

**HEMSÖ**

**2024**

Annual and Sustainability Report

**We strengthen the  
backbone of society!**

Nursing homes | Education | Health care | Justice system



# Contents



## This is Hemsö

Welcome to Hemsö ..... 4  
 CEO summarises the year ..... 5  
 Hemsö as a partner ..... 7



## Business environment and strategy

Strategy and value creation ..... 10  
 Hemsö's targets ..... 12  
 Market overview ..... 13



## Operations

Property portfolio ..... 15  
 Development projects ..... 24



## Sustainability Report

Materiality assessment and stakeholder dialogue ..... 26  
 Sustainability governance ..... 27  
 ESRS implementation ..... 29  
 Value chain – Hemsö's impact and responsibility... 31

### Environmental

A plan for the transition ..... 34  
 Climate-change mitigation targets ..... 37  
 TCFD – Climate-related risks and opportunities ..... 39  
 Circular processes ..... 42  
 Biodiversity ..... 44

### Social

Social sustainability ..... 46  
 Employees ..... 48

### Governance

Responsible business ..... 51  
 Reporting – Sustainability bonds ..... 52  
 GRI Content Index ..... 55  
 Auditor's report ..... 58

### Annual and Sustainability Report 2024

The statutory Annual Report, including the Directors' Report, for Hemsö Fastighets AB (publ), Corp. Reg. No. 556779-8169, has been audited by KPMG AB and comprises pp. 60–110. The Directors' Report comprises pp. 60–65. Hemsö Fastighets AB has reported its sustainability performance every year since 2016. Hemsö's Sustainability Report has been prepared in accordance with the Global Reporting Initiative's (GRI) guidelines, specifically the GRI Standards 2021, as defined on pp. 55–57, and has been subject to limited assurance by KPMG AB. The sustainability reporting also comprises the statutory Sustainability Report in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, as set out on p. 57.

The Annual and Sustainability Report includes the Parent Company and the subsidiaries. Subsidiaries are entities over which the Parent Company has a controlling interest. Boundaries and changes compared with the preceding year's report are presented next to tables and KPIs. The Sustainability Report has been subject to limited assurance by KPMG AB. The reviewer is independent of Hemsö. This Annual Report was published on 1 April 2025. The last Annual Report was published in March 2024.

## Financial statements and governance

Directors' Report ..... 60  
 Financing ..... 66  
 Risk management ..... 72  
 Corporate governance ..... 80  
 Board of Directors ..... 84  
 Senior executives ..... 85  
 Multi-year overview ..... 86  
 Financial statements ..... 87  
 Notes ..... 93  
 Auditor's report ..... 112  
 Key ratio calculations ..... 115  
 Definitions ..... 116

**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

# This is 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 the areas of nursing homes, education, health care and the justice system.



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

# Welcome to Hemsö

Hemsö is Sweden's leading owner of public properties. We are the courageous property company that manages and develops with care. We dare to try new solutions to future-proof our properties and create a sense of security in the areas where we operate. With a presence in Sweden, Finland and Germany, we learn from each other, in various development projects, municipalities and environments.

With the Third Swedish National Pension Fund as principal owner, we contribute to Swedish pension funds in a long-term and dependable manner. With the same approach, we are entrusted with the task of managing, developing and owning properties for nursing homes, education, health care and the justice system.

Our focus is on the people who use our buildings – they form the backbone of our society. We therefore want to create the best conditions for people to learn, work, live and thrive.

We work closely with the public sector and together we meet the growing need for social infrastructure. This year, we have contributed 4,700 new school places and 82 new nursing home beds.

With our ambitious sustainability targets, we are making good progress on our sustainability journey. We are looking for new ways to reduce our carbon footprint and increase social sustainability through initiatives in the areas of re-use, increased energy efficiency, biodiversity and activities to create secure and attractive spaces. And our journey is keeping the same high momentum.

We know that our employees are our main success factor and most valuable asset. Together, we have the courage to invest, take the initiative and lead the industry in setting higher targets. Through creativity and courage, we are developing ourselves, our properties and our society.

We strengthen the backbone of society.

## Hemsö in numbers 2024





CEO summarises the year

# Long-term development strengthens society

Over the past year, the focus has been on interest rates, inflation and economic uncertainty. When we closed the books and entered a new year, I was able to confirm that Hemsö remains resilient through both good and tough economic times. Tenant demand has also proven to be independent of the economic climate. Hemsö has long-term public sector tenants, which provides stable and predictable rental income while the risk of vacancies and rental losses is low.

In 2024, Hemsö completed development projects that added 82 new nursing home beds and 4,700 new school places to society. I am very proud of that.

I am also proud of our progress in digitisation and sustainability. The vision for digitisation is that it will help to reduce our climate impact and achieve cost savings of SEK 50 per sqm by 2030. Hemsö's climate target is to achieve net zero value chain GHG emissions (Scopes 1, 2 and 3) by 2040. Hemsö's employees are very committed to these areas. One of our targets is keeping energy use per

sqm in our property portfolio in Sweden to below 100 kWh. In December, we achieved our target. In 2024, we reduced energy use by 8 per cent in Sweden and 7 per cent in Finland, and reduced our GHG emissions in total by 25 per cent.

## A long-term approach has many rewards

Hemsö started the year by signing a 20-year lease agreement with the City of Helsinki for Vallila elementary school, with places for 350 students in Years 1–6. The school building, constructed in 1902, was designed by architect Theodor Höijer, a prominent architect in the Finnish Neo-Renaissance movement.

The building will undergo a major re-development to meet today's requirements for a modern learning environment, while preserving its architectural values.

This is not the first time that Hemsö in Finland has taken on the complex task of redeveloping and refurbishing a cultural heritage building. They have built up valuable special-

ist expertise that many municipalities lack. Here, Hemsö can create value in partnership with municipalities. In addition to reducing the environmental impact, there is also long-term benefit to redeveloping instead of constructing a new building. Vallila will now continue to offer school places for many generations to come.

The importance of a long-term approach is also reflected in the updated criteria from credit rating agency Fitch Ratings, which place greater emphasis on the ownership support provided by the Third Swedish National Pension Fund, whose distinctive factors are specifically a long-term approach and stability. In the first quarter, Fitch Ratings upgraded Hemsö's credit rating from A+ to AA- with a stable outlook. Hemsö also has a credit rating of A- with a stable outlook from Standard and Poor's. To increase transparency and service for our investors, Hemsö has elected to also include Moody's, which has assigned Hemsö a long-term credit rating of A3 with a stable outlook.

## Areas with potential and needs

During the second quarter of the year, Hemsö's Finnish project portfolio continued to grow. A 20-year lease agreement was signed with the Wellbeing Services County of Southwest Finland (VarHa). A new health care building adapted for substance abuse treatment is being developed in the Tallbacken hospital area of Turku.

In Germany, Hemsö signed a 20-year lease agreement with the City of Rangsdorf, which



School in Vallila, Finland



School in Rangsdorf, Germany



Public property in Gothenburg

selected Hemsö in a public procurement. In 2025, the development of a new municipal secondary school will commence, with places for 220 students in an exciting urban development area – the former Rangsdorf airfield outside Berlin. In addition to the school, Hemsö will also develop a sports field, sports hall and community centre.

Common to all markets where Hemsö operates is the major need to both upgrade existing schools and develop new ones. Birth rates are declining in Sweden, Finland and Germany, but many municipalities are still facing a shortage of school places. Hemsö can make a difference here by providing municipalities with the help they need in the form of specialised expertise in ownership, development and management of educational properties.

### Cautious optimism in the industry

In the third quarter, the market started to normalise and a sense of optimism began to emerge in the property industry. With the downward trend for interest rates and inflation, property values started to rise again.

In Sweden, Hemsö celebrated the fact that the Capella public property in Gothenburg was now fully let. The final vacant premise went to Academedia, which signed a ten-year lease agreement for 1,500 sqm for 380 students. The property now consists of two upper-secondary schools, an art school, a dance and ballet school and health care facilities.



Campus Tensta, Pilparken

Another highlight during the quarter was the school start for Järva Gymnasium, which welcomed its first students to the new school in Campus Tensta in August. I had the pleasure of meeting some of these students at a ceremony in Pilparken on the campus. Like the buildings, Pilparken is blue-listed (cultural protection) and has been meticulously restored.

### Continued stable tenant demand

The success of Hemsö's operations in Germany continued in the fourth quarter. In October, Hemsö formed a joint venture with Austrian Real Estate (ARE). ARE is a wholly owned subsidiary of Bundesimmobiliengesellschaft (BIG), a property company wholly owned by the Austrian state.

Both ARE and Hemsö have deep expertise in the development and management of schools. Together, we are an experienced player in the Education segment and a strong partner for municipalities in Germany. The first joint development project is a new municipal school in central Cologne. The school will have a lettable area of 23,000 sqm with places for 1,000 students

aged 11–18. A 25-year lease agreement has been signed with the City of Cologne. Construction will commence in summer 2025.

Another lease agreement was signed in the same quarter for a new development project in Germany. This time, it involved a 20-year lease agreement with DRK-Kreisverband Essen e. V, part of the German Red Cross. Hemsö is developing a

new nursing home and short-stay care facility with a lettable area of 6,000 sqm and 116 beds in the City of Essen.

### Hemsö strengthens the backbone of society

We have the capital and organisational resources to continue investing in social infrastructure in collaboration with the public sector. We are backed up by our long-term owners, the Third Swedish National Pension Fund and Sagax, who will provide SEK 2 billion in equity on an ongoing basis as opportunities for investments in new social infrastructure arise. In December, SEK 500 million of this amount was provided.

I feel confident that Hemsö's experience and specialised expertise will be a great asset to many municipalities that cannot manage on their own, but need and want our assistance.

We are working together to strengthen the backbone of society.

Nils Styf, CEO



Municipal school in Cologne, Germany

# Hemsö as a partner

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

- ✓ **Specialist expertise**  
 With fifteen years of experience in public properties, we have good knowledge of the activities that are conducted in our premises and their specific requirements.
- ✓ **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 creates security for our tenants.
- ✓ **Long-term management**  
 We take a long term approach and combine development projects with long-term management and letting.
- ✓ **Access to capital**  
 Our financial strength and long-term approach form the basis for owning, managing and developing effective public properties.

- ✓ **Available and decisive**  
 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 accessible 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.

**7**  
**reasons why municipalities choose Hemsö**



**Hemsö's surplus is mainly returned to Swedish pensioners**



# Tenant with Hemsö – a good deal for everyone

With Hemsö as property owner, our tenants have a stable and reliable partner. We have chosen to focus on what we are good at – developing, owning and managing public properties.

Read more on our website



CASE

## Long-awaited police station in Borlänge

The new police station is a complex development project with multiple requirements: high security must be combined with openness to the public.



CASE

## Helsinki Court of Appeal in newly refurbished building

This historic building has undergone an extensive refurbishment. Meet the largest tenant, Helsinki Court of Appeal.



CASE

## Strong interest in Järva Gymnasium in Tensta

Järva Gymnasium, a modern upper-secondary school with a focus on high-quality education, opened its doors in Campus Tensta for the autumn school term of 2024.



CASE

## More nursing home beds in Västerås

Hemsö and the City of Västerås are developing a modern 60-bed nursing home in the lush natural area of Kornknarren in Råby.



CASE

## School in Rangsdorf

A new district is emerging just outside Berlin. Hemsö is developing a new secondary school here with places for 220 students.



# Business environment and strategy

Hemsö's strategy is to own public properties with long-term lease agreements and predominantly public-sector tenants. The value in Hemsö is created through knowledge of property and project development combined with long-term management and letting.

