	Gothenburg	3,088	0	0	0	150	3,238
Näset 130:1	Bjölavägen 1	Gothenburg	3,701	0	0	0	0	3,701
Rud 5:2	Positivgatan 15	Gothenburg	6,027	0	0	0	0	6,027
Brandvakten 3	Södra Vägen 4	Halmstad	3,815	0	0	0	0	3,815
Halmstad 10:35	Frennarpsvägen 131	Halmstad	3,312	0	0	0	0	3,312
Nåden 1	Fyllinge	Halmstad	3,804	0	0	0	0	3,804
Jakobsberg 2:2719	Vibblabyvägen 97-99	Järfälla	4,341	0	0	0	0	4,341
Jakobsberg 34:6	Snapphanevägen 22	Järfälla	7,055	0	0	0	0	7,055
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
Landeryd 6:61	Slatteforsvägen 38	Linköping	1,266	0	0	0	0	1,266
Lillgårdsskolan 11	Ridhusgatan 2A	Linköping	1,510	0	0	0	168	1,678
Ostbiten 1	Rydsvägen 9C	Linköping	1,254	0	0	0	0	1,254
Riket 22	Järdalavägen 52C	Linköping	1,605	0	0	0	0	1,605
Trähästen 2	Skogslyckegatan 11F	Linköping	1,045	0	0	0	0	1,045
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
Alvik 2:54	Danelvägen 11	Luleå	1,578	0	0	0	0	1,578
Anoraken 1	Krondalsvägen 47	Luleå	11,000	0	0	0	0	11,000
Bergnäset 2:665	Stengatan 123	Luleå	2,129	0	0	0	0	2,129
Kalkällan 13	Lingonstigen 253	Luleå	3,906	0	0	0	0	3,906
Stadsön 1:1040	Älvsborgsvägen 20	Luleå	4,572	0	0	0	0	4,572
Norra Sjukhuset 1	Skansvägen 5	Lund	8,991	1,431	0	0	3,744	14,166
Anten 3	Eddagatan 1	Malmö	3,040	0	0	0	0	3,040
Byrådirektören 4	von Troils väg 2-8	Malmö	5,770	2,666	1,450	0	6,033	15,919
Cykeln 12	Palmgatan 17	Malmö	2,980	0	0	0	0	2,980
Nattskärnan 7	Järnvägsgatan 29	Malmö	1,918	0	0	0	0	1,918
Nicktistel 2	Ernst Jakobssons gata 7	Malmö	2,250	0	0	0	0	2,250
Solskiftet 1	Oshögavägen 2	Malmö	6,825	0	0	0	0	6,825
Stengodset 1	Stengodsvägen 4	Malmö	1,850	0	0	0	0	1,850
Storskarven 12	Norra vägen 7	Malmö	1,900	0	0	0	0	1,900
Storskarven 13	Norra vägen 1	Malmö	2,313	0	0	0	0	2,313
Storskarven 9	Brunandsvägen 32	Malmö	442	0	0	0	0	442
Styckmästaren 8	Jöns Risbergsgatan 4	Malmö	1,256	0	0	0	133	1,388
Styrkan 23	Spånehusvägen 91	Malmö	2,140	0	0	0	0	2,140
Torsten 12	Major Nilssonsgatan 13	Malmö	2,400	0	0	0	0	2,400
Virket 8	Sigtunagatan 13	Malmö	2,455	0	0	0	2,098	4,553
Höbälen 1	Vetekornsgatan 22	Mölndal	2,682	0	0	0	0	2,682
Mensättra 26:1	Ornovägen 5	Nacka	2,047	0	0	0	0	2,047
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
Diadem 3	Gamla Övägen 27	Norrköping	4,025	0	0	0	0	4,025
Gångjärnet 1	Plåtslagaregatan 8	Norrköping	5,386	0	0	0	0	5,386
Järven 6	Bergslagsgatan	Norrköping	4,054	433	0	0	772	5,259
Konstantinopel 6	Skomakaregatan 11	Norrköping	3,183	0	0	0	0	3,183
Sandbyhov 30	Sandbyhovsgatan 21	Norrköping	14,322	13,079	4,999	0	1,441	33,841
Hallen 4	Lövgatan 39-43	Solna	4,244	355	1,095	0	144	5,838
Stanstorp 5:368	Vikhems bygata	Staffanstorp	4,126	0	0	0	0	4,126
Flyghöjden 2	Skarpnäcks Torg 1	Stockholm	2,880	0	0	0	0	2,880
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
Blåvalen 1	Tallhöjdsvägen 1-3	Södertälje	4,734	0	2,240	0	204	7,178
Hantverkaren 2	Hantverksvägen 1	Södertälje	3,400	0	0	0	0	3,400
Herkules 29	Corfitz-beck-friisgatan 2	Trelleborg	0	0	0	0	0	0

List of properties

Nursing homes	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Herkules 33	Hamngatan 16	Trelleborg	800	0	0	0	0	800
Herkules 34	Corfitz-beck-friisgatan 4A	Trelleborg	0	0	300	0	5,454	5,754
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
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
Luthagen 81:1	Norrlandsgatan 2	Uppsala	2,740	0	0	0	0	2,740
Rickomberga 9:14	Geijersgatan 61	Uppsala	3,200	0	0	0	0	3,200
Valsätra 3:10	Bernadottewägen 1P	Uppsala	6,065	0	0	0	0	6,065
Vallentuna-Ekeby 2:275	Ekebyvägen 40	Vallentuna	2,936	0	0	0	0	2,936
Vallentuna-Rickeby 1:97	Stendösvägen 1-3	Vallentuna	2,948	0	0	0	0	2,948
Sörbyn 17:1	Törnrosgatan 8-22	Vänersborg	3,363	0	1,009	0	155	4,527
Birka 1	Forn tidsgatan 4	Västerås	3,335	0	0	0	0	3,335
Hanen 4	Hagalidsvägen 2	Västerås	2,740	0	0	0	0	2,740
Klockarkärleken 3	Rönbergastigen 7	Västerås	3,937	0	0	0	0	3,937
Kolaren 5	Tråddragargatan 31	Västerås	1,052	0	0	0	0	1,052
Kornknarren 2	Västeråsgatan	Västerås	0	0	0	0	0	0
Kornknarren 3	Västeråsgatan	Västerås	0	0	0	0	0	0
Lövhamnen 32	Pilfinksgatan 2	Västerås	4,589	0	0	0	0	4,589
Skjutfältet 9	Hästhovsgatan 27	Västerås	5,914	0	0	0	0	5,914
Skogsduvan 1	Skogsduvevägen 11	Västerås	1,107	0	0	0	0	1,107
Södra Källtorp 1	Vällbyleden 13	Västerås	0	1,477	0	0	0	1,477
Vedbo 61	Hörntorpsvägen 20	Västerås	7,479	4,000	0	0	0	11,479
Ängsklockan 1	Vårlökgatan 6	Västerås	3,813	0	0	0	0	3,813
Östra Daggrosen 1	Daggrosgratan 1	Västerås	3,507	0	0	0	0	3,507
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			422,609	23,441	22,425	0	26,060	494,535

