Hemsö Treasury plc

Business ID 3166158-1
Domicile Helsinki

FINANCIAL STATEMENTS AND ANNUAL REPORT
2 October 2020 to 31 December 2021

Hemsö Treasury plc
3166158-1

FINANCIAL STATEMENTS from 2 October 2020 to 31 December 2021

The company Board adopted the Financial Statements for publication on7 July 2022
The Board is entitled to make changes to the Financial Statements and to republish them.

The Financial Statements must be stored for at least ten (10) years from the end of the financial year

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ANNUAL REPORT PER 31 DECEMBER 2021

Annual Report by the Board of Directors

The loss for the financial year was € 4 674, with € 768 151 accounted for by intra-Group loans. Hemsö Treasury plc was incorporated on 2 October 2020. The company's financial year ending on 31 December 2021 was the first, and it run exceptionally from 2 October 2020 to 31 December 2021.

Events during the financial year

In January 2021, Hemsö Treasury plc issued a 500 million euro, seven-year senior unsecured bond. The fixed coupon is 0.00 percent. The bond is listed in Euronext Dublin.

Material events after the financial year

The company has not had any material events after the financial year.

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Related party events

In 2021, the company issued a credit instrument with the nominal value of € 500 million, and the related financial operations have passed through the parent company banking account. Therefore, a long-term claim from the parent company, with the ensuing interest claim, was formed.

According to the internal loan contract within the Hemsö Group, (the parent company Hemsö Fastighets AB (plc)) will have to repay the loan in full at the request of the creditor (Hemsö Treasury plc), with the accumulated fees and commissions, after seven years from the issue of the bond. However, the debtor can pay the loan prematurely, either in full or in part, with the fees and commissions, without any sanctions.

The intra-Group loan claim of the company is associated with an irrecoverable debt risk. The company has no operations other than the claim from the parent company Hemsö Fastighets AB. Hemsö Fastighets AB is dependent on its lease contracts and, among others, on the payments received from the tenants. The parent company result and cashflow can be negatively impacted if the tenants do not honour their payments or otherwise meet their obligations, or if the lease contract expire earlier than expected for a reason or another and, Hemsö Treasury plc would be forced to record claims from the parent company as bad debt and would not be able to pay out the bond as agreed.

The Hemsö Group is specialised in community properties, and the tents include bot public and private service providers. Public sector tenants account for over 60% of the whole. The rental model is characterised by long tenancy contract and level of rents known in advance. The credit rating of the mojority of tenants is AAA (S&P).

The claims and liabilities are subject to a risk of their fair values changing, for example, due to the fluctuating interest rate. Both the bond raised during the financial year and the long-term loan given to the parent company constitute fixed loan expenses, and are unsecured. In addition, both the claims and debts are quoted in Euro, but the currency changes are not expected to have any effect on them. The impact on the profit/loss of 2022 is not anticipated since the expenses for own liabilities and claims are fixed. The duration of the bond is 7 years. The interests are payable once a year, and the first charge is made on 19 January 2022.

The Swedish state pension fund AP3 is a 85% owner of the Hemsö Group, while the share of AB Sagax is 15%.

With the aim of decreasing the financial risk and to manage curret liabilities, the Hemsö Group can avail of a credit limit, granted by the AP3 fund, Nordic banks and EIB

The parent company of Hemsö Treasury plc is Hemsö Fastighets AB (556779-8169), domiciled in Stockholm, with a 100% ownership of the company stock of shares.

Company Board of Directors
Ordinary member:
Nils Styf
Deputy member:
Claes Källén

The Auditors are Ernst & Young Oy
Responsible Auditor:
Suominen Antti

Shares

The company's equity capital is € 80,000 and the number of shares is 100. The equity capital is divided in 100 shares of the nominal value of € 800.

Board proposal for the disposal of the retained earnings.

The Board proposes that the loss for the financial year be recorded in the retained earnings/losses account and no dividend be distributed.