## 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 lease agreements
- Low vacancies
- Low sensitivity to economic fluctuations



Purpose-built



Publicly funded



Public services

# Strategy and value creation

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

Demand for public properties is expected to continue increasing despite a projected weak population growth. While the number of children and young people (aged 0–19) is expected to fall by 2033, the 80+ age group is forecast to rise sharply in Sweden, Finland and Germany. This brings a major need for new nursing homes in Hemsö's markets. At the same time, the public sector is facing a necessary rejuvenation and modernisation of the existing prop-

erty portfolio, which is also contributing to a major need for investment in public properties.

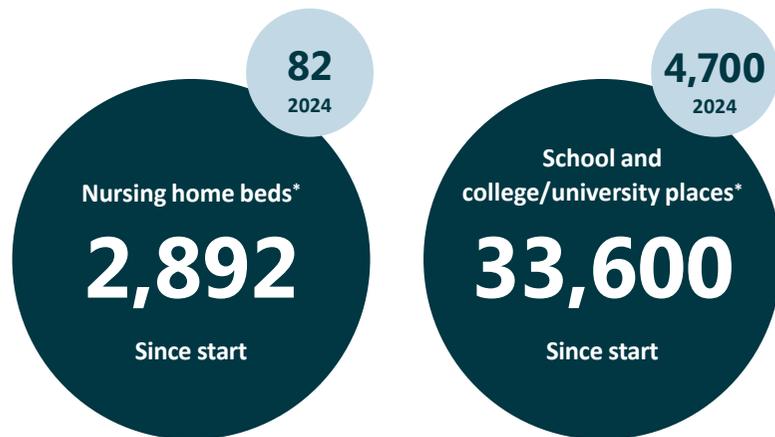
To help municipalities and regions with these challenges, Hemsö has also – in addition to being a long-term property owner and asset manager – built up extensive development project capacity. This means that we can be a professional partner to the public sector throughout the entire life cycle and help with planning, develop-

ment and property management of new sustainable public properties.

Hemsö conducts operations in Sweden, Germany and Finland. The largest market is Sweden, which account for two-thirds of the property portfolio. All markets have a welfare sector that is predominantly publicly funded with strong underlying finances.

The tenants are state, municipal, regional, non-profit and private operators. 95 per cent

of Hemsö's rental income is directly or indirectly derived from public funds, ensuring a reliable and predictable cash flow. Hemsö's operations are characterised by a local presence to ensure a high level of service, as well as efficiency and a strong sustainability focus. We have been driving the development of public properties for fifteen years, which has given us solid experience and specialised expertise in the segment.



\*No. of beds/places that Hemsö has added through completed development projects from 2009 until 31 December 2024.

## Hemsö's markets

Market	Sweden	Germany	Finland
Credit rating, S&P	AAA	AAA	AA+
Public sector share of GDP	50%	48%	55%
GDP growth 2024	1.0%	-0.2%	-0.2%
Hemsö, market value of properties (%)	65	17	18

Population	Sweden	Germany	Finland
Population 2024	10,600,000	83,600,000	5,600,000
Population 80+	650,000	6,040,000	330,000
Projected population growth, 2040	4%	-2%	7%
Projected population growth for 80+, 2040	38%	27%	74%

Source: Statistics Sweden (Statistics Sweden), Statistics Finland (Statistics Finland) and Destatis.

# Hemsö's property frameworks

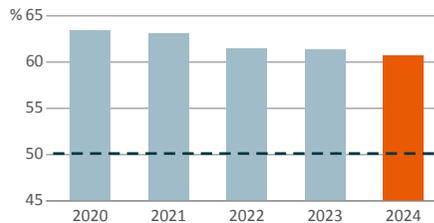
To clarify Hemsö's strategy, the company has four property frameworks. These frameworks aim to ensure a low level of property portfolio risk, and that Hemsö's cash flow remains stable over time.

## Public-sector tenants



**Public-sector tenants are to account for at least 50 per cent of rental income.** Hemsö's business model is based on publicly 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:

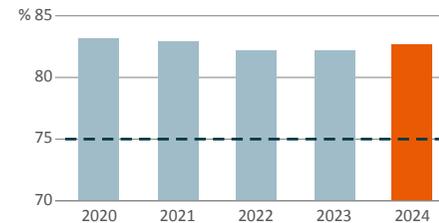


## Metropolitan areas and large cities



**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:

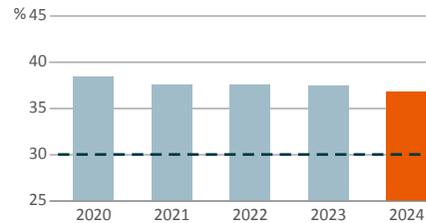


## Nursing homes

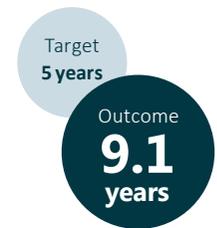


**Nursing homes are to account for at least 30 per cent of rental income.** The nursing homes segment is showing strong, long-term and rising demand, which guarantees stable rental income over time. Demand is directly linked to the demographic trend, where the proportion of people aged 80 and over is setting the tone. Residual value risk is low since nursing homes can be converted into other types of residential facilities.

### Outcome:

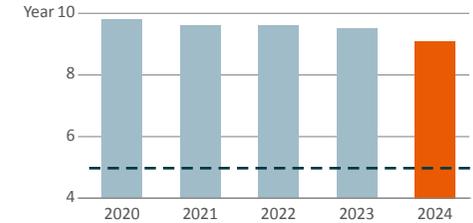


## Lease duration



**The lease duration is to be at least five years.** To ensure stable, predictable and inflation-adjusted income, Hemsö strives for long-term lease agreements. Lease agreements for new development normally have a duration of 15–25 years, with annual rent adjustments to reflect increases in the consumer price index.

### Outcome:



# Hemsö's targets

## Target for sustainable business

Target  
77%

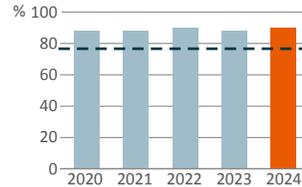
Outcome  
**90%**

### Engagement Index (EI)

**Target:** The Engagement Index (EI) score should 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:** 90 per cent, which means the target for 2024 was achieved.

**Outcome:**



Target  
60%

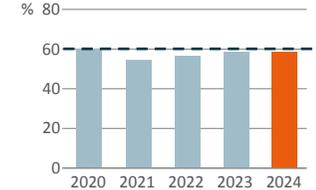
Outcome  
**58.3%**

### Loan-to-value ratio

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

**Outcome:** In 2024, Hemsö's loan-to-value ratio was 58.3 per cent (58.4).

**Outcome:**



Target  
3.0%

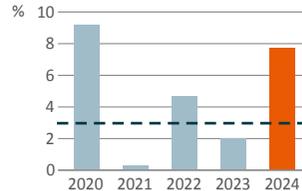
Outcome  
**7.7%**

### Reduced energy use

**Target:** In the comparable portfolio (Sweden), reduced energy use should be at least 3.0 per cent per year.

**Outcome:** In 2024, reduced energy use in the comparable portfolio in Sweden was 7.7 per cent.

**Outcome:**



Target  
2.5 times

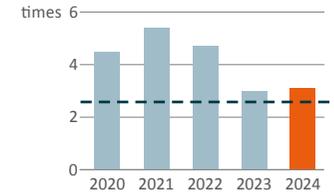
Outcome  
**3.1 times**

### Interest-coverage ratio

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

**Outcome:** In 2024, the interest-coverage ratio was 3.1 times (3.0).

**Outcome:**



Target  
15%

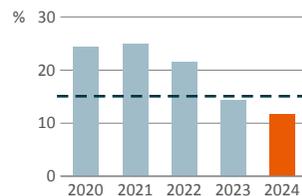
Outcome  
**11.6%**

### Return on equity

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

**Outcome:** At the end of 2024, average return on equity over a five-year period was 11.6 per cent.

**Outcome:**



# 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.

## Sweden

The year began slightly weaker for the public property segment, but activity increased significantly in the fourth quarter when more than half of the year's transactions were completed. The transaction volume was SEK 9.6 billion, slightly lower than the preceding year. The segment's proportion of the total transaction volume also decreased from 12 per cent in 2023 to 7 per cent, but the increased activity at the end of the year indicates that the market is picking up again. This year's transactions mainly involved nursing homes, but there were also justice system-related properties.

The Riksbank cut the policy rate by a further 50 basis points in early November and 25 basis points in December, which may lead to increased activity going forward, although transaction markets often react with some delay. At the same time, investors value the stability of public properties, where long-term lease agreements, low vacancy risk and low rental risk continue to make the segment attractive. At the end of 2024, the yield for public properties was approximately 4.5 per cent.

Long-term demand is driven by growing needs in defence and security, as well as in health care, education and the justice system. These factors are strengthening the role of public properties as a stable and sought-after investment in the property market.

**Total transaction volume and prime yield for public properties**

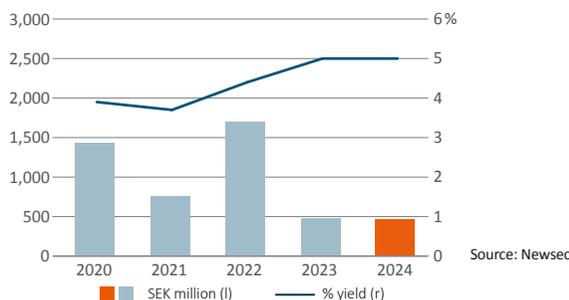


## Finland

After a hesitant transaction market in 2023, the public property segment continued to show stability in 2024. The total transaction volume was EUR 462 million, slightly lower year-on-year but with a higher proportion of the total transaction volume of 20 per cent. Health care properties dominated the market with investments of EUR 273 million, while nursing homes and educational properties recorded moderate volumes of EUR 30 million and EUR 61 million, respectively. Foreign investors accounted for 42 per cent of the transaction volume, reflecting a continued strong interest from both Nordic and global players. The yield for public properties stabilised at 5.0 per cent at the end of the year. However, the first yield compression is to be expected in 2025, in line with improved financing conditions.

The public properties market remains attractive, particularly due to long-term lease agreements, stable cash flows and low risk. The growing need for modern nursing homes, driven by an ageing population and a shortage of modern properties, is a strong driver for the segment. Finland is forecast to need more than 700 new nursing homes by 2040 to meet the growing demand. Public properties remain an important part of the Finnish property market, with long-term fundamentals supporting continued interest and investment.

**Total transaction volume and prime yield for public properties**



## Germany

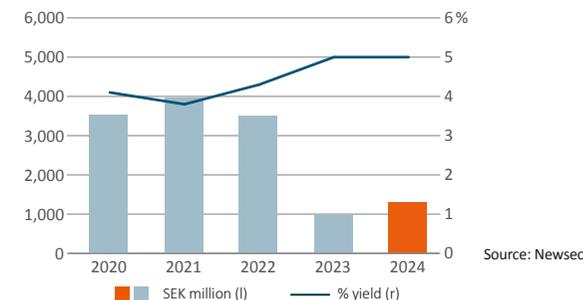
The public property segment in Germany showed strong growth in 2024, with a transaction volume of EUR 1.3 billion – up 34 per cent year-on-year. The segment's proportion of the total transaction volume also rose, from 3.5 per cent in 2023 to 4 per cent in 2024.