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	Tunavallgränd 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	Lasarettboulevard 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
Komariken 1:1 part of	Skurhagagatan	Kungälv	0	0	0	0	0	0
Ärlan 1	Vikingagatan 6	Kungälv	0	3,107	0	0	0	3,107
Borstahuset 1:8	Havsgatan 5	Landskrona	0	2,245	0	0	0	2,245
Borstahuset 1:9	Havsgatan 1	Landskrona	0	5,700	0	0	0	5,700
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
Gällstad 1:291	Sävsångarevägen 61	Linköping	0	661	0	0	0	661
Isskåpet 1	Tröskaregatan 73- 75	Linköping	0	2,735	0	0	0	2,735
Laddstaken 2	Knektgatan 1A-B	Linköping	0	750	0	0	0	750
Nyponkärnan 1	Kvinnebyvägen 91	Linköping	0	970	0	0	0	970
Nässelodlingen 1	Nybrovägen 1	Linköping	0	4,252	0	0	0	4,252
Ostduken 2	Björnkärrsgatan 14-16	Linköping	0	1,492	0	0	0	1,492
Rystads-Gärstad 8:41	Gurkvägen 2-4	Linköping	0	661	0	0	0	661
Benzelius 1	Dag Hammarskjölds Väg 2	Lund	0	5,159	0	0	1,281	6,440
Klostergården 2:9	S:t Lars väg 1-38, 70-90	Lund	4,509	28,264	6,911	0	6,285	45,969

List of properties

Education	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Predikanten 2	Landgillevägen 55	Lund	0	750	0	0	0	750
Dona 1:38	Rinkenäsgatan 2-4	Lysekil	0	9,000	0	0	0	9,000
Gullriset 4	Monicavägen 18-22	Malmö	0	648	0	0	0	648
Spillepengsmarken 7	Strömgatan 13	Malmö	0	4,670	0	0	0	4,670
Erstavik 26:607	Krabbvägen 1	Nacka	0	764	0	0	0	764
Erstavik 27:1	Fisksättravägen 31	Nacka	0	775	0	0	0	775
Lännersta 1:1231	Sunnebovägen 2	Nacka	0	563	0	0	0	563
Mensättra 1:168	Boo Kyrkväg 7	Nacka	0	0	0	0	135	135
Mensättra 1:19	Boo Kyrkväg 3	Nacka	0	4,036	0	0	0	4,036
Mensättra 1:84	Gustavsviksvägen 10	Nacka	0	613	0	0	0	613
Mensättra 2:91	Björkholmsvägen 235	Nacka	0	771	0	0	0	771
Mensättra 2:92	Sandholmsvägen 2	Nacka	0	775	0	0	0	775
Sicklaön 207:7	Bävervägen 4	Nacka	0	919	0	0	0	919
Sicklaön 351:1	Skogsstigen 40	Nacka	0	3,509	0	0	0	3,509
Sicklaön 39:4	Helgesons väg 10	Nacka	0	2,575	0	0	0	2,575
Tattby 2:24	Samskolevägen 2-6	Nacka	0	758	0	0	0	758
Älta 14:101	Almvägen 4	Nacka	0	3,345	0	0	50	3,395
Älta 14:97	Almvägen 2	Nacka	0	6,630	0	0	0	6,630
Älta 35:149	Anemonvägen 13	Nacka	0	736	0	0	0	736
Älta 75:16	Ulvsvägen 17	Nacka	0	418	0	0	0	418
Drag 4	Dragsgatan 7	Norrköping	0	9,878	0	0	0	9,878
Järven 5	Bergslagsgatan 11	Norrköping	0	3,011	0	0	1,500	4,511
Borgaren 18	Stora torget 3	Nyköping	0	10,917	0	0	1,512	12,429
Mode 4	Stationsgatan 3	Skövde	0	0	0	0	8,147	8,147
Sollentuna Sjöberg 7:4	Lomvägen 100-102	Sollentuna	0	600	0	0	0	600
Sollentuna Träbjälken 16	Sofielundsvägen 12	Sollentuna	0	2,590	0	0	0	2,590
Bagartorp 17 part of	Bagartorpsringen 20	Solna	0	0	0	0	0	0
Befästningskullen 8	Anders Lundströms gata 3-5	Solna	0	3,388	0	0	0	3,388
Solna Älgörten 1	Fridenborgsvägen 100	Solna	0	8,659	0	0	0	8,659
Hjärup 4:290	Heimdallsvägen 2	Staffanstorps	0	652	0	0	0	652
Stora Uppåkra 12:302	Parkallén 10	Staffanstorps	0	1,195	0	0	0	1,195
Stora Uppåkra 12:303	Parkallén 4	Staffanstorps	0	7,694	0	0	0	7,694
Kadetten 29	Karlbergsvägen 77	Stockholm	0	4,372	0	0	5,520	9,892
Lau 1	Beckomborgavägen 301	Stockholm	0	2,410	0	0	0	2,410
Lojsta 1	Beckomborgavägen 316	Stockholm	0	2,300	0	0	0	2,300
Lummelunda 1	Beckomborgavägen 299	Stockholm	0	1,484	0	0	0	1,484
Piloten 2	Gondolgatan 16	Stockholm	0	3,471	0	0	0	3,471
Sandbacken Mindre 42	Sandbacksgatan 10	Stockholm	0	8,000	0	0	16	8,016
Sproge 1	Beckomborgavägen 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	Klövervällsgatan 54	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
Halla-Stenbacken 1:88	Västgötavägen 30	Uddevalla	0	18,351	945	0	16,802	36,098
Umeå Hugin 3	Nygatan 47	Umeå	0	7,730	0	0	0	7,730
Odenslunda 1:592	Söderviksvägen 1	Upplands Väsby	0	5,915	0	0	0	5,915
Vilunda 19:2	Industrivägen 20 B	Upplands Väsby	0	14,904	0	0	0	14,904
Vilunda 6:55	Drabantvägen 3-5	Upplands Väsby	0	3,000	0	0	0	3,000
Bällsta 2:1087	Zetterlundsväg 140	Vallentuna	0	3,000	0	0	0	3,000
Barkaröby 15:308	Lövängsgatan 2	Västerås	0	1,570	0	0	0	1,570
Gustavsborg 2	Vasagatan 44	Västerås	0	18,062	0	0	0	18,062
Kristiansborgsskolan 2	Vasagatan 56	Västerås	0	5,334	0	0	0	5,334
Rapphönan 2	Västeråsgatan	Västerås	0	0	0	0	0	0
Rosenhill 1	Gurksaltargatan 9	Västerås	0	22,362	0	0	0	22,362
Rosenhill 12	Eriksborgsgatan 11	Västerås	0	6,758	0	0	340	7,098
Västerås 1:250	Ångkraftsvägen 1 A-C	Västerås	0	3,412	0	0	0	3,412
Jägaren 11	Vallgatan 12E	Växjö	0	7,015	0	0	6,661	13,676
Vittran 1	Telestads höjden	Växjö	0	0	0	0	0	0
Liv 1	Björnstjernegatan 1 A-C	Ystad	0	4,084	0	0	2,602	6,686
Liv 4	Nils Ahlins gata 2	Ystad	0	430	0	0	1,036	1,466
Malmö 3	Nils Ahlins gata 19	Ystad	0	0	0	0	1,430	1,430
Vallgraven 20	Industrigatan 12	Ystad	0	3,368	0	0	66	3,434
Vemmenhög 1	Björnstjernegatan 10	Ystad	0	4,140	0	0	0	4,140
Verkmästaren 24	Industrigatan 15A	Ystad	0	0	0	0	0	0
Verkmästaren 25	Industrigatan 15B	Ystad	0	0	0	0	0	0
Ystad Malmö 5	Nils Ahlins väg 17	Ystad	0	904	0	0	16	920
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			8,409	395,651	9,121	0	61,976	475,157