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EXTENSIVE INCOME STATEMENT

Currency Euro	*Appendix*	**2 Oct 2020 - 31 Dec 2021**
Financial income and expenses		
Interest income	*8,19*	768 151
Interest expenses	*7*	-764 151
Total financial income and expenses		4 000
Administrative expenses	*9*	-8 675
Profit/loss before taxes		-4 674
PROFIT LOSS FOR THE FINANCIAL YEAR		-4 674
Other items in extensive Income Statement		0
EXTENSIVE INCOME STATEMENT FOR THE FINANCIAL YEAR, TOTAL		-4 674
Profit/loss for the financial year, broken down		
To parent company shareholders	*11*	-4 674
To minority interest shareholders		0
Total		-4 674
Average number of share, issue adjusted	*11*	100
Calculated on the basis of the profit/loss attributable to parent company shareholders		
Earnings per share, undiluted and diluted, in €	*11*	-47

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BALANCE SHEET

Currency Euro	*Appendix*	**31 Dec 2021**
ASSETS		
CURRENT ASSETS		
Long-term debtors		
Claims from Group companies	*12*	494 355 000
Long-term debtors, total		494 355 000
Short-term debtors		
Claims from Group companies	*12*	844 477
Accrued income and deferred liabilities	*15*	1 296 948
Short-term debtors, total		2 141 425
Total claims		496 496 425
TOTAL CURRENT ASSETS		496 496 425
TOTAL ASSETS		496 496 425
EQUITY AND LIABILITIES		
Equity capital		
Equity capital attributable to parent company shareholders		
Share capital	*16*	80 000
Profit for the financial year	*16*	-4 674
Equity capital, total		75 326
Liabilities		
Long-term		
Bonds	*12*	496 416 099
Long-term liabilities, total		496 416 099
Short-term		
Accrued liabilities and deferred income	*18*	5 000
Short-term liabilities, total		5 000
Liabilities, total		496 421 099
EQUITY AND LIABILITIES, TOTAL		496 496 425

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Statement of changes in equity capital

Equity capital attributable to parent company shareholders

Currency Euro	Appendix	Share capital	Accumulated earnings	Share of minority shareholders	Equity capital Total
Share issue 2 October 2020	16	80 000			80 000
Profit/loss for the financial year	16		-4 674		-4 674
Equity 1 December 2021		80 000	-4 674		75 326

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3166158-1

Cash Flow Statement

Currency Euro	Appendix	2 Oct 2020 - 31 Dec 2021
Cash flow from business operations		
Profit/loss for the financial year	16	-4 674
Change in working capital	12,18	-75 326
Net cash flow from business operations		**-80 000**
Cash flow from financing operations		
Share issue	16	80 000
Net cash flow from financing operations		**80 000**
Change in cash and cash equivalents		**0**
Cash and cash equivalents, beginning of financial year		0
Cash and cash equivalents, end of financial year		0

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3166158-1

NOTES TO THE FINANCIAL STATEMENTS PER 31 DECEMBER 2021

1. BASIC INFORMATION ON COMPANY

The Financial Statements include the information on the company Hemsö Treasury plc (business ID 3166158-1) The domicile of the company is Helsinki.

The company was incorporated in October 2020 The line of business of the company, both directly and indirectly, through the companies fully or partly owned, to acquire, invest, develop, sell and rent out properties, condominiums and related assets. The company can also participate in the financing of direct or indirect property investments. The company can also participate in the financing operations of Group companies by lending and providing financing as well as by giving guarantees and collateral securities for the Group company investments Moreover, the company can issue bonds and receive funding.

The company's financial year ending on 31 December 2021 extended exceptionally from 2 October 2020 to 31 December 2021. The normal financial year of the company runs from 1 January to 31 December. The Board adopted this Annual Report on 7 July 2022. The Financial Statements will be presented for approval by the Annual General Meeting of 8 July 2022. A copy of the Financial Statements is available at Korkeavuorenkatu 30 A 00130 Helsinki.

The company belongs to a Group, with Hemsö Fastighets AB (plc) (556779-8189, domiciled in Stockholm) as the parent company. A copy of the Consolidated Financial Statements is avalable at the Group headquarters

The company has no subsidiaries. A subsidiary refers to a company where the parent company exercises direct or indirect control.

The numbers in the Financial Statements are in Euro. The numbers are rounded, and therefore the sums of individual numbers may deviate from the sum totals presented.

2. PRINCIPLES FOLLOWED IN THE FINANCIAL STATEMENTS

The Financial Statements have been prepared in line with the International Financial Reporting Standards (IFRS). In line with the Finnish Accounting Act and the regulations issued based on it, IRFS refers to the standards applicable in the EU, and the interpretations of the same, in line with procedure provided by the EU Regulation (EC 1606/2002).

Assets and liabilities are valued at their historical acquisition cost; there are also items recorded at their fair value. Interest receivables and payables have been calculated using the effective interest method. Effective interest refers to the current value of all future deposits, and the payments under the fixed interest rate equal the amounts of claims and liabilities in the accounting. Financial income and expenses are recorded in the pertinent financial year.