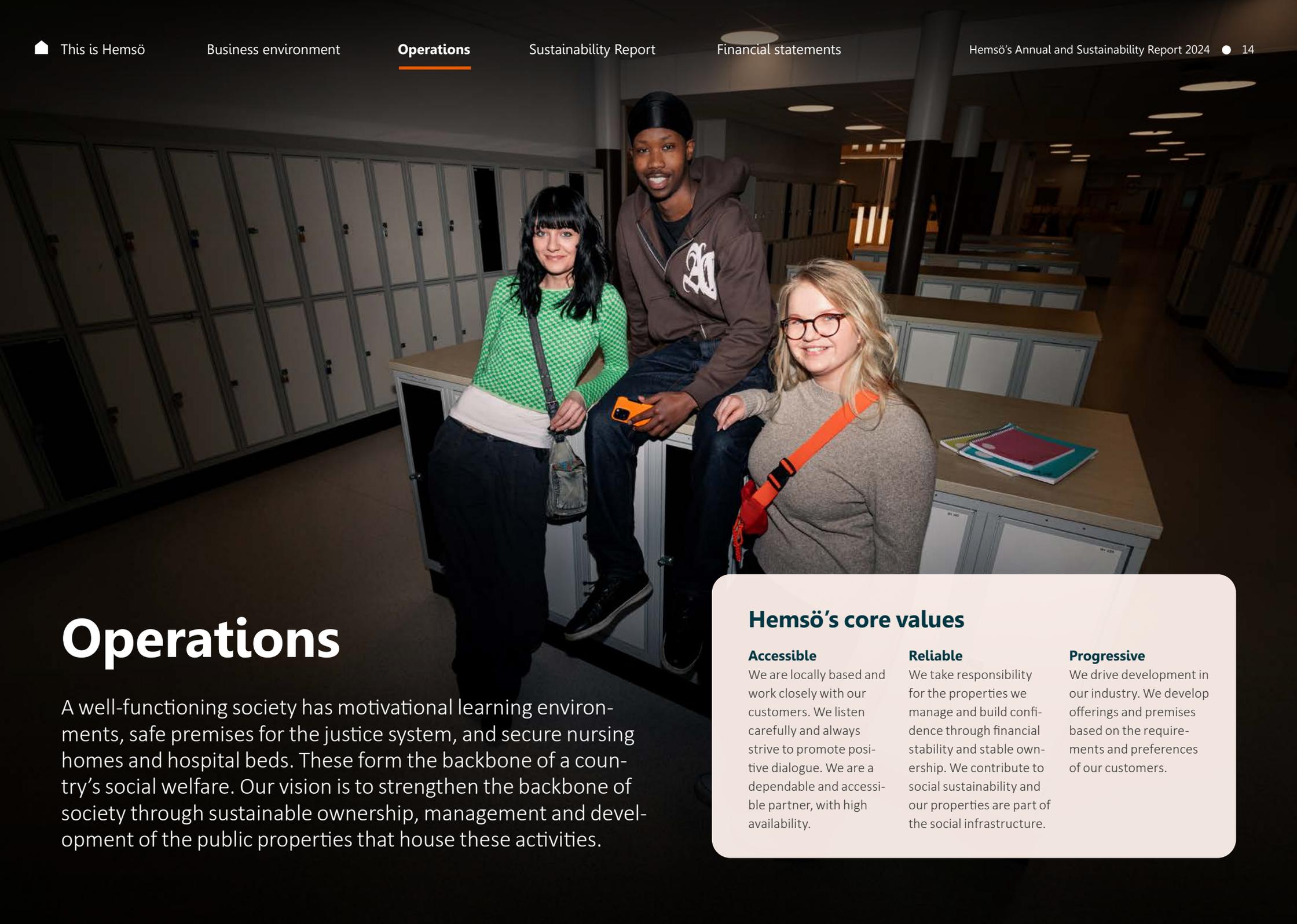
Public properties remain an important part of institutional investors' alternative strategies, especially in view of Germany's demographic trend and the growing need for modern infrastructure. Investments in health care, education and nursing homes are crucial for meet society's growing demands and appeal particularly to foreign investors who see long-term opportunities in this segment.

The yield for the most attractive nursing homes stabilised at 5.0 per cent and is expected to remain at this level throughout most of 2025. However, some compression can be expected towards the end of the year, driven by an improved financing environment and a growing interest from institutional investors.

With a growing proportion of elderly people in the population, demand for health care and care properties is expected to remain stable, supporting long-term investment growth in this segment.

**Total transaction volume and prime yield for public properties**





# Operations

A well-functioning society has motivational learning environments, safe premises for the justice system, and secure nursing homes and hospital beds. These form the backbone of a country's social welfare. Our vision is to strengthen the backbone of society through sustainable ownership, management and development of the public properties that house these activities.

## Hemsö's core values

### Accessible

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

### Reliable

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

### Progressive

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

# 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 86 billion.

At year-end, the market value of Hemsö's property portfolio was SEK 86.0 billion and comprised 477 properties in four categories: nursing homes, education, health care and the justice system. The lettable area was 2,425 tsqm and contracted annual rent amounted to SEK 5,100 million at period-end. Net operating income for 2024 amounted to SEK 3,833 million.

Hemsö owns properties in Sweden, Germany and Finland. At year-end, the Swedish portfolio accounted for 65 per cent of the market value and the foreign property portfolio accounted for 35 per cent.

## Portfolio development

Hemsö is growing through acquisitions, investments in existing properties and by developing new properties.

In 2024, a total of 5 properties were acquired for SEK 276 million. Acquisitions were made in three of Hemsö's property categories, and met our 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. The trend has mainly been driven by the major need of Swedish municipalities to build new schools and nursing homes. Hemsö is also developing more and more new properties in Finland and Germany. In 2024, Hemsö invested SEK 3,490 million in new construction, extension and re-development.

We are continuously striving to raise the quality of our 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.

## Long-term stability

Hemsö's geographic presence should be mostly concentrated to metropolitan areas and large cities, where demand for public properties is greatest. The lease duration is to be at least five years to ensure stable income and long-term relationships. These property frameworks contribute to low risk in the property portfolio and stable cash flow over time.

Our focus on modern public properties with long-term lease agreements with public-sector tenants and concentration in growth regions has not only increased underlying net operating income – the portfolio has also shown favourable value growth.

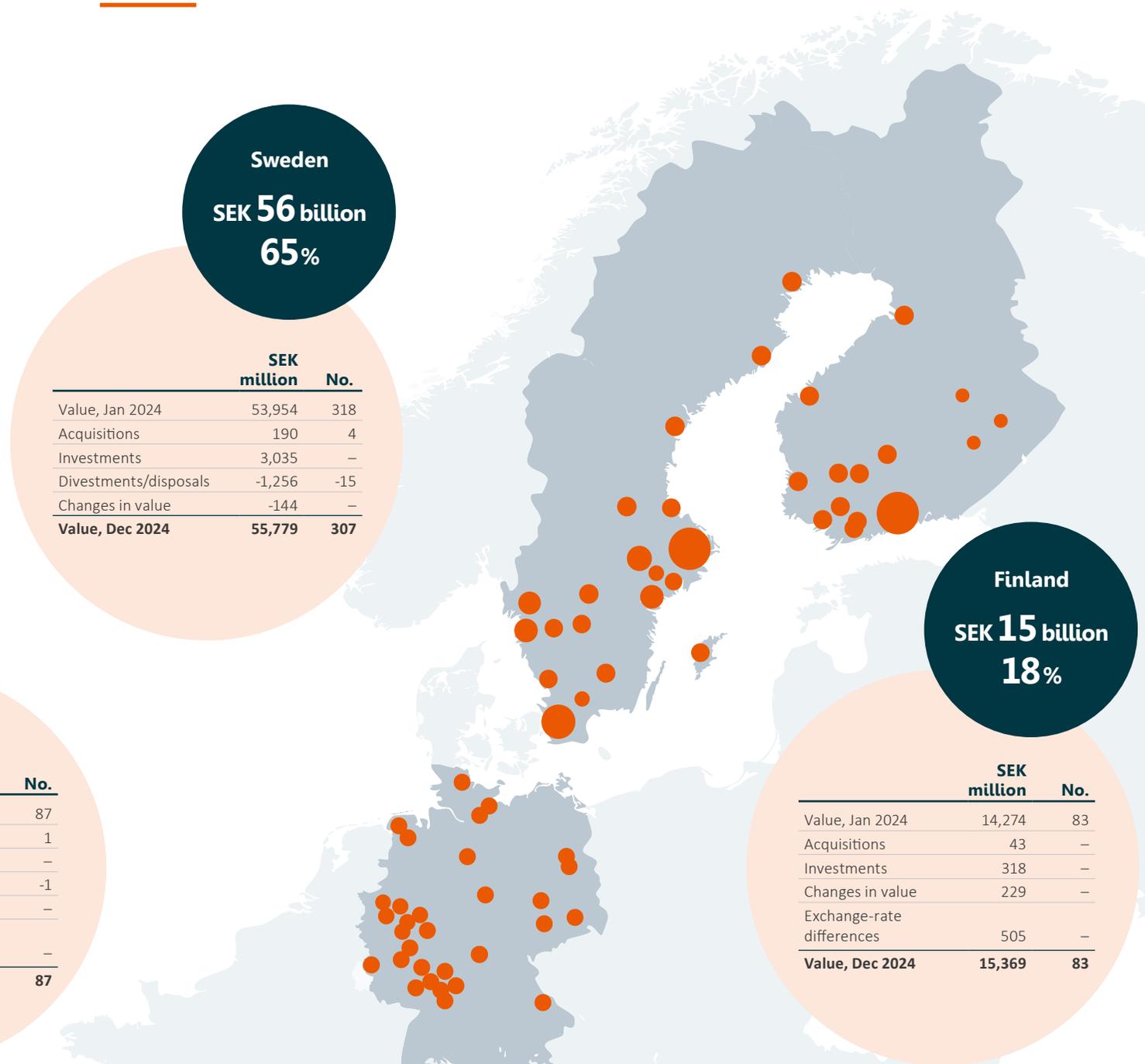
At year-end, the lease duration was 9.1 years, 95 per cent of income was from taxpayer-funded services and 83 per cent of the properties were located in metropolitan areas or large cities.



## Property portfolio in growth regions

City/Region	Population, 1,000 inh.	Market value of properties, SEK million	% of portfolio
Stockholm	2,470	22,900	27
Helsinki	1,610	7,100	8
Malmö	780	5,700	7
Gothenburg	1,090	4,500	5
Västerås	160	4,200	5
Ruhr	5,110	2,800	3
Norrköping	150	2,600	3
Turku	210	2,600	3
Berlin	4,680	2,300	3
Uppsala	290	1,900	2
Frankfurt	2,320	1,400	2
Lahti	120	1,300	2
Eskilstuna	110	1,200	1
Umeå	130	1,200	1
Gävle	100	1,100	1
Växjö	98	1,100	1
Wiesbaden	280	900	1
Borlänge	50	900	1
Uddevalla	60	900	1
Pori	80	900	1
<b>Total 20 largest regions</b>		<b>67,500</b>	<b>79</b>
Other		18,473	21
<b>Total Hemsö</b>		<b>85,973</b>	<b>100</b>

Metropolitan area or large city   
 Small city



**Sweden**  
**SEK 56 billion**  
**65%**

	SEK million	No.
Value, Jan 2024	53,954	318
Acquisitions	190	4
Investments	3,035	–
Divestments/disposals	-1,256	-15
Changes in value	-144	–
<b>Value, Dec 2024</b>	<b>55,779</b>	<b>307</b>

**Germany**  
**SEK 15 billion**  
**17%**

	SEK million	No.
Value, Jan 2024	14,396	87
Acquisitions	44	1
Investments	137	–
Divestments	-113	-1
Changes in value	-144	–
Exchange-rate differences	506	–
<b>Value, Dec 2024</b>	<b>14,826</b>	<b>87</b>