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
Fonden 49	Sörmarksgatan 199-205	Borås	1,134	0	1,778	0	1,382	4,294
Milstolpen 8	Smörhulegatan 2	Borås	0	0	2,306	0	225	2,531
Rydboholm 1:477	Hagkällvägen 2	Borås	0	260	1,865	0	0	2,125
Sandhults-Rydet 1:256	Strandvägen 11	Borås	0	0	1,623	0	0	1,623
Sik 1:183	Tärnavägen 6	Borås	0	319	2,275	0	20	2,614
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
Norr tull 31:2	Stallgatan 4	Gävle	2,295	0	0	0	0	2,295
Brämregården 80:1	Borstbindaregatan 6	Gothenburg	0	0	3,355	0	0	3,355
Lindholmen 36:1	Vintergatan 1A	Gothenburg	803	0	2,445	0	1,052	4,300
Vendelsö 3:1716	Skomakarvägen 20	Haninge	0	0	1,501	0	0	1,501
Illern 9	Stuvsta Torg 4-6, 10-14	Huddinge	0	0	2,985	0	281	3,266
Medicinaren 19	Hälsövägen 7-9	Huddinge	0	2,653	24,353	0	11,986	38,992
Medicinaren 25	Hälsövägen 11	Huddinge	0	3,258	15,233	0	554	19,045
Kindbogården 1:124	Ekdalavägen 2	Härryda	0	0	5,802	0	168	5,970
Kallhäll 1:32	Kopparvägen 2B	Järfälla	0	664	1,171	0	307	2,142
Hälsan 3	Fabriksvägen 17-19	Jönköping	0	0	4,613	0	0	4,613
Norra hammar 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
Hjällsnäs 3:63	Lundbyvägen 35	Lerum	0	0	2,042	0	0	2,042
Torp 2:19	Göteborgsvägen 9	Lerum	0	0	3,928	0	40	3,968
Mjölkudden 3:11	Mjölkuddsvägen 79C	Luleå	0	0	1,401	0	2,026	3,427
Slätten 15:7	Lasarettsgatan 1	Lysekil	5,325	102	8,777	0	1,596	15,799
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	Möln dal	0	0	6,432	0	682	7,114
Vaktmästaren 4	Hemvägen 8	Norr tälje	0	0	0	0	1,200	1,200
Patienten 1	Anna Steckséns gata 19A	Solna	0	0	18,466	0	2,438	20,904
Sotenäs Gravarne 3:139	Hvitfeldts gatan 23	Sotenäs	0	0	2,511	0	0	2,511
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
Princeton 1	Testvägen 1	Stockholm	0	0	0	0	0	0
Träbron 1	Bergtallsvägen 10-12	Stockholm	3,093	2,249	11,882	0	81	17,305
Skår 1:69	Syster Ebbas väg 1	Tjörn	0	0	1,881	0	0	1,881
Gladan 1	Slättbergsvägen 56	Trollhättan	0	0	1,402	0	0	1,402
Kuratorn 3	Lasarettsvägen 2	Trollhättan	0	0	808	0	0	808
Källstorpslyckan 1	Strömsviksvägen 16	Trollhättan	0	0	1,536	0	0	1,536
Faunan 1	Bollmoravägen 14-20	Tyresö	0	595	5,034	0	834	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
Gränby 12:6	Gränby Bilgata 2	Uppsala	0	265	2,227	0	267	2,759
Sävja 56:1	Västgötaresan 60	Uppsala	0	956	1,198	0	1,029	3,183
Grävlingen 28	Belfragegatan 2	Vänersborg	0	1,076	706	0	1,157	2,939
Månen 110	Restadvägen 24-28	Vänersborg	387	2,780	0	0	862	4,029
Tärnan 4	Torpavägen 23	Vänersborg	0	0	1,677	0	0	1,677
Ösby 1:76	Skärgårdsvägen 7	Värmdö	0	60	1,761	0	3,072	4,893
Torna 1	Sixten Sparres gata 1-3	Ystad	0	0	0	0	2,635	2,635
Total Sweden Health care			13,264	18,253	176,622	0	35,761	243,899



Stanstorp 5:368, Staffanstorp.



Verkmästaren 7, Eskilstuna.



Patienten 1, Solna.



Kvarnberget 9, Stockholm.

List of properties

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	Vågmästaregatan 5	Gothenburg	0	0	0	3,079	0	3,079
Notarieängnen 8	Ytterbyvägen 19	Kungälv	949	0	395	2,157	0	3,501
Reparatören 5	Ringvägen 88	Köping	0	0	0	2,650	0	2,650
Polisen 1	von Lingens väg 130 B	Malmö	0	0	0	3,555	0	3,555
Juristen 4	Järnvägsgränd 4	Mölnådal	0	0	0	7,000	1,270	8,270
Stinsen 1	Stockholmsvägen 4-6	Norrköping	0	0	0	18,331	5	18,336
Brädgården 2	Folkungavägen 2	Nyköping	0	0	0	11,476	900	12,376
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 6	Trelleborg	0	0	0	3,372	0	3,372
Stigbygeln 5	Ridvägen 10	Umeå	0	0	0	21,893	855	22,748
Total Sweden Justice system			949	528	395	113,828	7,872	123,572
Total Sweden			445,231	437,873	208,562	113,828	131,669	1,337,163