The income taxes for the financial year are calculated in line with the tax rate adopted/notified at the moment of closing of the books; in this case it was 20.0%. The reported and payable taxes may diverge from each other due to non-deductible expenses and tax-free incomes. Deferred tax claims have not been recorded due to the prudency principle.

Claims with the maturity at over 12 months from the Financial Statements day are reported as fixed (non-current) assets, others as short-term (current) assets. The claims are recorded at a value expected to be paid after an individual assessment. Cash and cash equivalent include cash money, banking accounts and short-term investments.

Decrease in value of financial assets. The company records a provision for expected credit losses for all debt instrumens which are not valued at their fair value as recorded in the Income Statement. The expected credit losses (ECL) are based on the difference between contractual cash flows and all the cash flows that the company expects to receive.

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The expected credit losses are classified abbordin to three phases. The fist phase includes the financial assets prone to credit risk, with the credit risk not increasing significantly after the original recording. This element includes the expected credit losses resulting from the failures in payments of financial instruments, potentially taking place within 12 months. The second phase includes the financial assets prone to credit risk, with the riks increasing significantly after the original recording, The decrease related to the loss is recorded for the credit losses expected for the entire period of validity, resulting from all potential failures in payments of financial instruments during the respective expected validity. The thrid phase include credits which are deemed to have a lower value due to credit risk. The company will record a provision for the Lifetime Credit Expected Losses (LTECL).

The calculation principles and main elements to the expected credit losses are the following: - Probability of Default (PD) is an estimate of the probability of the default taking place during a particular timeframe. The default can only materialise during the timeframe evaluated at a particular point of time, unless the liability in the Balance Sheet has not been derecognised earlier and thus still exists. - Exposure at Default (EAD) is an estimate of the liability at a future time of default, considering the expected changes in the liability after the reporting date. The changes include premature repayments of the principal and interest payments in line with the contract terms or otherwise, as well as expected withdrawal from binding arrangements and accumulated interest on default payments. - Loss Given Default (LGD) is an estimate of the loss caused by the default taking place at a particular point of time. It is based on the difference between contractual cashflows and the cashflows expected by the creditor, considering the cashflows from the liquidation of the collateral or other arrangements improving the quality of the credit, an integral part of the credit with no extra recording. These are typicall presented as a percent share of the liability sum at the Exposure at Default (EAD).

Financial liabilities are valued at their accumulated acquisition cost. Expenses directly resulting from taking out the loan adjust the acquisition value of the loan and accumulate following the effective interest method. Expenses related to bonds are capitalised in the Balance Sheet and are depreciated over the contract period, using the straight-line depreciation method. Bonds are classified as liabilities or equity, depending on whether they come with a contractual obligation to pay the contract in cash or in a different method.

The accounting principles and main elements related to expected credit losses are the following: - Probability of Default, PD is an estimate of the probablity of the default taking place in the short term. It can only take place during a period of time evaluated at a specific point of time, if the liability has not earlier been derecognised in the Balance Sheet and thus still exists. - Exposure at Default, EAD is an estimate of the liabiity in a future time of failure, also considering the expected changes in the liability after the reporting date of the change. The changes will include premature repayments of the principle and intereset payments in line with the contract schedule or otherwise as well as expected withdrawals from binding arrangements and accumulated interest on failed payments. - Loss Given Default, LGD is an estimate of the loss inclurred when the default takes place at the particular point of time. It is based on the difference between contractual cashflows and those cashflows the creditor expects to receive, considering the cashflows from the liquidation of collaterals and other arrangements to improve the credit, an integral part of the credit and not separately recognised. These are typically presented as a percentual share of the liability at the time of default (EAD).

As regards sales receivables and contractual items, the company applies a sipmplified methods of ECL accounting. Therefore, the company does not follow credit risk changs but records the decreases related to losses based on the LTECL on each reporting date. The company has prepared a provision matrix based on its historical credit losses, dapated to the future oriented factors characteristic of the debtor and economic environment. The company had no sales receivables or contractual items in 2021 or 2020.

Financial liabilities are valued at the accumulated acquisition value. Expenses directly associated to loan-taking adust the acquisition value and accumulated following the effective interest method. Bond-related expenses are recording in the Balance Sheet and depreciated according to the straigth-line method. Bonds are classified as debit or equity based on whether they are associated with a contractual liability to pay the contract in cash or otherwise.