**Finland**  
**SEK 15 billion**  
**18%**

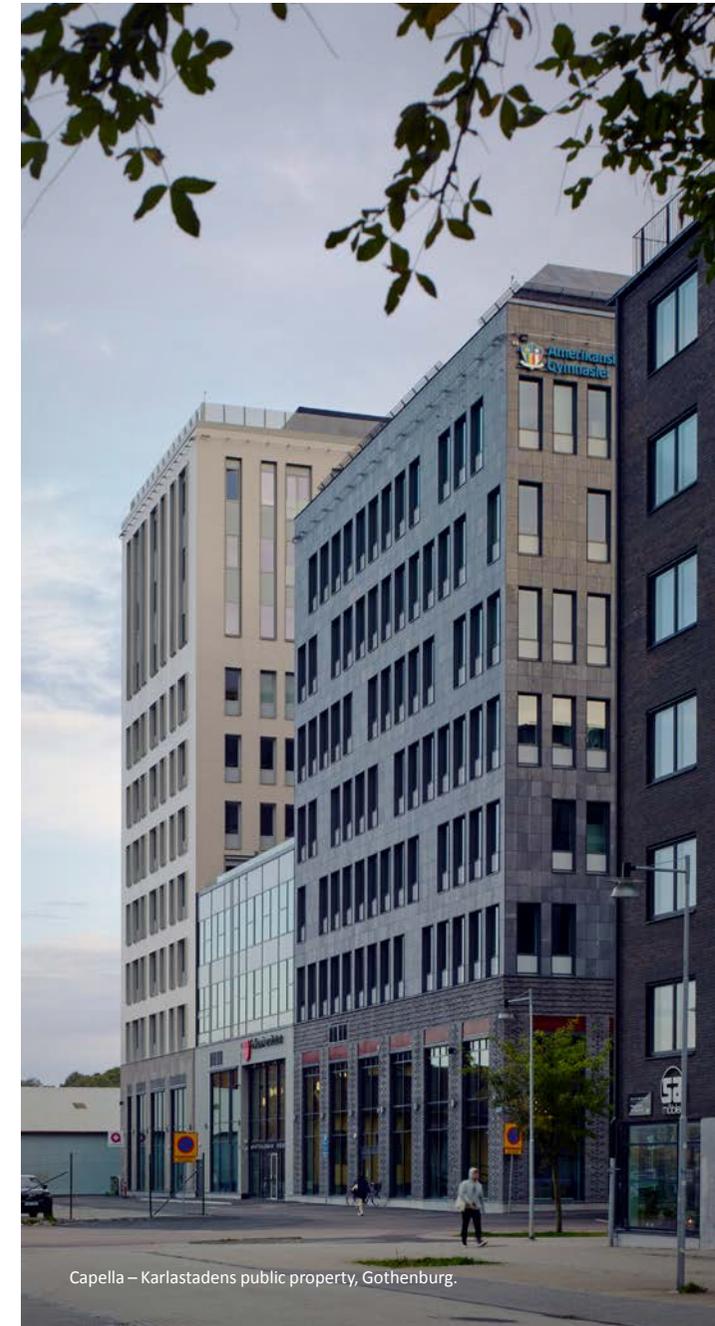
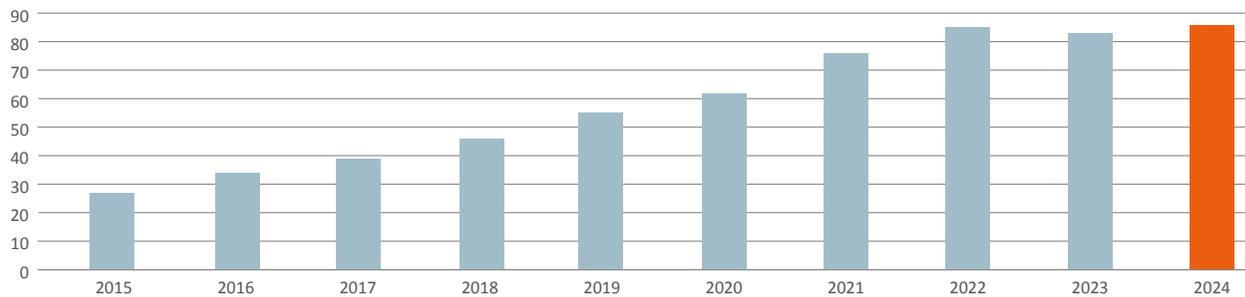
	SEK million	No.
Value, Jan 2024	14,274	83
Acquisitions	43	–
Investments	318	–
Changes in value	229	–
Exchange-rate differences	505	–
<b>Value, Dec 2024</b>	<b>15,369</b>	<b>83</b>



**Property portfolio development 2024**

	SEK million	No.
<b>Market value of properties, opening balance</b>	<b>82,624</b>	<b>488</b>
Acquisitions	276	5
Investments in new construction, extension and re-development	3,490	–
Divestments/disposals	-1,369	-16
Exchange rate changes	1,011	–
Unrealised value changes	-60	–
<b>Market value of properties, closing balance</b>	<b>85,973</b>	<b>477</b>

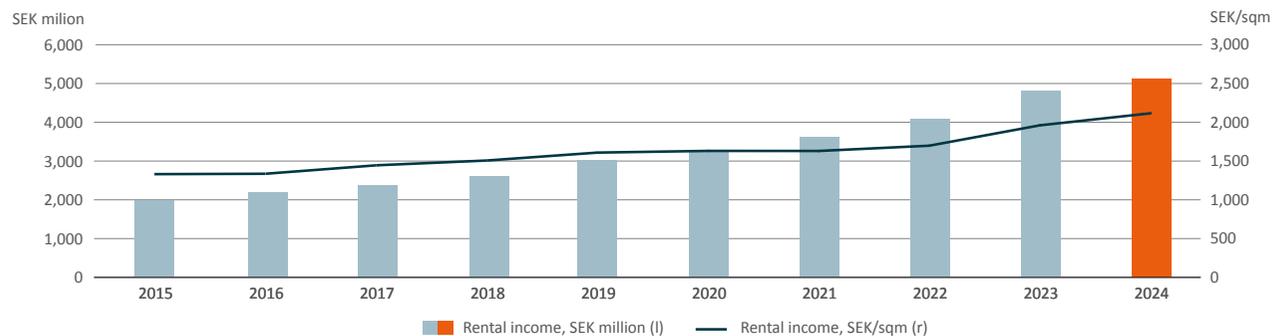
**Market value of properties, SEK billion**





Ryttersborg School in Kristiansborg, Västerås – Ryttersborg 4.

### Rental income



### Key ratios per property category

	Nursing homes	Education	Health care	Justice system	Total
Property value, SEK million	32,053	32,019	11,982	9,919	<b>85,973</b>
Lettable area, tsqm	1,039	844	311	230	<b>2,425</b>
No. of properties	231	154	63	29	<b>477</b>
Value/property, SEK million	139	208	190	342	<b>180</b>
NOI margin, %	73.3	76.8	71.5	76.0	<b>74.6</b>
Economic occupancy rate, %	98.2	97.6	97.0	97.0	<b>97.7</b>
Lease duration, years	8.7	11.0	6.7	7.9	<b>9.1</b>
Share of large cities, %	37	37	14	12	<b>83</b>
Rental income, SEK million	1,939	1,791	786	615	<b>5,130</b>
Rent/sqm, SEK	1,866	2,122	2,526	2,672	<b>2,115</b>
Net operating income, SEK million	1,423	1,380	562	469	<b>3,833</b>
Property yield, %	4.5	4.8	5.0	5.0	<b>4.8</b>

### Tenants

95 per cent of Hemsö's rental income was derived from taxpayer-funded services. The share of contracted annual rent with public-sector tenants was 61 per cent, where lease agreements with municipal operators accounted for 29 per cent, state operators for 18 per cent, regional operators for 2 per cent and federal state operators for 12 per cent. 5 per cent of Hemsö's tenants are non-profit organisations.

In Germany, privately run operations are funded by both the public health insurance scheme and care-user fees. If the residents are unable to pay for their own expenses, funding is provided through a municipal contribution.

Of Hemsö's 20 largest tenants, 13 were state, municipal or regional operators. Hemsö's five largest tenants are the Swedish Police, Region Stockholm, Academedia, the Wellbeing Services County of Southwest Finland and Attendo.

### Hemsö's 20 largest tenants

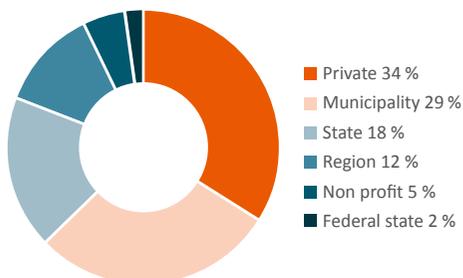
Tenant	Category	Annual rent, SEK million	Annual rent, %	No. of lease agreements
Swedish Police	State	245	5	36
Region Stockholm	Region	240	5	66
Academedia	Private	219	4	23
Wellbeing Services County of Southwest Finland (FIN)	Region	173	3	17
Attendo	Private	167	3	63
Ministry of Justice (FIN)	State	146	3	12
City of Västerås	Municipality	129	3	22
Mälardalen University	State	126	3	3
AWO (GER)	Non-profit	115	2	12
Mehiläinen (FIN)	Private	96	2	18
City of Lahti (FIN)	Municipality	91	2	4
Alloheim (GER)	Private	91	2	10
Internationella Engelska skolan	Private	91	2	8
Norrköping Municipality	Municipality	86	2	15
Uppsala Municipality	Municipality	80	2	16
Karolinska Institute	State	77	2	4
North Rhine-Westphalia (GER)	Federal state	72	1	1
Västra Götaland Region	Region	71	1	62
HEWAG (GER)	Private	68	1	9
City of Gothenburg	Municipality	66	1	12
<b>Total</b>		<b>2,450</b>	<b>48</b>	<b>413</b>

### Rental value – public-sector tenants

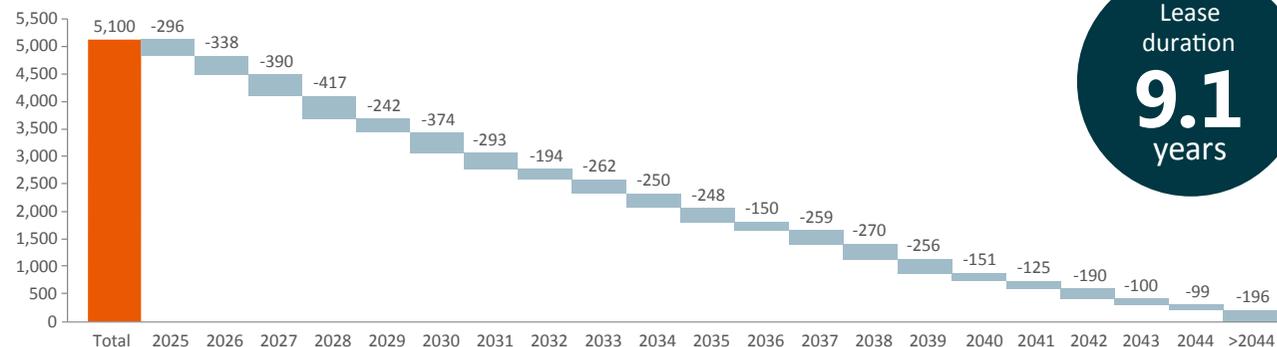
Tenant	Annual rent, SEK million	% of Hemsö's rental value
Swedish municipalities	1,164	23
Swedish state	576	11
Swedish regions	368	7
Finnish state	267	5
Finnish regions	251	5
Finnish municipalities	236	5
German federal states	93	2
The German state	59	1
German municipalities	56	1
<b>Total</b>	<b>3,069</b>	<b>61</b>



### Contracted rent per category



### Lease maturity, annual rent, SEK million



## Property portfolio – Nursing homes

### Portfolio and tenants

At year-end, nursing home properties accounted for 37 per cent of Hemsö's total property value. In partnership with municipalities and private operators, we contribute sustainable nursing homes so that everyone who works or lives in our buildings can feel safe and secure. That perception is just as important for family members and loved ones. Hemsö owns 231 nursing home properties, of which 109 are in Sweden, 77 in Germany and 45 in Finland.