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	4,950	0	0	0	0	4,950
Piding, Lindenstrasse	Lindenstrasse	Berchtesgadener Land	3,699	0	0	0	0	3,699
Bensheim, Eifelstraße	Eifelstrasse 21 bis 25	Bergstraße	7,036	0	0	0	0	7,036
Berlin, Klingsorstraße	Hindenburgerdamm 36	Berlin-Stadt	6,820	0	0	0	0	6,820
Berlin, Ullsteinstraße	Ullsteinstrasse 159	Berlin-Stadt	8,656	0	0	0	0	8,656
Gärtneireiring	Gärtneireiring	Berlin-Stadt	2,679	0	0	0	0	2,679
Bocholt, Bówings Stegge 1	Bówings Stegge 8	Borken	4,966	0	0	0	0	4,966
Bocholt, Bówings Stegge 2	Bówings Stegge 6	Borken	2,499	0	0	0	0	2,499
Bremen, Gnesener Straße	Gnesener Strasse 6- Gröelingen	Bremen	2,621	0	0	0	0	2,621
Bremen, Hemmstrasse	Hemmstrasse 345- Findorff	Bremen	1,809	0	762	0	0	2,571
Bremen, Ricarda-Huch-Straße	Ricarda-Huch Strasse 1	Bremen	8,915	0	0	0	0	8,915
Barsel, Mühlenweg	Mühlenweg 11	Cloppenburg	4,550	0	0	0	0	4,550
Zeuthen, Fontaneallee	Fontaneallee 29	Dahme-Spreewald	8,868	0	0	0	0	8,868
Darmstadt, Kasinostraße	Kassinostasse 37	Darmstadt-Dieburg	6,074	0	0	0	0	6,074
Wetter, Friedrichstraße	Steinstrasse 3	Ennepe-Rhur-Kreis	4,004	0	0	0	0	4,004
Gotha, Pestalozzistraße	Pestalozzistraße	Gotha	12,777	0	0	0	50	12,827
Büttelborn, Am Heißgraben	Am Heißgraben	Groß-Gerau	0	0	0	0	0	0
Ahrensburg, Reeshoop	Reeshoop 38	Kreis Stormarn	5,810	0	0	0	0	5,810
Reinfeld, Kaliskaweg	Kaliskaweg	Kreis Stormarn	5,362	0	0	0	0	5,362
Bochum, Vincenzstraße	Vincenzstrasse 1	Bochum	4,719	0	0	0	87	4,806
Bonn, Rheinallee	Rheinalle 78	Bonn	4,363	0	0	0	0	4,363
Darmstadt, Im Fiedlersee	Im Fiedlersee 43	Darmstadt	7,516	0	0	0	0	7,516
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, Fuchstrasse	Fuchstrasse 31	Duisburg	4,099	0	0	0	0	4,099
Duisburg, Hufstrasse	Hufstrasse 2	Duisburg	3,846	0	0	0	0	3,846
Duisburg, Karl-Lehr-Straße	Karl-Lehr-Strasse 159	Duisburg	4,148	0	0	0	0	4,148
Emden, Am Wykhoffweg	Rotdornring 1	Emden	3,351	0	0	0	0	3,351
Kiel, Pickerstrasse	Pickerstrasse 36	Kiel	3,261	0	0	0	0	3,261
Kiel, Vaasastrasse 2a	Vaasastrasse 2A	Kiel	5,746	0	0	0	0	5,746
Cologne, Neusser Str.	Neusser Strasse 402-406	Cologne	7,681	0	0	0	0	7,681
Leipzig, Saxoniastrasse	Saxoniastrasse 32	Leipzig	4,558	0	0	0	0	4,558
Mülheim a.d. Ruhr, Am Halbach	Saarnstrasse 415	Mühlheim an der Ruhr	5,098	0	0	0	0	5,098
Offenbach, Spessartring	Spessartring 22	Offenbach am Main	9,569	0	0	0	0	9,569
Wiesbaden, Parkstraße	Parkstrasse 21	Wiesbaden	5,371	1,190	0	0	0	6,561
Hadamar, Hammelburg	Hammelburg 18	Limburg-Weilburg	6,432	0	0	0	0	6,432
Bruchköbel, Hauptstrasse	Hauptstrasse	Main-Kinzig-Kreis	5,301	0	0	0	0	5,301
Wächtersbach, Chatilloner Str	Chatilloner Strasse 81	Main-Kinzig-Kreis	2,196	0	0	0	0	2,196
Liederbach, Am Wehr	Im Grossen Garten	Main-Taunus-Kreis	4,800	0	0	0	0	4,800
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
Burgstädter Straße	Burgstädter Straße	Mittelsachsen	4,836	0	0	0	0	4,836
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
Kleinmachnow, Fahrenheitstr.	Fahrenheitstrasse	Potsdam-Mittelmark	0	0	0	0	0	0

List of properties

Nursing homes	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
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	8,513	0	0	0	0	8,513
Rehren, Auestraße	Auestrasse 4	Schaumburg	5,197	0	0	0	0	5,197
Kiefernstraße	Kiefernstraße	Schwandorf	2,589	0	0	0	0	2,589
Nittenau, Brucker Strasse	Brucker Strasse 7	Schwandorf	4,131	0	0	0	0	4,131
Zossen, An der Brotfabrik	An der Brotfabrik 1	Teltow-Fläming	3,554	0	0	0	0	3,554
Langenthalheim, Turnerweg 1	Turnerweg 1	Weißenburg	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
Hüxne, 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
Lauterbach, Bilsteinweg	Bilsteinweg 1	Vogelsbergkreis	5,684	0	0	0	0	5,684
Lichtenstein, Martin-Götze-St	Martin-Götze-Strasse 14	Zwickau	5,993	0	0	0	0	5,993
Total Germany Nursing homes			280,711	1,190	762	0	137	282,800

Education	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Dortmund, Rheinsche Strasse	Rheinsche Strasse 69	Dortmund	0	5,500	0	0	0	5,500
Duisburg, Wuhanstrasse 6, 11	Wuhanstrasse 6, 11	Duisburg	0	16,563	0	0	0	16,563
Duisburg, Wuhanstrasse 9	Wuhanstrasse 9	Duisburg	0	0	0	0	0	0
Zossen, Jägerstrasse	Jägerstrasse	Teltow-Fläming	0	0	0	0	0	0
Total Germany Education			0	22,063	0	0	0	22,063



Kassinostasse 37, Darmstadt.



Spessartring 22, Offenbach am Main.



Hemmstrasse 345 A, Bremen.



Jägerstrasse, Teltow-Fläming.

Justice system	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Hofgeismar, Manteuffel Anlage	Manteuffel Anlage 2-5	Kassel	0	0	0	4,286	0	4,286
Kassel, Knorrstrasse	Knorrstrasse 32	Kassel	0	0	0	3,550	0	3,550
Wiesbaden, Lorenz-Schott Str.	Lorenz-Schott Strasse	Wiesbaden	0	8,527	0	0	0	8,527
Wetzlar, Schanzenfeldstrasse	Schanzenfeldstrasse 8	Lahn-Dill-Kreis	0	0	0	10,886	0	10,886
Hornberg, August-Vilmar-Strasse	August-Vilmar-Strasse 20	Schwalm-Eder-Kreis	0	0	0	3,920	0	3,920
Total Germany Justice system			0	8,527	0	22,642	0	31,169
Total Germany			280,711	31,780	762	22,642	137	336,032

List of properties

Finland

Nursing homes	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Kappalaisenkuja 3	Kappalaisenkuja 3	Espoo	1,487	0	0	0	2	1,489
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
Kivennavantie 15	Kivennavantie 15	Espoo	2,270	0	0	0	0	2,270
Puistokatu A	Puistokatu A	Espoo	4,601	0	0	0	2,892	7,493
Haahkapolku 3	Haahkapolku 3	Helsinki	2,891	1,106	0	0	52	4,049
Keskiyöntie 6-8	Keskiyöntie 6	Helsinki	0	0	1,675	0	0	1,675
Kuparitie 2	Kuparitie 2	Helsinki	1,882	0	1,247	0	0	3,129
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 6 B	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
Pitkäniementie	Pitkäniementie	Nokia	3,249	0	0	0	0	3,249
Viertolantie 3 och 5	Viertolantie 3 och 5	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
Asentajankatu 2	Asentajankatu 2	Turku	2,543	0	0	0	0	2,543
Hovioikeudenkatu 3	Hovioikeudenkatu 3	Turku	7,332	0	0	0	0	7,332
Liinahaankatu 17	Liinahaankatu 17	Turku	5,531	0	0	0	0	5,531
Pirttivuorenkuja 7	Pirttivuorenkuja 7	Turku	2,450	0	0	0	0	2,450
Puutarhakatu 39	Puutarhakatu 39	Turku	5,989	0	0	0	0	5,989
Viilarinkatu 9	Viilarinkatu 9	Turku	3,050	0	0	0	0	3,050
Virvoituksentie 5	Virvoituksentie 5	Turku	6,043	0	0	0	0	6,043
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			105,085	1,624	3,884	0	3,342	113,935



Metsolantie 1, Kerava.



Haapaniemenkatu 6, Helsinki.



Kornetintie 8, Helsinki.



Arvi Kariston katu 5 Hämeenlinna.