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3166158-1

The statement of changes in financial position has been made in line with the indirect method. All sums are in Euro, unless otherwise indicated. The Financial Statements follow the going concern principle (continuity).

3. CLASSIFICATION OF NON-CURRENT AND CURRENT CLAIMS AND LIABILITIES

The company presents its assets and liabilities in the Balance Sheet either as non-current (long-term) or current short-term) as follows:
An asset is classified as current if it meets with the following criteria:
- expected to be sold or consumed during a normal operating cycle
- held primarily for trading purposes
- liquidated within 12 months from the date of the Financial Statements
- cash or deposit unless limited to be exchanged or used,

at least for debt repayment, within 12 months from the Financial Statements day.
All other assets are classified as non-current.

The liabilities qualify as current when:
- they are liquidated within a normal operating cycle
- they are held primarily for trading purposes
- they are intended to pe repaid within 12 months from the Financial Statements day

Or
– the company has no absolute right to postpone the payment related to the liability within, at least, the 12 months from the date of the Financial Statements.
The terms and conditions of debt instruments, which, according to the counterparty, could be classified as equity instruments, do not affect the respective classification.
All other liabilities are classified non-current by the company.
Deferred tax claims and liabilities are recorded under non-current assets and liabilities.

Fair value determination

The company's financial assets and liabilities are valued at their amortised acquisition cost In the Financial Statements, the company has not valued any Balance Sheet item at their fair value. The fair value is the price to be obtained for the sale of the asset or will be paid for the transfer of the liability between market parties in organised trading on the date of valuation. The determining of the fair value is based on the premise that the selling of the the asset or the transfer of the liability takes place either:

in the primary market for the asset or liability
or
if there is no primary market, the company must be accessible on the more inexpensive market both to the primary market or the more inexpensive market.

The fair value of the asset or liability is measured by using the premises that the market parties would refer to in pricing the asset or liability,
on the condition that the market parties operate according to the financial benefit premise.

In determining the fair value of assets other than those for financing purposes, the criteria includes the market party's capacity to generate economic benefits by utilising the asset in its highest and best use or by selling it to another market party who would utilise it in its highest and best use

The company uses valuation methods which are fit for the circumstances and provide sufficient information to determine the fair value, by maximising the use of pertinent observable input data and minimising that of non-observable input data.

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All assets and liabilities, with the fair value determined or presented in the Financial Statements, are classified in the fair value hierarchy as presented above, on the basis of the lowest level input data, significant for the fair value determination:

- Level 1 - Listed (non adapted) market prices in active markets, quoted for similar assets and liabilities.
- Level 2 - Valuation methods where the lowest input pertinent to fair value is the lowest measurement, directly or indirectly observable
- Level 3 - Valuation methods where the lowest input pertinent to the determination of fair value cannot be observed

The company's Valuation Committee adopts the methods and procedures both for recurrent fair value valuations, such as investment properties and non-listed financial assets, and for one-off valuations, such as those for assets divested in discontinued operations. The Valuation Committee comprises heads of the investment property segment, the company's internal M&A team, risk management department, financial directors and directors of each property.

External valuators participate in the valuation of significant assets, such as investment properties and non-listed financial assets, as well as liabilities, such as conditional considerations. The Valuation Committee decides on the use of external valuators on an annual basis, once the company's internal Audit Committee has discussed on the question and approved the use. The selection criteria include market intelligence, reputation, independence and maintained professional standards. The valuators are generally replaced every three years. Based on the discussions with the external valuators, the company's Valuation Committee decided which valuation methods and inputs are used in each specific case.

During each reporting day, the Valuation Committee analyses the changes in asset and liability values, to be revaluated or to be valued in line with the Financial Statements. For the purposes of this analysis, the Valuation Committee will control the most important inputs used in the latest valuation and checking the data used in the valuation calculation against contracts and other appropriate documents. The Valuation Committee also compares the change in the fair value of each asset and liability to appropriate external sources to establish whether the change is reasonable.

The internal valuator presents the results to the Valuation Committee discuss with the external valuators and presents the results to the company's independent Auditors. This also includes a discussion on the major premises used in the valuation process. To present the fair value, the company has determined the category, nature, properties and risks associated with the assets and liabilities as well as the hierarchy level of the fair value in the manner explained above.

Taxes

The income taxes and deferred tax liabilities are valued at a sum expected to be either claimed from the tax authorities or payable to them. To calculate the amounts, the company uses tax rates and legislation in force effectively or to an essential degree on the date of the Financial Statements, in countries where the company operates and generates taxable income.