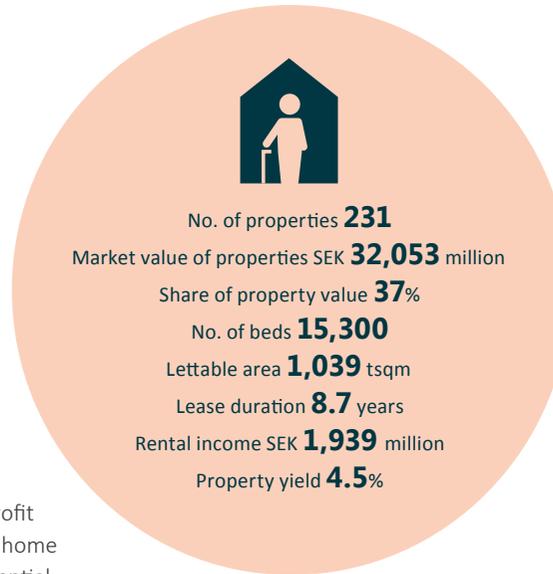
The premises accommodate:

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

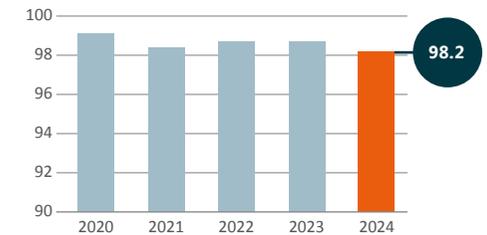
Of the contracted annual rent, public-sector tenants accounted for 37 per cent, and private taxpayer-funded operators for 52 per cent. In Sweden, public-sector tenants accounted for 69 per cent and private-sector tenants for 31 per cent of contracted annual rent. In Finland, public operators accounted for 18 per cent, and private operators for 82 per cent, of contracted annual rent.

In Germany, Hemsö mainly has non-profit and private-sector tenants in the nursing home category, with the exception of one residential facility with a municipal tenant.

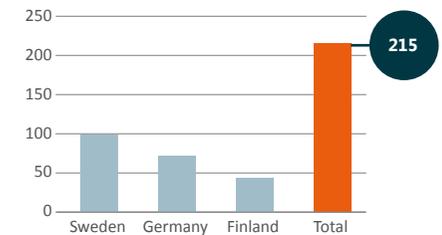
The three largest tenants in the category are Attendo, AWO (Germany) and Alloheim (Germany).



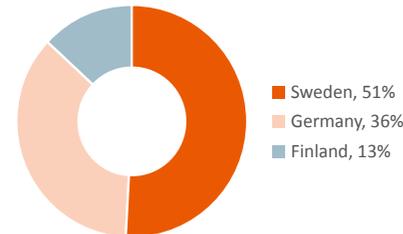
### Economic occupancy rate, %



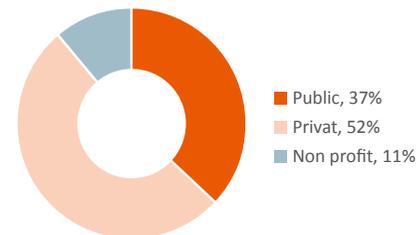
### No. of nursing homes per country



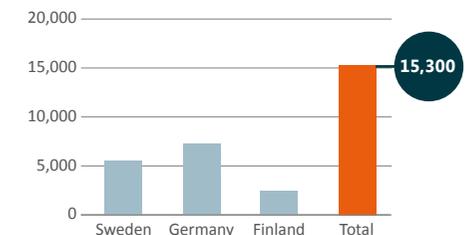
### Market value per country



### Annual rent per customer category



### No. of beds per country



## Property portfolio – Education

### Portfolio and tenants

At year-end, educational properties accounted for 37 per cent of Hemsö's total property value. Schools are an important place for learning, reflection and physical activity for children and young people. Together with teachers, students and other school staff, we create safe and motivational indoor and outdoor environments in both existing properties and new developments.

Hemsö owns 154 educational properties, of which 130 are in Sweden, 19 in Finland and 5 in Germany. The premises accommodate:

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

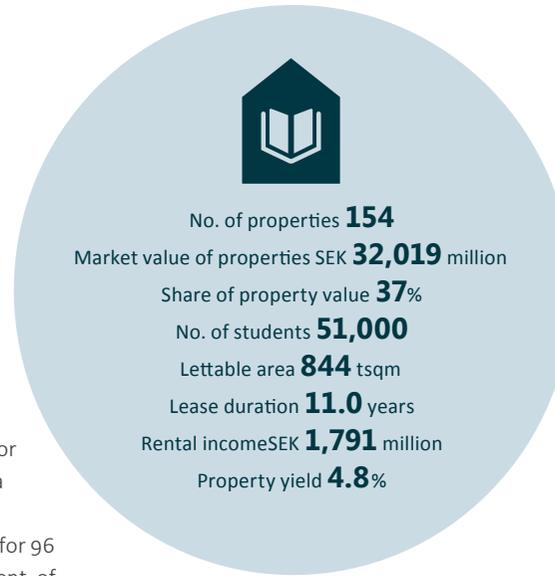
Of the total contracted annual rent, public-sector tenants accounted for 64 per cent, and private taxpayer-funded operators for 34 per cent.

In Sweden, public-sector tenants accounted for 54 per cent and private-sector tenants for 46 per cent of contracted annual rent.

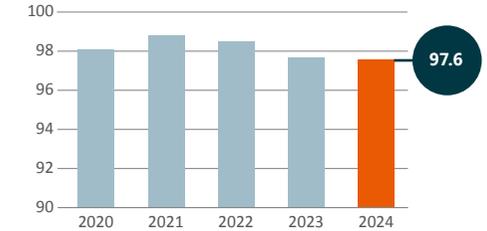
In principle, all of Hemsö's private-sector tenants in Sweden are taxpayer-funded via school vouchers.

In Finland, public operators accounted for 96 per cent, and private operators for 4 per cent, of contracted annual rent. In Germany, all educational properties are let to public-sector tenants.

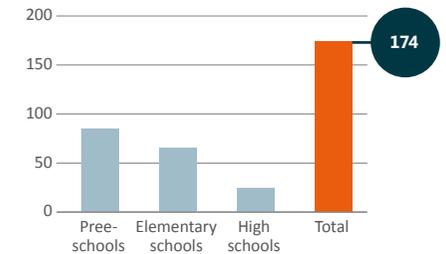
The three largest tenants in this category are Academedia, Mälardalen University and the City of Lahti (Finland).



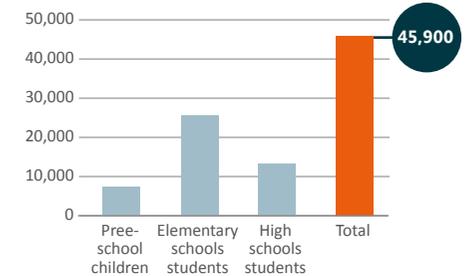
### Economic occupancy rate, %



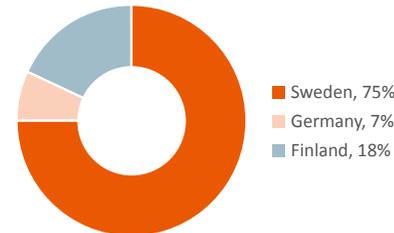
### No. of schools per category, Sweden



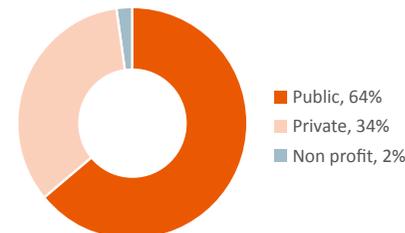
### No. of students per category, Sweden



### Market value per country



### Annual rent per customer category



## Property portfolio – Health care

### Portfolio and tenants

At year-end, health care properties accounted for 14 per cent of Hemsö's total property value. We develop and manage our health care properties with a focus on the operations conducted on the premises.

The buildings should feel safe and accessible for both care receivers and employees. Hemsö owns 63 health care properties, of which 52 are in Sweden and 11 in Finland. The premises accommodate a range of operations, including:

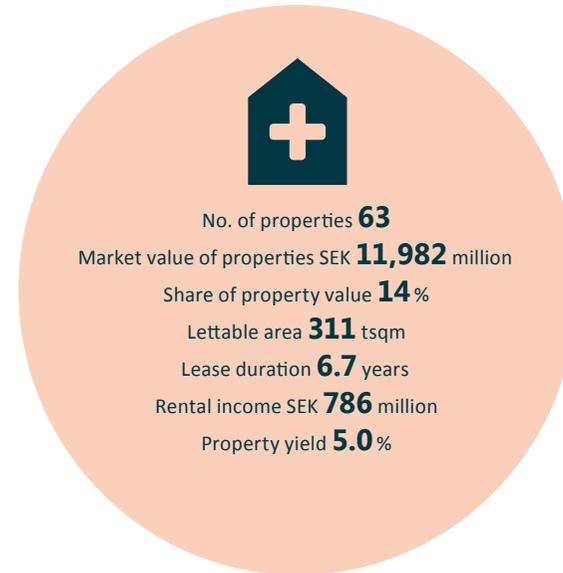
- hospitals
- local hospitals
- medical centres
- dental practices
- pharmacies
- palliative care
- rehab clinics

- child health clinics
- maternity centres
- child and adolescent psychiatry
- emergency centres

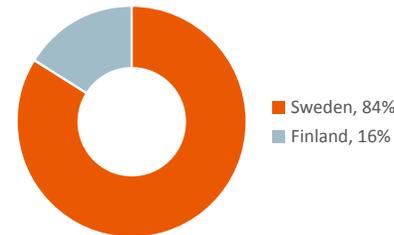
Of the contracted annual rent, public-sector tenants accounted for 82 per cent, and private taxpayer-funded operators for 17 per cent.

In Sweden, public-sector tenants accounted for 80 per cent, and private operators for 20 per cent, of contracted annual rent. In Finland, public operators accounted for 94 per cent, and private operators for 6 per cent, of contracted annual rent.

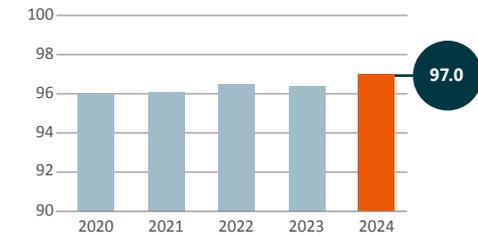
The three largest tenants in the category are Region Stockholm, the Wellbeing Services County of Southwest Finland and the Karolinska Institute.



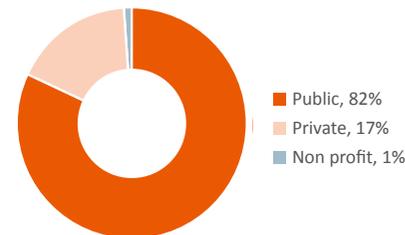
Market value per country



Economic occupancy rate, %



Annual rent per customer category



## 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.

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.

Hemsö owns 29 justice system properties, of which 16 are in Sweden, 8 in Finland and 5 in Germany.

In addition to adapting the properties to the specific activities, strict security requirements apply for those who work, visit or use the properties.

The premises accommodate:

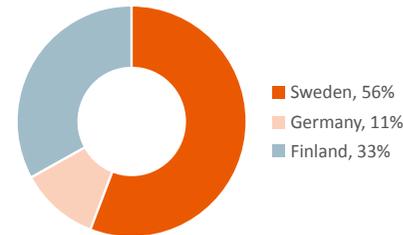
- police stations
- prisons
- courts
- prosecutors
- fire and rescue stations

Of the contracted annual rent, public-sector tenants accounted for 98 per cent in Sweden, Finland and Germany.

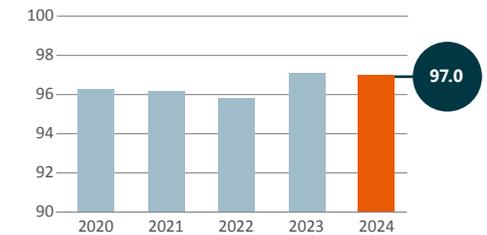
The three largest tenants in this category are the Swedish Police, the Ministry of Justice (Finland) and Bundesanstalt für Immobilienaufgaben (the Federal Agency for Real Estate, Germany).