Education	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Suotie 4	Suotie 4	Espoo	0	1,141	0	0	0	1,141
Arkadiankatu 24	Arkadiankatu 24	Helsinki	0	6,197	0	0	41	6,238
Arkadiankatu 28	Arkadiankatu 28	Helsinki	0	1,919	0	0	550	2,469
Haapaniemenkatu 6	Haapaniemenkatu 6	Helsinki	0	15,432	0	0	0	15,432
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
Yliopistokatu 4	Yliopistokatu 4	Joensuu	0	0	0	0	0	0
Wilhelm Schildtin katu 2	Wilhelm Schildtin katu 2	Jyväskylä	0	4,300	0	0	0	4,300
Satakunnankatu 23	Satakunnankatu 23	Pori	0	18,552	0	0	4,603	23,155
Lemminkäisenkatu 30	Joukahaisenkatu 3 A	Turku	0	16,282	0	0	0	16,282
Rantakatu 2.905-2-3-30, 31	Rantakatu 2.905-2-3-30, 31	Vaasa	0	15,347	0	0	3,117	18,464
Total Finland Education			0	88,505	0	0	8,311	96,816



Nursing homes – Meesakatu 4, Tampere, Finland.

List of properties

Health care	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Kornetintie 8	Kornetintie 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			0	0	63,706	0	445	64,151

Justice system	Address	Municipality	Area, sqm					Total
			Nursing homes	Education	Health care	Justice system	Other	
Salmisaarenranta 7	Salmisaarenranta 7	Helsinki	0	0	0	31,999	17,228	49,226
Arvi Kariston katu 5	Arvi Kariston katu 5	Hämeenlinna	0	0	0	4,715	0	4,715
Köysikuja 3	Köysikuja 3	Lieto	0	0	0	2,352	0	2,352
Elektroniikkatie 1, Oulu	Elektroniikkatie 1, Oulu	Oulu	0	0	0	0	0	0
Hiitintie 2	Hiitintie 2	Ylöjärvi	0	0	0	998	0	998
Total Finland Justice system			0	0	0	40,063	17,228	57,290
Total Finland			332,192	31,780	762	22,642	137	336,032
Total Hemsö			831,027	559,782	276,914	176,533	161,131	2,005,386

Hemsö's Sustainability Report

Hemsö's sustainability efforts are targeted and prioritised on the basis of our operations, the needs of our stakeholders and the areas in which our efforts can have the most impact. These are reviewed and prioritised annually as part of our strategy and business planning. Targets are set for priority areas. Responsibility for sustainability-related issues follows our organisational structure and this work is integrated into our business operations. The Head of Sustainability is responsible for the Sustainability Department and reports to the Head of Communications in Group Management. The Heads of Asset Management in Finland and Germany are responsible for property-related sustainability issues in their respective countries. Sustainability management is based on sustainability policy, sustainability guidelines and more detailed guidelines in such areas as energy, occupational health and safety, purchasing, choice of materials, business ethics and construction projects. External laws, guidelines and regulations, including the UN Sustainable Development Goals (SDGs), and voluntary commitments for sustainable development also provide the framework for our sustainability management.

Materiality assessment and stakeholder dialogue

The focus for sustainability management is reviewed every year as part of Hemsö's macroeconomic analysis and strategic planning, and stakeholder dialogues are conducted on a regular basis. Hemsö's

key stakeholders are the groups that are most impacted by the company's operations and/or whose actions have a significant impact on Hemsö. Hemsö's key stakeholders are:

- Tenants (contractual parties and users)
- Employees
- Owners
- Investors
- Environment and society (local community, interest organizations)
- Suppliers/contractors
- Policy-makers in municipalities and regions.

The sustainability topics with the most relevance, both internally and for external stakeholders, comprise Hemsö's material sustainability topics. These are summarised as follows:

- Safe and healthy environments in our properties
- Attractive employer for existing and potential employees

- Resource efficiency
- Responsibility for any negative impacts on human health and/or the environment
- Long-term sustainable financial growth in line with the profitability target
- Community engagement and impact

GRESB Green Star

Hemsö has been reporting its sustainability performance in accordance with the Global Real Estate Sustainability Benchmark (GRESB) since 2014, which is an annual global evaluation of environmental, social and governance (ESG) at company and portfolio level. Hemsö has achieved the highest GRESB rating – Green Star – since 2016. In 2020, Hemsö achieved a score of 75 points (72 in 2019). Hemsö's goal is to continuously develop its sustainability performance, which will be reflected in the GRESB Assessment.

Hemsö-6, Place availability completed

Year	No. of projects	Place availability school	Place availability college/university	Place availability nursing home
2018	7	750	0	171
2019	12	1,472	5,100	312
2020	7	490	0	258
Since start	53	8,000	7,000	1,250

This indicator shows the place availability of the completed school, college/university and nursing home projects during the year. The indicator is linked to the area of local communities, where place availability shows how Hemsö is meeting the growing need for social infrastructure in the local community.

Membership of associations 2020

Almega	Helps service companies develop positive relationships between employer and employees.
Royal Institute of Technology's Property Academy	Funding for research related to property management.
SGBC – Sweden Green Building Council	Organisation that promotes sustainable construction and urban development.
Green Building Council Finland	Organisation that promotes sustainable construction and urban development.
LFM30	Roadmap for a climate-neutral construction industry in Malmö. Hemsö has committed to the initiative.
Confederation of Swedish Enterprise	An employers' organisation that lobbies actively for Swedish pro-business interests.
Vinnova	Government agency for innovation in Sweden with a mission to promote sustainable growth. Hemsö is part of a research project on restorative workplaces/outdoor environments.
BRIS	One of Sweden's leading organisations for children's rights, that supports children every day.
Mentor	Non-profit organisation with volunteer mentors for young people.
Berlin City Mission	Hemsö sponsors the organisation's initiatives to support the homeless (kältebus).
Forum Bygga Skola	A national networking arena for all parties involved in the process of planning, building and refurbishing schools.
Queen Silvia Nursing Award	A scholarship for nursing students who want to be involved and contribute to tomorrow's development of health and social care for the elderly.
CSR Skåne	A network that brings together environmentally and socially engaged organisations to share knowledge and create business value.
Ifous	A non-profit independent research and development institute that works to promote practice-oriented research in the field of education.
ZIA	Represents the combined interests of the property industry in Germany and fosters dialogue with its members.
German-Swedish Chamber of Commerce	Network to promote the development of German-Swedish business relationships.

As of the 2016 financial year, Hemsö's sustainability reporting will be included in the Annual Report. Hemsö reports in accordance with the Core option of the Global Reporting Initiative (GRI) standards. The report describes Hemsö's sustainability performance and results for 2020. Boundaries and year-on-year changes are described beside the tables and performance indicators. The contact person for the report and its contents is the Head of Sustainability, Emma Weman (emma.weman@hemso.se).

In this year's GRI report, 'Local communities' has been added. According to Hemsö's materiality assessment, impact on local communities is a key area for Hemsö. Hemsö's business model of owning, managing and developing public properties is meeting the growing need of local communities for social infrastructure.

Health and safety has been removed from this year's GRI report, since it is no longer considered material. This is based on GRI's updated reporting requirements and information in the area. Hemsö will continue to present employee attendance outside the GRI report.

A summary of the GRI topics and indicators reported is presented on the following pages, with information about where they can be found.

GRI data

Information about the GRI Indicators not included elsewhere in the Annual Report is presented below.

102-41 Collective bargaining agreements

All employees in Hemsö Fastighets AB and Hemsö Development AB are covered by collective bargaining agreements. Collective agreements are not possible for Vitartes or for Hemsö in Finland and Germany due to the size of these companies, but similar conditions are applied. 89 per cent of employees are covered by collective agreements.