The income tax directly related to the items under equity is similarly recorded in equity, not in the Income Statement. The management regularly assesses the positions taken in tax returns against the specific situations where the applicable tax provisions are interpreted, and adopts decisions, if necessary.

Currency

The company's Financial Statements are in Euro, which is also the company's operative currenct. Transactions in foreign currencies are recognised in the exchange rate of the Financial Statements day. The claims and liabilities in foreign currencies in the Balance Sheet as per the closing of the accounts have been valued at that day's exchange rate. The exchange rate differences are recognised in the Income Statement.

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Hedging instruments

The bond has a fixed interest rate (0.00%). The company has no derivative contracts. No hedging calculations are applied.

Changes in accounting principles

This is the first time Financial Statements are made.

Changes in accounting principles

The changes in IFRS changes have no relevant bearing on the company's Financial Statements.

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4. SIGNIFICANT VALUE AND PREMISES

When drafting financial reports, the Management Team and Board must make certain assessments and premises which will impact on the reported value of assets and liabilites and income and expence items as well as on information given about other aspects. The assessments are based on experience and premises that the management and the Board find reasonable under the current circumstances. Materialised results may eventually differ from them, if other conditions emerge. The following is a description of the assessments which are of major importance in the preparation of the company's financial reports.

Bookkeeping is particularly sensitive to assessments and hypothesis related to evaluations of invested real estate. Invested real estate is reported at fair value, defined by the CEO on the basis of a market estimate. This way significant assessments are made in relation to, e.g., capital expenses and direct return requirements, based on the empirical estimate of the estimators as regards the required returns of

Another question related to assessments in the Financial Statement s is the valuation of the deferred tax. Considering the respective norms, the deferred tax is reported in nominal value, without discount. The current tax has been calulated on the basis of a nominal 20.0 percent tax base.

The company calculates the expexted credit losses related to sales receivables with the classification model. The provision modelling is based on historical credit loss coefficients and factors considering future phenomena. The date for the previous financial periods is analysed to create an estimate of the future credit loss coefficients. On each reporting day, the data is updated and future estimates adjusted accordingly.

It is of major importance to assess the correlation between historically observed insolvency rates, forecasts of economic circumstances and expected credit losses, Credit losses are sensitive to changes in circumstances and economic forecasts. Moreover, the company's experience of historical credit loss risk and the economic forecasts cannot give guarantees of the customers' factual solvency in the future.

5. EQUITY MANAGEMENT

The company's equity is constituted by €80,000 of share capital and the loss for the financial year, amounting to € -4,674. The Hemsö Group mangers the structure of the equity of its subsidiaries by following the net debt-to-equity ratio (gearing) as well as adjusting the equity volume so that it would not be lost, for example, through the capital employed. The company has indispensable annual management expenses whereby the net debt-equity ratio will remain close to 100% over the credit period.

The company has issued a bond of € 500 million, with the maturity in 2028. The interest rate is a fixed 0.00%. The amount was paid to the parent company Hemsö Fastighets AB (plc) and it is recorded in the Hemsö Treasury plc Balance Sheet as a non-current claim.

Net debt-to-equity ratio (gearing)

Currency Euro	**31.12.2021**
Debt subject to interest	496 416 099
Net debt	496 416 099
Equity	75 326
Equity and net debt, total	496 491 425
Muut liiketoiminnan muut tuotot	0
Myyntivoitot pysyvistä vastaavista	0
Net debt-to-equity ratio (gearing), %	99,98

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Thew bond includes covenants which bind the Hemsö Group. The terms and conditions of the covenants have been fulfilled with no breaches during the financial year.

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3166158-1

6. FAIR VALUE DETERMINATION

Hierarchy of fair value determination per 31 December 2021:

Currency Euro	Estimate date	Total	Level 1	Level 2	Level 3
Assets					
Claims from Group companies	31 Dec 2021	495 199 477		495 199 477	
Others	31 Dec 2021	1 296 948		1 296 948	
Total		496 496 425		496 496 425	
Liabilities					
Non-current liabilities with fixed interes	31 Dec 2021	496 416 099	496 416 099		
Others	31 Dec 2021	5 000		5 000	
Total		496 421 099	496 416 099	5 000	

On level 1, the valuation of the instrument is based on listed market prices in active markets, quoted for similar assets and liabilities.

