

# Myths and truths about the New Karolinska Solna project



### The New Karolinska Solna project will be completed on time

The New Karolinska Solna project is not delayed by two years. The schedule for the NKS project, which was agreed in July 2010 between Swedish Hospital Partners (SHP) and Stockholm City Council (SLL), remains unchanged. All seven phases have been handed over on time, and the final building was handed over in December 2017, three months ahead of the planned handover date.

### The New Karolinska Solna project is procured to a fixed price

The cost of building, operating and maintaining the NKS project until 2040 is fixed with an indexation adjustment. The construction contract for SEK 14.5 billion, which was signed in 2010, remains unchanged. This means that Skanska has built one of the world's most modern and sustainable hospitals in accordance with a fixed price and fixed schedule.

### Additional costs

The plans for the healthcare service of the future have developed since the agreement regarding the NKS project was signed. Consequently, the city council has placed a number of additional orders, including a decision to expand the treatment building with 80 hospital beds and a production kitchen. The cost of the additional agreements amounts to a total of SEK 1.7 billion.

### Other investments

In addition to the agreement with SHP, the city council has costs relating to, for example, medical devices, furniture and IT. The city council has been aware of these costs of SEK 4.3 billion since the very beginning. SLL is also renovating existing buildings within the hospital area at a cost of SEK 2.3 billion, and these are once again costs that are not included in our mutual agreement.

### The total cost of the NKS project

|   |                       |
|---|-----------------------|
| Construction costs:   | SEK 14.5 billion      |
| Additional agreements:  | SEK 1.7 billion       |
| SLL's other building investments that are not included in our agreement:                | SEK 2.3 billion       |
| Total cost of building New Karolinska:  | SEK 18.5 billion      |
| Additional cost of medical devices and other technical equipment outside our agreement: | SEK 4.3 billion       |
| Total cost of construction and equipment:   | SEK 22.8 billion      |
| Total cost of building, equipping, operating and maintaining the hospital until 2040:   | around SEK 61 billion |

### What is the project company Swedish Hospital Partners' role in the NKS project?

Swedish Hospital Partners is party to an agreement with Stockholm City Council regarding the NKS project. SHP is owned equally by Skanska and Innisfree. The project company SHP is responsible for project planning, construction, operation and maintenance as well as financing of the project. SHP has an agreement with Skanska Healthcare regarding project planning and construction between 2010 - 2017. SHP also has an agreement with Coor regarding the performance of operation and maintenance in the specified premises. SHP's assignment does not include medical devices and other technical equipment, nor does it include telephony or patient alarms; the project planning and procurement of these items has been undertaken by SLL on its own.

### The risks are borne by the project company

Swedish Hospital Partners and Stockholm City Council have signed an agreement regarding the construction and operation of the hospital to a fixed price, within a specified timeframe and at the right level of quality in compliance with SLL's functionality requirements, where the risk is borne by SHP. In simple terms one can say that the project company has borne risks during the construction phase for e.g. laying of foundations, inclement weather, etc. During the operation period, SHP is bearing risk in the form of potential deductions from the monthly compensation for shortcomings in functionality, quality and availability, such as e.g. if a room cannot be used because it does not entirely fulfil its function. In this way the city council knows what the hospital will cost until 2040, and the tax payers are insured against unforeseen outlays, costs and delays.

### The door that is actually an entrance

There is no "door" for SEK 1.2 million. An emergency exit has been rebuilt into an entranceway. The assignment was procured under competition, and the final amount was SEK 440,000, in accordance with the public offer with fixed price since the summer of 2017. This amount is not dissimilar to the cost of similar projects at other hospitals or schools.

### The New Karolinska Solna project compared to other hospitals

NKS is not costing ten times more than other hospitals. It is not possible to compare a small building with a large building. It may be possible to compare different hospitals in terms of cost per square metre, but even this becomes difficult, for example there is a difference of at least 10 years in price levels for the NKS project and the German hospitals to which NKS has been compared. Furthermore, the German hospitals have an expected useful life of 20-30 years and NKS is intended to have a useful life of at least 70 years. NKS has been built with great consideration for the lifecycle perspective. The flexibility and

redundancy requirements are extremely stringent, as are the environmental and energy requirements.

#### The agreement regarding the NKS project is a public document

The entire agreement regarding NKS is a matter of public record. The city council has had full access to and insight into financial calculations and estimates during the process and the negotiations. Skanska has only requested that the formulas in an Excel document be protected for reasons of secrecy, since a lot of work has gone into the calculations and Skanska does not wish for its competitors to have access to this data.

#### No tax evasion

No tax evasion or aggressive tax planning has taken place in relation to the New Karolinska Solna project. There are no hybrid loans involved, and no tax revenues have disappeared from Sweden as a result of SHP's partner being registered in Luxemburg. Skanska is a Swedish investor in the NKS project and pays tax in Sweden. Our partner Innisfree coordinates foreign investment funds. These funds pay tax in the country where they are registered for tax purposes.