201-1 Direct economic value generated and distributed

SEK million	2018	2019	2020	Share, %
Direct economic value generated				
Income (rents and other income)	2,617	3,047	3,293	
Economic value distributed				
Employee salaries and benefits, social security contributions	-140	-147	-172	5
Payments to providers of capital	-372	-419	-500	15
Dividends to the owners	-657	-722	-860	26
Payments to suppliers	-594	-692	-712	22
Tax paid	-71	-141	-171	5
Economic value retained	783	927	878	27

401-1 New employee hires and employee turnover

Employee turnover, %	2020	2019*	2018
Total	10.1	10.7	17.1
Men	5.6	3.4	16.8
Women	13.9	18.7	13.5

*Figures for total employee turnover and employee turnover, women for 2019 have changed compared with the 2019 Annual Report. In the 2019 Annual Report, these two figures were swapped around and therefore incorrect.

The number of new employees in 2020 was 29 (30 in 2019 and 22 in 2018). Hemsö does not report age group or region due to the small number of employees. Calculation using the formula: lowest number of employees started or ended, respectively/average number of employees. Comprises Sweden, Finland and Germany.

302-1: Energy consumption within the organisation**

The reporting period is 1 January 2020-31 December 2020. Total amount of energy consumption in 2020 was 243,235 MWh.

MWh	2020	2019	2018
Electricity, renewable	94,537	86,980	93,754
District heating, renewable	108,128	115,779	115,555
District cooling, renewable	4,521	4,272	3,467
Total renewable energy	207,186	209,050	214,794
Electricity, non-renewable	-	-	-
District heating, non-renewable	34,273	25,559	21,410
District cooling, non-renewable	289	273	221
Oil	6	1	1
Natural gas	1,310	1,558	2,969
Diesel	61	68	102
Petrol	110	118	17
Total non-renewable energy	36,048	27,576	24,720
TOTAL	243,235	236,626	239,514

** Energy consumption includes data for Sweden and Finland. In Germany, the tenant is responsible for energy consumption under the rental agreement.

GHG emissions 305-1, 305-2 and 305-3***

Direct and Indirect GHG emissions, Scopes 1, 2 and 3	2020	2019	2018
305-1: Direct (Scope 1) GHG emissions, tCO₂e	541	683	884
Non-renewable energy	541	683	884
305-2: Energy indirect (Scope 2) GHG emissions, tCO₂e	9,682	12,126	10,405
Electricity, non-renewable	-	-	-
District heating, non-renewable	9,660	12,106	10,389
District cooling	21	20	16
305-3: Other indirect (Scope 3) GHG emissions, tCO₂e	2,979	2,687	2,134
Air travel	21	101	107
Train travel	0	0	0
Company cars, own car for business use	11	9	6
Hotel	1	1	1
Production of energy carriers	2,945	2,576	2,020
Total	13,202	15,496	13,423

The calculations include direct emissions from refrigerants, mobile and stationary fuels (Scope 1), indirect emissions from purchased electricity, heating and cooling (Scope 2) and other indirect emissions from business travel and the production of energy carriers (Scope 3).

Calculations and reporting are based on the GHG Protocol Corporate Accounting and Reporting Standard, revised edition. The operational control approach was applied, and the market-based method was used to calculate emissions.

Consumption data from stationary and mobile combustion, refilling of refrigerants and purchased electricity, heating and cooling. This year, we reported consumption of district heating in Sweden per supplier. The calculations of GHG emissions from travel by taxi are based on information from previous years. Conservative assumptions and emission factors were used in the calculation. Main sources for emission factors were the Swedish Environmental Protection Agency (EPA) 2017, the UK Department for Business, Energy and Industry Strategy (BEIS) 2019, the Swedish Energy Agency 2017, Swedenenergy 2019, Finnish Energy 2018 and Vattenfall 2015.

*** Calculations include properties in Sweden and Finland.

103-1–103-3 Disclosures on Management Approach – compliance with laws and regulations

Laws and regulations of particular significance for Hemsö are primarily in the areas of tax, financial reporting, environment and reporting, employer responsibilities, premises liability and in the role of developer. To ensure compliance with laws and regulations, Hemsö applies internal procedures, quality control and external audits. Hemsö's Code of Conduct and whistleblower system also support these efforts. Every area is continuously monitored in regard to regulatory and legal changes to enable timely action and adaptation of the operations. For obligations that are governed by law, Hemsö has a clear delegation of responsibilities within the company and ongoing training for the people concerned. The principle for delegation of responsibilities is based on fields of expertise and the employee's ability to take responsibility for their own area of expertise.

Cases for which regulatory and legal changes have led to a need for action are monitored at least annually. Any needs for action are materialised through various activities and included in the annual Group-wide business planning process. Monitoring takes place at management level.

307-1, 419-1 Non-compliance with laws and regulations

During the year, Hemsö was not subject to any legal action due to non-compliance with laws or regulations.

405-1 Diversity of governance bodies and employees

	Women/ men, %	< 29 years	30–49 years	> 50 years
2020				
Board	33/67	0	17	83
Management	40/60	0	50	50
All employees	43/57	13	62	25
2019				
Board	33/67	0	33	67
Management	30/70	0	90	10
All employees	47/53	12	68	20

GRI Content Index

General standard disclosures		Page	Comments
102-1	Name of the organisation		Hemsö Fastighets AB
102-2	Activities, brands, products, and services	First spread, 7, 29	
102-3	Location of headquarters		Stockholm
102-4	Location of operations	29,7	
102-5	Ownership and legal form	77, 59	
102-6	Markets served	7	
102-7	Scale of the organisation	59, 61, 62	
102-8	Information on employees and other workers	61	
102-9	Supply chain	42	
102-10	Significant changes to the organisation and its supply chain		No major changes in 2020
102-11	Precautionary principle or approach		Hemsö applies the precautionary principle through systematic property management, which prevents problems associated with the indoor environment. The precautionary principle is also applied when using new materials and products.
102-12	Externally developed regulations, standards, principles to which the organisation subscribes/endorsees	126	
102-13	Membership of associations	126	
102-14	Statement from the CEO/Chairman	4-5	
102-16	Values, principles, standards, and norms of behaviour	19,2	
102-18	Governance structure	126, 77–80	
102-40	List of stakeholder groups	126	
102-41	Collective bargaining agreements	126	
102-42	Identifying and selecting stakeholders	126	
102-43	Approach to stakeholder engagement	9, 18, 19, 41, 43, 52, 71, 73, 81	
102-44	Key topics and concerns raised	126	
102-45	Entities included in the consolidated financial statement		The consolidated financial statements include the Parent Company and subsidiaries. Subsidiaries are entities over which the Parent Company has a controlling interest. Employee-related data covers Sweden, Germany and Finland. The GRI report is largely based on Hemsö's Swedish operations, which include most of Hemsö's properties. The aim is to gradually include more data for Germany and Finland.
102-46	Defining report content and topic boundaries	126	
102-47	List of material topics	126	
102-48	Restatements of information	126	No data was restated.
102-49	Changes in reporting	126	
102-50	Reporting period		2020-01-01–2020-12-31
102-51	Date of most recent report		31 Mar 2020
102-52	Reporting cycle		Calendar year
102-53	Contact point for questions regarding the report	127	
102-54	Claims of reporting in accordance with the GRI Standards		
102-54	Core/Comprehensive	127	
102-55	GRI Content Index	128–129	
102-56	External assurance	130	
Material topics, management approach and performance indicators			
Economic performance			
103-1, 103-2, 103-3	Management approach	7, 12, 29-31	
201-1	Direct economic value generated and distributed	127	
Compliance			
103-1, 103-2, 103-3	Management approach	127, 75	
307-1, 419-1	Non-compliance with laws and regulations	127	
Anti-corruption			
103-1, 103-2, 103-3	Management approach	20, 68, 75	
205-2	Communication and training about anti-corruption policies and procedures	20	
205-3	Confirmed incidents of corruption and actions taken	20	
Materials and chemicals			
103-1, 103-2, 103-3	Management approach	58	
Hemsö-1	Materials in new construction that meet Hemsö's environmental and health requirements	58	Proportion of products in development projects that meet the criteria for levels A and B in the SundaHus Material Data system.