On level 2, the input in the valuation of the instrument is based the lowest provable price, other than those quoted in active markets, either directly or indirectly, or those derived from them through the use of valuation methods.

On level 3, the valuation is based is on market prices other than those provable.

7. FINANCIAL EXPENSES

Currency Euro	2 Oct 2020 - 31 Dec 2021
Interest expenses and other financial expenses	
Interest expenses, bonds	-561 099
Expenses related to bonds	-203 052
Interest expenses and other financial expenses, total	-764 151

8. FINANCIAL INCOME

Currency Euro	2 Oct 2020 - 31 Dec 2021
Other interest and financial income	
Interest income from Group companies	
Hemsö Fastighets AB(plc)	768 151
Interes income from Group companies, total	768 151
Financial income, total	768 151

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3166158-1

9. ADMINISTRATIVE EXPENSES

Currency Euro	2 Oct 2020 - 31 Dec 2021
Administrative expenses	
Audit charges	-8453
Banking and money transaction expenses	-184
Other office and administrative expenses	-37
Administrative expenses, total	-8675

10. INCOME TAX

No deferred tax liabilites or claims have been calculated for the company's financial year. During this financial year, the Finnish corporate tax rate was 20.0 percent. The company is not register as a company liable to pay VAT.

Currency Euro	2 Oct 2020 - 31 Dec 2021
Balancing of factual tax rate	
Profit before taxes	-4 674
Taxes according to tax rate applicable to parent company (20%)	-935
Fiscal impact:	0
Notified taxes	0
Veriried	0
Effective tax rate	-20 %

11. EARNINGS PER SHARE

Earnings per share are calculated by dividing the financial year's profit by the number of shares.

During the financial year, the company's sole shareholder was Hemsö Fastighets AB (plc). The number of shares did not change during the financial year and is 100 shares. There were no changes in the share capital. No dividend is paid for the financial year.

Currency Euro	31 Dec 2021
Earnings per share	
Profit/loss for the financial year	-4 674,38
Number of shares	100
Result per share	-47

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12. FINANCIAL ASSETS AND LIABILITIES

Currency Euro	31 Dec 2021
Financial assets	
Non-current loan, subject to interest, Hemsö Fastighets AB (plc)	494 355 000
Current interest claim, Hemsö Fastighets AB (plc)	764 151
Other claims, Hemsö Fastighets AB (plc)	80 325
Total	495 199 477

Financial liabilities

Financial liabilities are recorded at their fair value. Transaction expenses are included in the acquisition cost matched to the financial year, at the original book value of the valued financial liabilities. Later, all financial liabilities are valued at the marched acquisition cost using the effective interest method.

In January 2021, the company established a € 4 000 million programme named Medium Term Note, to be used for the issue of bond. All bonds issued by Hemsö Treasury plc are issued with the full packing of the guarantee given by Hemsö Fastighets AB. Organiser is Citigroup. The programme is listed in the Dublin stock exchange.

The brokers are the following banks:
BNP Paribas
Citigroup Global Markets Europe AG
Deutsche Bank Aktiengesellschaft
Skandinaviska Enskilda Banken AB (plc)

In January 2021, the company issued an unsecured bond of € 500 million.
with the following terms and conditions:

Issuer	Hemsö Treasury plc
Guarantee	Hemsö Fastighets AB (plc)
LEI	5493003HHOCW6FIMH724 (Guarantor) / 5493003HHOCW6FIMH724 (Issuer)
Classification	A-/A, Stable Outlook by S&P/Fitch
Brokers	BNP Paribas, Citigroup, Deutsche Bank, SEB
Currency	EUR
Type	Fixed interest
Nominal value of bond	€ 500 000 000
Starting day	19 January 2021 (T + 5)
Due date	19 January 2028
Coupon interest	0,00 %
Interest payment days	January 19 annually, as of 19 December 2022, until due date

Financial debt subject to interest, non-current	Interest	Due date	2021
Balance Sheet value per 31 December 2021	0,00 %	19 Jan 2028	496 416 099

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Financial assets and liabilities

Currency Euro	Book value	Fair value
Financial assets		
Non-current claims from Group companies, subject to interest	494 355 000	494 355 000
Current interest claims from Group companies	764 151	764 151
Other current claims from Group companies	80 325	80 325
Total	495 199 477	495 199 477

Currency Euro	Book value	Fair value
Financial liabilities		
Pitkäaikaiset korolliset velat, kiinteä korko	496 416 099	496 416 099
Lyhytaikaiset siirtovelat	5 000	5 000
Total	496 421 099	496 421 099

RISK MANAGEMENT

Interest rate risk

The claims and debts are subject to a risk of their fair values changing due to the fluctuating interest rate. Both the bond raised during the financial year and the long-term loan given to the parent company constitute fixed loan expenses. In addition, both the claims and debts are quoted in Euro, but the currency changes are not expected to have any impact on them. The impact on the result of 2021 is not anticipagted since the interests of both the liabilities and claims are fixed. The duration of the bond is 7 years. The interests are payable once a year on 19 January, and the first charge is made on 19 January 2022.