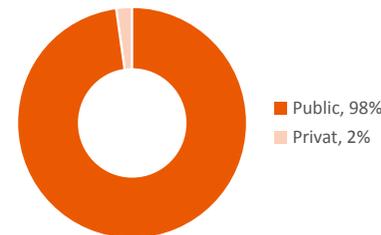
Market value per country



Economic occupancy rate, %



Annual rent per customer category



# Development projects

In addition to new development, re-development and extensions are continuously taking place in Hemsö's existing portfolio to meet tenants' ongoing needs. Older properties are converted to modern premises for new purposes. During the year, Hemsö completed eight major development projects, comprising two in the nursing home category and six in the education category. In 2024, through completed development projects, Hemsö contributed 82 new nursing home beds and 4,700 new school places.

Read more about ongoing and completed development projects here



**Ektorp school in Nacka**  
**Property category:** Education  
**Country:** Sweden  
**Project type:** New construction  
**Project area:** 10,000 sqm  
**Construction start:** 2023  
**Largest tenant:** Nacka Municipality  
**Lease duration:** 25 years




**Nursing home in Essen**  
**Property category:** Nursing homes  
**Country:** Germany  
**Project type:** New construction  
**Project area:** 6,000 sqm  
**Construction start:** 2024  
**Largest tenant:** German Red Cross  
**Lease duration:** 20 years




**Odin school in Gothenburg**  
**Property category:** Education  
**Country:** Sweden  
**Project type:** Re-development  
**Project area:** 4,000 sqm  
**Construction start:** 2024  
**Largest tenant:** Academedia  
**Lease duration:** 15 years




**Upper-secondary school in Ystad**  
**Property category:** Education  
**Country:** Sweden  
**Project type:** Re-development  
**Project area:** 1,400 sqm  
**Construction start:** 2024  
**Largest tenant:** Fria Läroverken  
**Lease duration:** 7 years




**Health care building in Turku**  
**Property category:** Health care  
**Country:** Finland  
**Project type:** New construction  
**Project area:** 4,300 sqm  
**Construction start:** 2024  
**Largest tenant:** The Wellbeing Services County of Southwest Finland (VarHa)  
**Lease duration:** 20 years




# Sustainability Report

The properties we develop and manage have an impact on society and the environment. We provide social infrastructure through our nursing homes, schools and hospital beds, which is positive for society. Our operations also affect the environment and we work actively to reduce the negative effects and increase our positive impact across the value chain.

Materiality assessment and stakeholder dialogue	26
Sustainability governance	27
ESRS implementation	29
Value chain – Hemsö's impact and responsibility	31

## Environmental

A plan for the transition	34
Climate-change mitigation targets	37
TCFD – Climate-related risks and opportunities	39
Circular processes	42
Biodiversity	44

## Social

Social sustainability	46
Employees	48

## Governance

Responsible business	51
Reporting – Sustainability bonds	52
GRI Content Index	55
Auditor's report	58

### Our sustainability strategy

Hemsö's sustainability initiatives are to contribute to social sustainability, and the sustainable development of Hemsö, economically, socially and environmentally.

Our priority areas are employees, the environment, climate change, society and our responsibility as a developer. That means that we will offer safe, secure and healthy environments for the people who use our properties, and contribute to social development through innovative public properties that create vibrant environments.

We will be an attractive employer for our existing and potential employees. We take responsibility for the environment and the climate by minimising our use of resources. Our sustainability initiatives will also have a positive impact on Hemsö's competitiveness and the ability to obtain sustainable finance and ensure long-term sustainable financial growth.

# Materiality assessment and stakeholder dialogue

Hemsö's Sustainability Report for 2024 has been prepared in accordance with the GRI Standards 2021 and the TCFD recommendations. The Sustainability Report also comprises the company's sustainability reporting under the Swedish Annual Accounts Act.

In 2024, Hemsö commenced ESRS implementation. As part of this process, Hemsö also presents its own accounting policies for climate impact and energy use, inspired by ESRS E1, and a description of the ESRS double materiality assessment (DMA) process, in its Sustainability Report for 2024.

## Current assessment of material sustainability matters

The materiality assessment that forms the basis for Hemsö's 2024 Sustainability Report is based on a previously conducted materiality assessment in accordance with the GRI Standards. The assessment aims to identify and prioritise those areas where Hemsö has a significant impact on the environment, climate, people and the economy. Consideration is also made for the sustainability matters that are material for stakeholders' decisions and expectations of Hemsö.

The materiality assessment performed in 2018 included a number of key people who prioritised and assessed the materiality of sustainability matters for Hemsö in terms of their impact. Based on the stakeholder dialogue, the sustainability matters that are material for

stakeholders' decisions and expectations of Hemsö were included. The matters that were rated highest both internally and by stakeholders became the most material sustainability matters that Hemsö will focus and report on. To ensure that the company continued to focus on the right sustainability matters, the results were followed up in 2021 by interviewing a number of key people at Hemsö.

### Hemsö's material topics:

- Financial performance, sustainable economy
- Customer/tenant health and safety
- Customer satisfaction and long-term relationships
- Community engagement and impact
- Terms of employment
- Diversity, equality and non-discrimination
- Competence development and skills provision
- Materials use
- Energy and emissions
- Compliance
- Supply chain responsibility
- Anti-corruption

Stakeholder/Main forms of dialogue	Stakeholder expectations of Hemsö
<b>Tenants:</b> <ul style="list-style-type: none"> <li>• Regular tenant meetings.</li> <li>• Annual customer survey.</li> <li>• Regular dialogue in connection with management.</li> <li>• Fault management.</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term management that offers purpose-built public properties.</li> <li>• Reliable and capable landlord with a focus on customer needs.</li> </ul>
<b>Investors:</b> <ul style="list-style-type: none"> <li>• External website and information material.</li> <li>• Seminars on specific issues.</li> <li>• Individual meetings.</li> <li>• Financial statements.</li> <li>• Capital market presentations.</li> </ul>	<ul style="list-style-type: none"> <li>• Strong financial management and high standard of reporting in accordance with the company's policies, requirements and laws.</li> </ul>
<b>Owners:</b> <ul style="list-style-type: none"> <li>• Board meetings, of which one every year is a strategy meeting.</li> <li>• Annual General Meeting.</li> <li>• Ownership Policy.</li> <li>• Dialogue meetings on sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term stable returns and a sustainability leader in the public properties segment.</li> </ul>
<b>Employees:</b> <ul style="list-style-type: none"> <li>• In day-to-day activities.</li> <li>• Annual performance reviews and monitoring of these, and employee satisfaction survey.</li> <li>• Intranet and conferences.</li> <li>• Union representation in Health and Safety Committee.</li> </ul>	<ul style="list-style-type: none"> <li>• Stable and long-term employer with good terms of employment, occupational health and safety and development opportunities.</li> <li>• Opportunity to engage in social development.</li> </ul>
<b>Society:</b> <ul style="list-style-type: none"> <li>• Involvement in research projects.</li> <li>• Engagement in stakeholder and professional organisations, and in partnerships with other property companies to promote development.</li> </ul>	<ul style="list-style-type: none"> <li>• Driver of sustainable development in the public properties segment.</li> <li>• Reliable players with expertise in their field.</li> <li>• Systematic efforts to minimise adverse environmental impacts.</li> </ul>
<b>Suppliers:</b> <ul style="list-style-type: none"> <li>• In procurements, orders and supplier meetings.</li> </ul>	<ul style="list-style-type: none"> <li>• Clear requirements when contracting, and monitoring compliance with the requirements.</li> <li>• Long-term partner.</li> </ul>
<b>Policy-makers in municipalities, regions and state:</b> <ul style="list-style-type: none"> <li>• Regular communication via ads, web and PR.</li> <li>• Via financial statements, industry days and trade fairs.</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term action as an owner, in relationships and in property management, with a good understanding of the customer's activities and needs.</li> </ul>

## Sustainability governance

Every year, Hemsö's Board and CEO are evaluated by external, independent consultants based on various areas. When Hemsö elects a new Board member, considerations are made in several areas of expertise, including sustainability. When electing a new Board member, Hemsö strives for an appropriate Board composition, in terms of expertise and from a diversity and equality perspective. During the year, the Board established a preparatory Sustainability Committee. The task of the Sustainability Committee is to continuously follow up and evaluate sustainability on behalf of the Board. The Sustainability Committee shall also prepare issues related to sustainability.

### Sustainability an integral part

Every year, Hemsö's Group Management drafts a proposal for a strategic direction for an upcoming five-year period. The draft is then presented to the Board. The strategic direction, with sustainability as a focus area, is approved every year at a scheduled Board meeting in September. The operative responsibility for sustainability-related issues follows the organisational structure and is an integral part of Hemsö's business operations. The Head of Sustainability is responsible for the Sustainability Department's work and reports to the CEO.

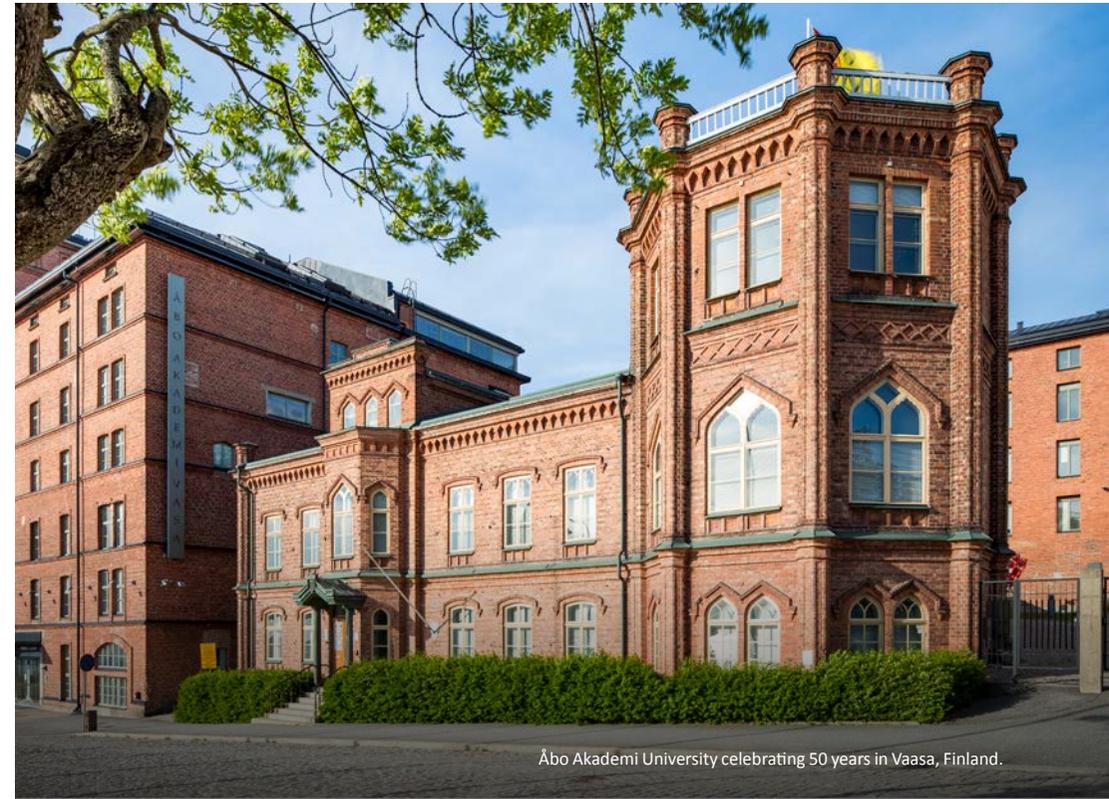
### Annual review

Hemsö's Sustainability Policy is reviewed every year. After any additions or modifications, the policy is sent to the Board for review and presented to the statutory Board meeting in April for a decision. In addition to the Sustainability Policy, there are guidelines in the sustainability area that

are revised continuously and decided by the CEO. The Sustainability Policy and Sustainability Guidelines are available on Hemsö's external website. Prior to each Board meeting, a business report is compiled describing the company's organisation, development projects, transaction and rental market, and other current activities. Various departments are responsible for describing developments in their own respective areas. The business report contains a separate section on the company's sustainability initiatives, and a section on incident reports. For transactions that require approval by the CEO and Board, available sustainability assessments are described. When there are negative aspects, proposals for measures are described. If any particular aspects are discovered as part of due diligence, we take these into consideration in our decision. Hemsö's CEO reports the results of completed development projects/transactions to the Board at regular intervals.