Energy			
103-1, 103-2, 103-3	Management approach	13, 15, 41-42, 44, 58	
302-1	Energy consumption within the organisation	13, 126	
302-3	Energy intensity	41, 42	
302-4	Reduction of energy consumption	41	
GHG emissions			
103-1, 103-2, 103-3	Management approach	41, 42	
305-1	Direct (Scope 1) GHG emissions	127	
305-2	Purchased energy – indirect (Scope 2) GHG emissions	127	
305-3	Other indirect (Scope 3) GHG emissions	127	
305-4	GHG emissions intensity	42	Hemsö reports greenhouse gas (GHG) emissions per lettable area (sqm).
Employment			
103-1, 103-2, 103-3	Management approach	12–14	
401-1	New employee hires and employee turnover	126	
Training and education			
103-1, 103-2, 103-3	Management approach	18–20	
Hemsö-2	The proportion of employees who are satisfied with their opportunities for professional development	18	
404-3	Percentage of employees receiving regular performance and career development reviews	19	It is not currently possible to monitor the percentage of employees who have completed performance reviews. Hemsö is developing a system that will make this possible to report by 2021.
Diversity and equal opportunity			
103-1, 103-2, 103-3	Management approach	18, 20	
405-1	Diversity of governance bodies and employees	126	
405-2	Ratio of basic salary and remuneration of women to men	20	
Supplier social assessment			
103-1, 103-2, 103-3	Management approach	43–44	
308-1 414-1	New suppliers that were screened using social criteria	44	Hemsö defines suppliers as those included in central procurements. 100 per cent of these suppliers have been screened. The screening of central procurement includes whether suppliers have a quality and environmental management system or equivalent in place, and whether collective agreements or equivalent terms are applied. During the year, there were nine central procurements comprising a total of 12 suppliers.
Tenant health and safety			
103-1, 103-2, 103-3	Management approach	40, 41, 58	
416-1	Assessment of the health and safety impacts of product and service categories	40	
Hemsö-3	Reported accidents and incidents in Hemsö's properties during the reporting period	40	Comprises accidents and incidents resulting in compensation claims against Hemsö as landlord during the year.
Product and service labelling			
103-1, 103-2, 103-3	Management approach	53, 44, 58	
CRE8	Sustainability certifications and ranking of the property portfolio	53	
Customer satisfaction			
103-1, 103-2, 103-3	Management approach	41, 58	
Hemsö-4	Results of customer satisfaction surveys	41	Hemsö's annual CSI survey in Sweden.
Local communities			
103-1, 103-2, 103-3	Management approach	7, 51-52	
Hemsö-5	Place availability completed	126	

Summary of Hemsö's compliance with applicable accounting standards in accordance with the Swedish Annual Accounts Act

Area	Disclosure	Reference
Overall	Business model	7, 126
Environment	Policy and environmental issues	20, 40-44, 58, 73, 127
	Risks and risk management related to environmental issues	
	Targets and results related to environmental issues	
Employees and social conditions	Policy and social issues	74, 18-20, 127
	Risks and risk management related to social issues	
	Targets and results related to social issues	
Human rights	Policy and social issues	20, 43-44, 71
	Risks and risk management related to social issues	
	Targets and results related to social issues	
Anti-corruption	Policy and anti-corruption initiatives	43-44, 20, 75, 71
	Risks and risk management related to anti-corruption	
	Targets and results related to anti-corruption	

Auditor's Limited Assurance Report on Hemsö Fastighets AB's Sustainability Report and the Auditor's Report on the Statutory Sustainability Report

To Hemsö Fastighets AB, corporate identity number 556779-8169

Introduction

We have been engaged by the Board of Directors of Hemsö Fastighets AB (Hemsö Fastighets) to undertake a limited assurance engagement of Hemsö Fastighet's Sustainability Report for the year 2020. The company has defined the Sustainability Report for 2020 on page 126-130 in this document, that also includes the statutory sustainability report on page 130.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report and the Statutory Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the statutory sustainability report in accordance with the applicable criteria and the Swedish Annual Accounts Act respectively. The applicable Criteria are explained on the page 126 and are the parts of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and provide an opinion on the statutory sustainability report. Our engagement is limited to the information in this document and the historical information presented and thus does not include future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information, with the application of RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's report on the statutory sustainability report.

The procedures performed in a limited assurance engagement and in accordance with FAR's auditing standard RevR 12 vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Hemsö Fastighets in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. Consequently, the procedures performed and our examination in accordance with RevR12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures performed in the limited assurance engagement are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A statutory sustainability report has been prepared.

Stockholm on the day stated in our electronic signature
Ernst & Young AB

Magnus Fredmer
Authorised Public Accountant

Marianne Förander
Expert Member of FAR

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 2020	Jan-Dec 2019
Profit for the period	3,333	3,111
Average equity	18,398	14,957
Return on equity, %	18.1	20.8

Property yield	31 Dec 2020	31 Dec 2019
Net operating income according to income statement	2,425	2,276
Adjusted for 12-month holding period	-18	-11
Adjusted for development properties	-150	-87
Adjusted net operating income	2,258	2,178
Market value of properties	62,240	55,027
Adjusted for development properties	-12,089	-8,888
Adjusted market value	50,151	46,139
Property yield, %	4.5	4.7

Total yield	Jan-Dec 2020	Jan-Dec 2019
Net operating income	2,425	2,276
Value change, properties	2,441	2,037
Total	4,866	4,313
Opening property value	55,027	46,236
Closing property value	62,240	55,027
Adjustment of value change for the year	-2,441	-2,037
Adjusted average property value	57,413	49,613
Total yield, %	8.5	8.7

Profit from property management	Jan-Dec 2020	Jan-Dec 2019
Profit/loss after financial items	1,768	1,720
Reversal		
<i>Changes in value, properties</i>	38	39
<i>Changes in value, derivatives</i>	5	1
Profit from property management	1,810	1,760

Return on profit from property management	Jan-Dec 2020	Jan-Dec 2019
Profit from property management x 90%	1,629	1,584
Average equity	18,398	14,957
Return on profit from property management, %	8.9	10.6

Interest-coverage ratio	Jan-Dec 2020	Jan-Dec 2019
Operating profit	2,268	2,139
Net financial items	-500	-419
Interest-coverage ratio, times	4.5	5.1

Operating cash flow	Jan-Dec 2020	Jan-Dec 2019
Profit from property management	1,810	1,760
Reversal		
<i>Profit from property management participations in associated companies</i>	-43	-38
<i>Depreciation</i>	12	12
<i>Tax paid</i>	-83	-106
Operating cash flow	1,696	1,628

Loan-to-value ratio	31 Dec 2020	31 Dec 2019
Interest-bearing debt	38,652	35,542
Less cash and cash equivalents	-891	-988
Net debt	37,761	34,554
Market value of investment properties	62,240	55,027
Investments in associated companies	698	635
Loan-to-value ratio, %	60.0	62.1