Credit risk

The failure of the obligations of the other party, related to a financial instrument or customer relationship will lead to financial losses, in other words, the materialisation of the credit risk. In the operations, credit risk is inherent in trade receivables but also in bank and credit institution deposits, currency trading and other financial instruments.

Financial claims include the risk of the debtor failing to fulfil their obligations which would lead to credit losses incurred by the company. The company has a non-current mutual claim form the parent company Hemsö Fastighets AB (plc). During the financial year, the company did not record any credit losses for this claim.

In line with the nature of the company operations, the company has no other claims that would call for a calculation of expected credit losses (ECL).

The companys credit loss risk has been discussed in the Annual Report under "Related party events".

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Liquidity risk

Liquidity risk means that the company would not be able to fulfil its payment obligations related to financing. If the company liquidity sources prove to be insufficient, it may have a significant negative impact on the company operations, result and financial position. There is also the riks that the cost of procuring cash to meet the company's payment obligations will grow significantly. Hemsö Treasury plc is also subject to risks caused by the eventual illiquidity of the Hemsö Group portfolio. All property types currently owned or potentially acquired by the entire Hemsö Group may be illiquid. In case of a sudden divestment, there may be a significant difference between the property fair value and its acquisition price. Illiquid markets may lead to a sales price that is lower than expected, or they may delay the sale. All such shortcomings may have a material negative impact on both the Hemsö Group and the Hemsö Treasury business operations, result or financial position. Moreover, the Hemsö Group may become subjected to limitations of its capacity to sell properties on the basis of convenants and undertakings, limiting the sales of the assets. Refinancing may prove impossible or be associated with strongly rising costs. Refinancing risk means that the financial costs may be higher and/or the refinancing possibilies are limited or non-existent when a liabilility of Hemsö Treasury or another Hemsö Group company falls due for repayment. The business of the Hemsö Group is partly financed through externally offered capitals. Property development and acquisition requires consistent capitals, normally obtained from banks, credit institutions or other credit providers. There is a risk that the credit providers do not give credit to the Hemsö Group or that the credit is offered at a considerably higher cost than planned. Moreover, certain loan contracts and debt instrument terms contain conditions which may limit the Hemsö Group's ability to have new credits.

The cashflow related to the company's current liabilities is very predictable, and the Hemsö Group regularly follows the cash position of the entire Group through cashflow and liquidity reporting.

Maturity scheme

	on demand	< 3 months	3-12 months	1-5 years	> 5 years	Total
Non-current debts subject to interest					496 416 099	496 416 099
Debt to Group companies						
Other current debts		5 000				5 000
					496 416 099	496 421 099

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14. CHANGES IN LIABILITIES RESULTING FROM FINANCING OPERATIONS

Currency Euro	2 Oct 2020	Changes in cashflow	Currency changes	Others	31 Dec 2021
Bonds				496 416 099	496 416 099
Total					496 416 099

Money transfers related to the bond took place through the parent company account, and therefore the liability in quesiton is not visible in the Cashflow Statement.

15. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

The company has no cash at hand or in banks.

Short-term claims include the fixed expenses, matched to the financial year, from the issue of the bond, with the matching taking place according to the dates until the full repayment of the bond.

Currency Euro	31 Dec 2021
Short-term accrued income	
Bonds	1 296 948
Total	1 296 948

16. EQUITY CAPITAL

Share capital

The Company's equity capital is Euro 80,000 (registered on 3 November 2020) and the number of shares is 100. The share capital is divided into 100 shares with the nominal value of € 800.