### Remuneration

Hemsö's Remuneration Policy covers the CEO and Group Management. The aim is to ensure that the company can attract and retain key people. The level of remuneration should be reasonable and well-balanced, as well as market-based and competitive but not market-leading. The level of remuneration should also contribute to high standards of ethics and business culture. Total remuneration is comprised of fixed salary, other benefits and pension. Fixed salary is determined with account for expertise, area of responsibility and perfor-



Abo Akademi University celebrating 50 years in Vaasa, Finland.

mance. The performance of management is regularly evaluated and the results are used as a basis for the annual salary review. Variable salary is not paid to senior executives. The combined value of other benefits should be limited in relation to total remuneration. At present, there is no link between remuneration and results in relation to the company's sustainability targets and development.

### Code of Conduct and whistleblowing system

Hemsö's Code of Conduct and whistleblowing system supports our efforts. The Code of Conduct

describes how our values, visions, commitments and expectations guide our everyday actions. Every year, Hemsö arranges a Hemsö School for new employees. During these days, we take part in exercises and discussions linked to our Code of Conduct.

The whistleblowing system makes it easy for internal and external stakeholders to report suspected unethical behaviour or irregularities in the company's operations. The whistleblowing system guarantees complete anonymity for all reporters.

### External frameworks

Some of the external frameworks and standards underlining Hemsö's sustainability initiatives are the Sustainable Development Goals, The 2030 Agenda, the Paris Agreement, national climate targets and the UN Global Compact. Our sustainability initiatives are aligned with these frameworks and we are working actively to advance

and promote sustainability matters in the construction and property industries, and foster long-term partnerships with our customers. By participating in various industry and social projects, we can help to shape a more sustainable society together with other players.

### Policy commitments and governing documents

The Board has currently adopted 14 policies and governing documents.

These are:

- Rules of procedure for the Sustainability Committee
- Rules of procedure for the Audit Committee
- Rules of procedure for the Board
- Executive Remuneration Policy
- Financial Policy
- Sustainability Policy
- Information Policy
- Insider Trading Policy
- IT Policy
- Financial reporting instructions
- Tax Policy
- Dividend Policy
- Rules of procedure for the CEO
- Valuation Policy

These policies and governing documents are reviewed annually by the person responsible for each area and then presented to the Board for feedback at the Board meeting in February. Any adoption takes place at the statutory Board meeting in April. All policies, governing documents and more detailed guidelines linked to these and that are adopted by the CEO, are available on the intranet.

Membership and partnerships, 2024		Country
All Generation Ventures	A hub for the Nordic real estate industry with a focus on digital development.	Sweden
Forum Bygga Skola	A national networking arena for all parties involved in the process of planning, building and refurbishing schools.	Sweden
Fossil Free Sweden	A platform for dialogue and collaboration between companies, municipalities and other operators who want to make Sweden one of the first fossil-free nations in the world.	Sweden
DGNB – Building Council Germany	Organisation that promotes sustainable construction and certification.	Germany
Green Building Council Finland	Organisation that promotes sustainable construction and urban development.	Finland
SGBC – Sweden Green Building Council	Organisation that promotes sustainable construction and urban development.	Sweden
HS30	A forum to significantly reduce the carbon footprint of the real estate sector, and increase the focus on social sustainability.	Sweden
LFM30	Roadmap for a carbon-neutral construction industry in Malmö. Hemsö has committed to the initiative.	Sweden
Mentor	Non-profit organisation with volunteer mentors for young people.	Sweden
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.	Sweden
Rakli	Organisation for property owners, property investors, property manager and developers.	Finland
Economic Council Germany	A major German business and lobby association that offers its members a platform for dialogue with leading policy-makers, with the aim of influencing social and political issues.	Germany
Forster Initiative	Foundation that links together property owners, private and non-profit nursing home operators and works to ensure that their interests are heard by politicians and society.	Germany
ZIA	Organisation that promotes the best possible terms for companies in the property industry.	Germany

## ESRS implementation

In 2024, as a first step in ESRS implementation, Hemsö performed its first double materiality assessment (DMA). The aim of the assessment was to assess and determine Hemsö's material impact on the environment, climate, people and society, and the associated risks and opportunities with an impact on Hemsö's financial position.

Hemsö's process to determine the DMA was based on the steps described in guidance issued by the ESRS and EFRAG:

- An assessment of the broader context in which Hemsö operates, aimed at compiling a gross list of sustainability matters for the assessment.
- Identification and assessment of the operation's impacts, risks and opportunities with a focus on the entire value chain based on the list of sustainability matters.
- Validation of the sustainability matters assessed as material for Hemsö's sustainability reporting according to the DMA process.
- Determine the sustainability matters that are most material from an impact and/or financial approach.

### Context and selection

A range of information sources was used to ensure an understanding of the context in which Hemsö operates and to compile a gross list of sustainability matters. The basic components consisted of the ESRS list of sustainability matters covered by the thematic ESRS, combined with a previous materiality assessment in accordance with the GRI Standards, including own disclosures.

Throughout the process, the needs and expectations of stakeholders were considered based on information sources such as customer satisfaction surveys and daily conversations with players along the value chain. There was a particular emphasis on specific activities along the value chain, such as new construction and re-developments, and the impact that Hemsö has through its business relationships in the form of various types of negative impact.

An important source for capturing trends and driving forces in the external environment was a signal report created specifically for Hemsö by the consulting firm Planethon. The report identified various scientific signals and social trends that could have an impact, with a focus on long-term implications. Additionally, the ratings and questions used by ESG analysis firms such as Sustainalytics were used to assess the sustainability of companies based on their sustainability performance. This information is important for building an understanding of the sustainability information that stakeholders in the financial market, for example, seek in their decision-making processes. Key internal functions, such as communications and HR, were involved to provide input on material operating areas.

Overall, this provided a gross list of sustainability matters, which then served as the foundation for the next step of the assessment.

### Assessment of Hemsö's impacts, risks and opportunities

The aim of the impact assessment is to identify the matters where Hemsö through its own activities and value chain have a material



Sköndalsvillan, residential care facility in Tyresö – Faunan 1.



Campus Tensta, Järva Gymnasium in Stockholm – Lilla Tensta 1.

environmental, social and/or business conduct impact. On this basis, an assessment of Hemsö's impact was based on the questions in ESRS 1 Chapter 3.4. This means an assessment of whether the impact is actual/potential negative or positive, together with an assessment based on the impact's scale<sup>1)</sup>, scope<sup>2)</sup> and irremediable character<sup>3)</sup>. In the case of a potential impact, the likelihood is also assessed.

To assess material risks and opportunities, i.e. environmental, social or governance-related events with a material financial impact on Hemsö, an assessment was carried out using the questions in ESRS 1 Chapter 3.5. This means that sustainability matters were determined based on a combination of the likelihood of the occurrence of the risks and opportunities and the scope of the potential financial effects on the company.

The assessment of impacts, risks and opportunities was based on a scale of 0–7, where a total assessment (average of the factors) resulted in a final value between 0 and 7.

### Validation and determination of material sustainability matters

The validation process involved some of Hemsö's key functions, including the heads of sustainability in the Swedish, Finnish and German operations, representatives from management representatives from the Sustainability Committee. The Board also reviewed the results of the impact assessment. The validation process also included a benchmark with industry colleagues, focused on a discussion about the sustainability matters identified as material from an impact and/or financial approach for the construction and property sector.

<sup>1)</sup> Scale: how grave the negative impact is or how beneficial the positive impact is for people or the environment.

<sup>2)</sup> Scope: how widespread the negative or positive impacts are. In the case of environmental impacts, the scope may be understood as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the scope may be understood as the number of people adversely affected.

<sup>3)</sup> Irremediable character: whether and to what extent the negative impacts could be remediated, i.e., restoring the environment or affected people to their prior state. Only assessed if the impact is negative.

# Value chain – Hemsö's impact and responsibility

Via the value chain, we can see how and where our processes can have a positive impact and help to achieve sustainable development for society, and for Hemsö as a company.



## 1 Acquisitions

Hemsö is continuously seeking opportunities in our geographic areas where we can contribute by developing and improving social infrastructure. We identify potential sustainability risks in the acquisition phase, but also opportunities for positive impacts.

### How we can impact:

- Comply with sustainability procedures in acquisitions for a review of the indoor environment, materials, waste, energy, climate-related risks and other environmental risks
- Create procedures for socio-economic aspects, localisation and future needs.

## 1 Project initiation

When Hemsö's project development initiates a project, a feasibility study commences, regardless of whether the project is a new construction or a refurbishment. The conditions are set here for how the property should look, function for the actual activity, and be constructed. Setting the conditions for sustainable development projects at such an early stage has a major impact on the upcoming process.

### How we can impact:

- Consider environmental aspects in design and materials selection. We do this using climate and energy calculations.
- Set a level for environmental certification.
- Consider climate-related risks and ecosystem services.
- Collaborate with municipalities and other stakeholder groups.

## 2 Procurement of contractor

Our impact at this stage is mainly through imposing requirements on the contract works regarding environmental certification and energy efficiency as well as good working conditions, respect for human rights, professionalism, objectivity and fair treatment.

### How we can impact:

- Promote human rights, working conditions, anti-corruption, the environment and climate by following-up compliance with our Code of Conduct for Suppliers.
- Set requirements for maximum climate impact for construction, potential handling of construction waste and energy use.



### 3 Refurbishment or new development

When we construct or refurbish a property, we have an environmental impact. The environmental impact of new developments mainly arises from the amount and choice of building materials and transportation. When we develop our properties, we also have a major impact on people's daily lives – students in schools, elderly people in homes, and employees. Our properties are designed with a focus on user needs. They should also support the activities of our tenants in the best possible way.

#### How we can impact:

- Environmental certification of buildings.
- Prevent and manage construction and demolition waste sustainably.
- Use recycled materials.
- Follow SundaHus requirements for materials and products.
- Optimise the indoor environment with regard to energy use and health.
- Create vibrant environments with people in focus.

### 4 Long-term management

We combine development projects with long-term management and letting. Our portfolio consists of properties in health care, schools, social care and the justice system that are managed by our property management organisation. In daily management routines, there are several areas where we can impact the environment, climate change and the health, safety and security of the building's users.

#### How we can impact:

- Improve the energy efficiency of the buildings.
- Choose sustainable materials for repairs and refurbishments.
- Create good conditions for waste management and sorting.
- Preventive measures on the basis of climate-related risks.
- Follow SundaHus requirements for materials and products.
- Prevent inconvenience in regard to the indoor environment.
- Specify compliance with the Code of Conduct for suppliers.
- Ensure the safety, security and health of the users.

### 5 Employees

Our employees are our success factor. We want to be an attractive employer for new employees, while also striving to retain and develop our existing employees.

#### How we can impact:

- Work for equality in the workplace with no discrimination.
- Prevent harassment with our Code of Conduct.
- Create conditions for our employees to develop.
- Create workplaces that promote health and safety.