Debt-coverage ratio	31 Dec 2020	31 Dec 2019
Cash and cash equivalents	891	988
Undrawn committed credit facilities	12,500	12,661
Available liquidity	13,391	13,649
Short-term borrowings	9,524	7,994
Debt-coverage ratio, %	141	171

Share of secured debt	31 Dec 2020	31 Dec 2019
Secured debt outstanding	0	0
Market value of investment properties	62,240	55,027
Secured debt, %	0.0	0.0

Operating margin	Jan-Dec 2020	Jan-Dec 2019
Operating profit	2,268	2,139
Property income	3,293	3,046
Operating margin, %	68.9	70.2

Equity/assets ratio	31 Dec 2020	31 Dec 2019
Equity	20,082	16,714
Assets	65,193	57,945
Equity/assets ratio, %	30.8	28.8

Net asset value	31 Dec 2020	31 Dec 2019
Equity	20,082	16,714
Derivatives	231	211
Deferred tax	4,270	3,600
Net asset value	24,583	20,525

Adjusted equity/assets ratio	31 Dec 2020	31 Dec 2019
Equity	20,082	16,714
Derivatives	231	211
Deferred tax	4,270	3,600
Net asset value	24,583	20,525
Assets	65,193	57,945
Adjusted equity/assets ratio, %	37.7	35.4

Definitions

Financial definitions

Share of secured debt

Interest-bearing secured debt in relation to the market value of investment 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 the market value of the 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 the market values of the 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 reinstatement 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 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 derivatives.

Total yield

The sum of net operating income and value changes in relation to average property value, adjusted for value changes 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 is 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. Secure housing facilities are also included in the public properties concept.

Large cities

The definition of major 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 3,800 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. In 2020, Hemsö issued five more sustainability bonds, representing about 40 per cent of the total bond value issued by the company during the year. 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 either the Nasdaq Stockholm Sustainable Bond List – a market segment for sustainability bonds that must meet certain criteria before they are admitted to trading on the venue, or 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 properties, 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

In 2020, the allocation was only for existing properties that were completed new construction projects and were completed in recent years. An amount corresponding to the issue proceeds is used to finance sustainable assets in accordance with the sustainable finance



Education, Mälardalen University, Eskilstuna

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

Examples of development projects financed

Research centre in Duisburg, Germany

In 2019, a new environmental and research centre was completed in

Duisburg in Germany. The tenant is the state of North Rhine-Westphalia and the property is used as a laboratory for conservation and consumer protection. The property holds DGNB (German) and LEED Gold certifications. The focus of the activities and environmental certification are aligned with Hemsö's sustainability focus. One measure for improving the building's energy performance has been to prioritise enhanced thermal insulation.

DGNB stands for Deutsche Gesellschaft für Nachhaltiges Bauen. The system was established in 2007 and is a certification system for properties in Germany. The organisation has 1,200 members, including investors, developers, architects, researchers and project developers.

Mälardalen University in Eskilstuna

In March 2017, Hemsö acquired ground leases in central Eskilstuna, which are now the site of 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 Miljöbyggnad-certified with a Silver rating, and the building's energy consumption is Miljöbyggnad-certified with a Gold rating.

A district heating system was chosen for the energy supply, in which recovery with process cooling is utilised 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 consumption 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.

A selection of the research studies used for Grenverket's outdoor environment design (Klostergården 2:9, by 90)

Grahn, P. & Stigsdotter, U.K. (2010). "The relation between perceived sensory dimensions of urban green space and stress restoration." *Landscape & Urban Planning* 94: 264-275.

Grahn, P. Stigsdotter, U. & Berggren-Bärring, A-M. 2005. A planning tool for designing sustainable and healthy cities. The importance of experienced characteristics in urban green open spaces for people's health and well-being." In Conference proceedings "Quality and Significance of Green Urban Areas," (April 14-15, 2005), Van Hall Laren-

stein University of Professional Education, Velp, The Netherlands.

Hollingsworth R & E. J. Hollingsworth. (2003). "Stora upptäckter och biomedicinska forskningsorganisationer" (Eng: Major discoveries and biomedical research organisations), Kim, Lillemor & Mårtens, Pehr (eds), "Den vildväxande högskolan, Studier av reformer, miljöer och kunskapsvägar" (Eng: The wild-growing college, Studies of reform, environments and knowledge paths), SISTER, Skrifter 8, Nora: Nya Doxa.

Kaplan, R. & Talbot, J.F. (1983). "Psychological benefits of wilderness experience." *Human Behavior & Environment: Advances in Theory & Research* 6, 163-203.

Kaplan, R., Kaplan, S. & Ryan, R.L. (1998). *With People in mind*. Island Press.

For a complete list of the research studies, refer to: <http://restorativeworkplace.com/wp-content/uploads/2015/07/Publications-2015-GI-Starka-Miljöer.pdf>



Green and sustainable investments, 31 Dec 2020

Category	Property	Amount, SEK million	Certification and level	Property type	MWh/year	kWh/m ²	tCO ₂ /year	kgCO ₂ /m ²	Places created*
Sustainable	Medicinaren 25**	1,350	Miljöbyggnad Silver	School/university	4,311	129.7	56.8	1.7	500
Sustainable	Medicinaren 23	675	Miljöbyggnad Silver	School/university	1,695	81.4	25.7	1.2	1,850
Green	Lanuv, Wuhanstraße 6.11 ***	552	LEED Gold & DGNB Gold	Education	3,905	235.8	1,828.4	110.4	n/a
Sustainable	Verkmästaren 6 & 7	470	Miljöbyggnad Silver	School/university	1,414	62.9	52.7	2.3	4,000
Sustainable	Klostergården 2:9 By 90 ****	300	Miljöbyggnad Silver	Education	1,160	58.9	0.7	0.04	720
Sustainable	Krusmyntan 1	200	Miljöbyggnad Silver	Nursing home	195	44.0	0	0	63
Sustainable	Nåden 1 *****	130	Miljöbyggnad Silver	Nursing home	205	54.2	0	0	54
Sustainable	Romberga 23:54	100	Miljöbyggnad Silver	Nursing home	364	83.5	1.6	0.4	54
Total		3,777							

* 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.

**** The outcome includes business electricity. The year-on-year decrease is mainly the result of completed energy projects.

***** The outcome is based on projected value except for the outcome for two months.

Social investments, 31 Dec 2020

Category	Property/project	Amount, SEK million	Project, description	No. of places	Area/ person/ m ²	Distance from public transport, km
Social	Norr 5:10	2.9	Conversion to housing for unaccompanied refugee children	24	21	0.6
Social	Kråkhult 1:61	3.2	Conversion to housing for unaccompanied refugee children	24	30	0.2
Social	Fritsla 14:8	2.9	Conversion to housing for unaccompanied refugee children	12	53	0.2
Social	Byrådirektören 4	1.4	Conversion to housing for unaccompanied refugee children	35	46	0.1
Social	Grenverket	15.0	Design of outdoor environment based on environmental psychology research	n/a	n/a	n/a

Allocated amount per category, %

Category	Amount, SEK million	Share, %
Green	552.0	14.5
Social	25.4	0.7
Sustainable	3,225.0	84.8
Total	3,802.4	100

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Text: Hemsö and Media Kontext

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Hemsö is strengthening the backbone of society. We are achieving this through sustainable development, ownership and management of public properties. Our focus is on the people who work and spend time in our properties, to ensure they have the right conditions for working, learning, safety, development and care.



**A sustainable and long-term partner to
the state, municipalities and regions**