	31 Dec 2021
Share capital	
Share capital, beginning of financial year	80 000
Share capital, 31 December	80 000
Profit/loss for the financial year	-4 674
Equity capital, total	75 326

The company has not paid any dividends during the financial year. During the financial year, no conversion or other currency changes have been generated

17. PROPOSAL OF DISTRIBUTION OF DIVIDENS AND DISPOSAL OF PROFITS

	31 Dec 2021
Calculation of distributable assets	
Profit/loss for the financial year	-4 674
Distributable unrestricted equity, total	-4 674

The Board proposes that the loss for the financial year be recorded in the retained earnings/losses account and no dividend be distributed

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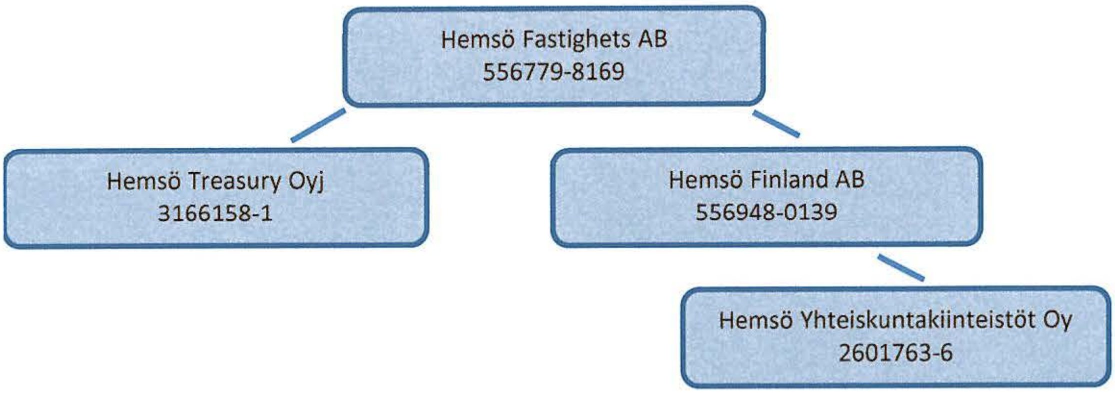
18. INTEREST AND OTHER LIABILITIES

The interest expenses of the bond of € 500 million are matched on a monthly basis but paid only once a year. The coupon interest is 0.0% The arrangement expenses are matched using the effective interest method.

Currency Euro	31 Dec 2021
Interest and other current liabilities	
Other accrued liabilities	5 000
Total	5 000

19. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

The related parties of Hemsö Treasury plc are the parent company Hemsö Fastighets AB (plc) (556779-8169); domiciled in Stockholm), owner of 100% of the company shares. Other Group companies are Hemsö Finland AB (556948-0139) and Hemsö Yhteiskuntakiinteistöt Oy (2601763-6).



Events with related parties

In 2021, the Company issued a credit instrument with the nominal value of MEUR 500, and the related financial operations have passed through the parent company banking account. Therefore, a long-term claim from the parent company, with the ensuing interest claim, was formed.

Interes income from Group companies

Currency Euro	31 Dec 2021
Hemsö Fastighets AB (plc)	768 151
Total	768 151

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Claims from Group companies

Currency Euro	31 Dec 2021
Non-current, Hemsö Fastighets AB (plc)	494 355 000
Current, Hemsö Fastighets AB (plc)	844 477
Total	495 199 477

20. CHANGES IN STANDARDS

The changes in standards effective as per the beginning of 2021 have no material impact on the Hemsö Treasury plc Financial Statements.

21. EVENTS AFTER THE FINANCIAL STATEMENTS DAY

During 2021, Covid-19 was one of the major factors impacting the world economy. Businesses have developed heterogeneously and the world economy has shrunk. The pandemia only had a limited impact on the Hemsö Treasury plc separate Financial Statements of 31 December 2021.

Indeed, Covid-19 had only a minor impact on the Hemsö Group cashflows, as they are mainly derived from tenats who receive tax support from the State, or from apartments under rent regulation. It is likely that the future demand for and interest in public service properties will continue to be extensive in the Nordic countries.

Hemsö reasury plc follows the changed geopolitical situation in Europe which may have considerable impacts on the result generating capacity of investing with a long time span.

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SIGNATURES OF FINANCIAL STATEMENT

Helsinki, 7 July 2022

(signed)
Nils Styf
Ordinary Board member, CEO

NOTE OF AUDIT PERFORMED

The report on the audit performed has been issued today.

Helsinki, 8 July 2022

Ernst & Young Oy
Auditors

(signed)
Suominen Antti
APA

For a true translation:

Helsinki, 17 August 2022

Liisa Laakso-Tammisto
Authorised translator
accredited by the Ministry of Educatoon of Finland
(Act 1231/07)

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