### 6 Capital back to Swedish pensioners

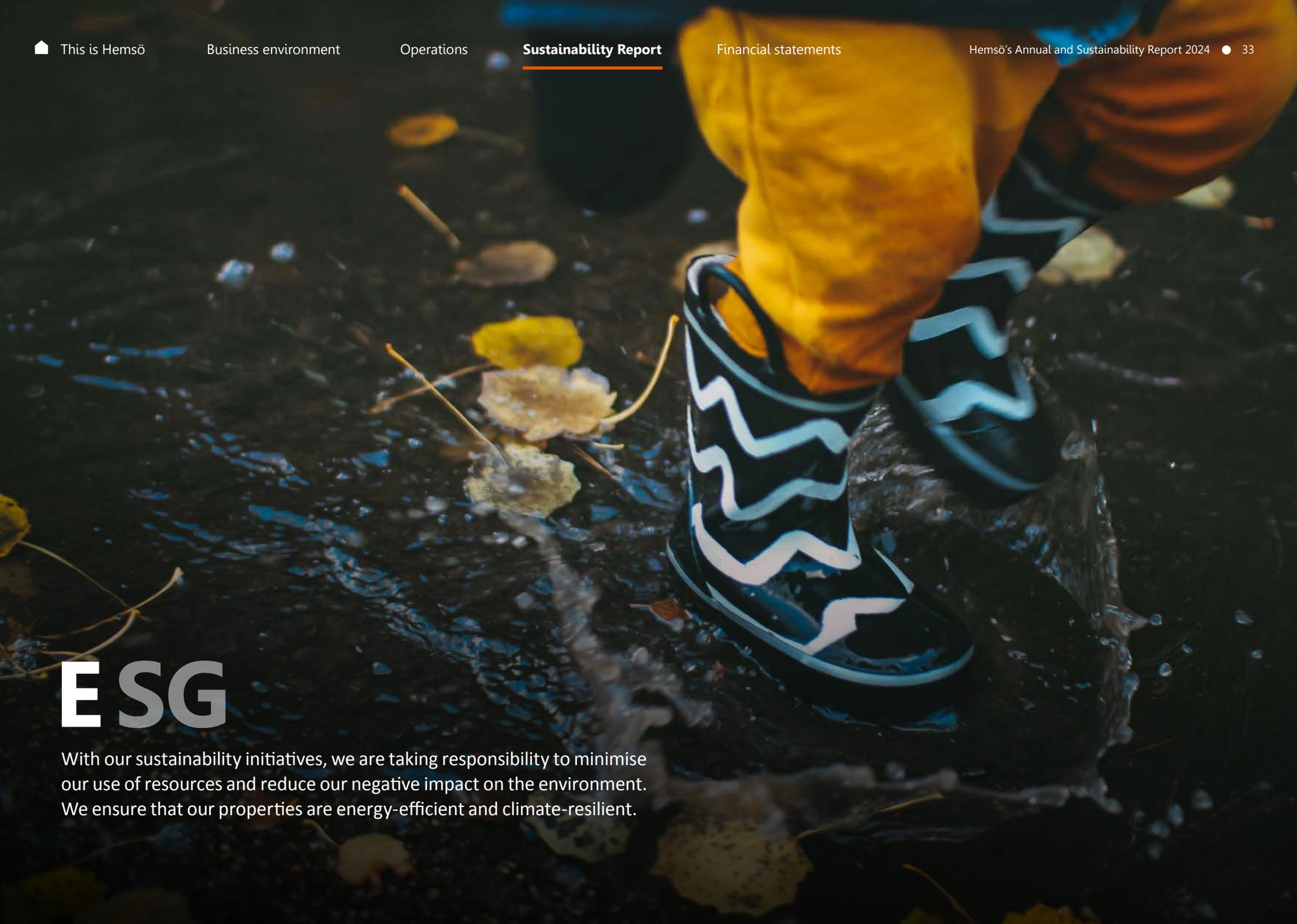
Our profits are mainly returned to Sweden's pensioners via our largest owner, the Third Swedish National Pension Fund. By meeting the growing need for social infrastructure, Hemsö is contributing to an important social function and creating sustainable growth for Swedish pension funds.

#### How we can impact:

- Create long-term and profitable business that creates high returns to the pension fund.

# ESG

With our sustainability initiatives, we are taking responsibility to minimise our use of resources and reduce our negative impact on the environment. We ensure that our properties are energy-efficient and climate-resilient.



# A plan for the transition

By 2040, Hemsö aims to achieve net zero value chain emissions. This means that all parts of our company must be involved in the effort to gradually move closer to our target.

Hemsö's operations consist of owning, managing and developing public properties, which also includes extensive project development. Climate impact arises from our own operations and along the value chain, primarily in new construction, re-development and refurbishment projects, as well as energy use in our properties.

Hemsö's operations are based on a long-term approach in everything that we do. In line with this, Hemsö set a long-term target in 2023 to achieve net zero value chain GHG emissions by 2040. The target, which was validated by the Science Based Targets initiative (SBTI) in 2023, adheres to the SBTI's Corporate Net-Zero Standard and is in line with the Paris Agreement's 1.5° goal.

## Governing documents that give a direction

Hemsö's Sustainability Policy, along with the company's Sustainability Guidelines, serve as the governing documents for the focus of sustainability efforts and the operational work involved in assessing, managing and taking actions that contribute to progress.

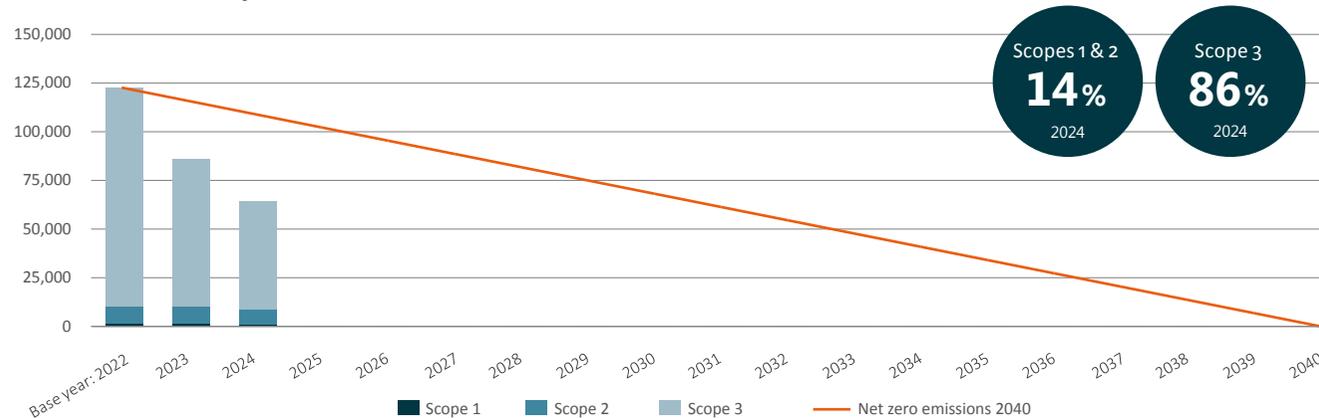
The Sustainability Policy states that sustainability work must be directed and prioritised on the basis of Hemsö's operations and their material sustainability matters, while also accounting for relevant stakeholders. It summarises Hemsö's material sustainability matters, including the company's material impacts, risks and

opportunities linked to climate change mitigation and adaptation, and to energy efficiency.

Similarly, the Sustainability Guidelines are linked to climate impact and energy by outlining how Hemsö should manage these issues through procedures, directives and instructions.

The Sustainability Policy and Sustainability Guidelines are primarily governing for Hemsö's own operations, but the value-chain perspective is also included by considering aspects such as development projects, customers and suppliers.

Net zero emissions by 2040 across the value chain, tCO<sub>2</sub>e



## Climate-change impacts of construction

Development projects completed in 2024	Building type	A1–A5 (kgCO <sub>2</sub> /m <sup>2</sup> GIA)
Hoivamme K3 <sup>1)</sup>	Nursing home	375
Hoivamme N1 <sup>1)</sup>	Nursing home	375
Kristiansborg, Ryttersborg School <sup>2)</sup>	Education	392
Boktryckaren <sup>2)</sup>	Education	292
Boktryckaren, Building 2 <sup>2)</sup>	Education	292
Campus Polacksbacken <sup>3)</sup>	Education	71
Campus Polacksbacken Building 29 <sup>3)</sup>	Education	188
Campus Polacksbacken, Building 38 <sup>3)</sup>	Education	74
Råssbyn preschool <sup>3)</sup>	Education	286
Odin School	Education	n/a

The table shows the embodied carbon calculation for the construction process stage of development projects completed in 2024. The calculations comprise the product and construction process stages – modules A1–A5 building life cycle.

<sup>1)</sup> These development projects do not have an embodied carbon calculation. They are calculated using standard templates based on the mean value of embodied carbon calculations for the building type.

<sup>2)</sup> These development projects have embodied carbon calculations verified by an external party according to climate declaration system limits, while the remainder is standardised.

<sup>3)</sup> These development projects have embodied carbon calculations verified by a third party.

## Climate-change mitigation and adaption

To clarify the aims and measures that must be taken to achieve net zero, a number of activities and requirements have been created. These will be further developed in 2025 with aim of establishing a roadmap that outlines milestones, strategies and KPIs on the path to 2040.

In 2024, Hemsö focused on developing and implementing sustainability requirements in development projects in order to step up the pace of emissions reduction and to ensure taxonomy alignment in new development projects. For example, there are now requirements for conducting climate risk assessments and developing adaptation plans for these projects. Additionally, climate requirements were introduced for a 20-per cent decrease in embodied carbon compared with the Swedish National Board of Housing, Building and Plannings (Boverket) baselines for construction product and processes (A1-A5), in line with the scope of the climate declaration.

Our experience shows that many factors need to work together, which places extensive demands on a systematic approach to reduce climate impact across all areas of the business – from project planning and procurement to long-term ownership and property management.

## Basic analysis to make the right decision

An important aspect of the decision-making process for a potential property acquisition is the analysis of the property's current energy performance, any challenges related to energy supply, and an assessment of the climate impact that a re-development may cause, including opportunities for reuse.

In a similar way, an analysis is conducted for both new construction and re-developments, with a focus on how negative climate impacts can be minimised. It's important to clarify early in the process how new construction or re-development will be carried out with minimal climate impact, by focusing on material choices, energy use and efficient use of resources.

To raise awareness of how material choices affect emissions, Hemsö is gradually developing its process with embodied carbon calculations for various stages of construction. These calculations



New nursing home in Bredäng certified according to NollCO<sub>2</sub>

also lay the groundwork for setting requirements for GHG emission limit values in the production of building materials and during the construction process.

In addition, the various environmental certifications provide an additional tool and support for building a better understanding of the requirements and initiatives that make the biggest difference. In 2024, for example, one of Hemsö's properties obtained NollCO<sub>2</sub> certification, which requires that the property's GHG emissions are reduced using limit values, and that the property's remaining climate impact is balanced with measures that contribute to a net zero climate impact.

Property management is mainly focused on optimising energy use based on factors such as the property's age, location and design and using energy from renewable sources.

Analyses to future-proof and adapt properties to climate change are conducted during acquisitions, new construction and re-development, and in the management of existing property portfolios. It involves a careful examination of the physical climate risks that could potentially arise due to climate change, such as flooding or landslides, based on the property's location. Similarly, the existing property portfolio is analysed for physical climate risks, and action plans are developed to adapt the properties to the effects of climate change.

Overall, this becomes an important part of the decision-making process for any potential acquisition or for any actions that need to be taken to adapt the property in order to minimise climate risk. For more information about Hemsö's work with climate-change scenarios based on the TCFD recommendations, refer to page 39.

### Energy efficiency

Efforts to optimise energy use in the property portfolio are key to reducing the company's long-term climate impact and contributing to resource efficiency. Certified and energy-efficient properties are also a prerequisite for attracting financial capital. The various types of environmental certification provide important support and are a tool for creating conditions for energy-efficient operations and maintenance during new construction and re-development, with major potential for lower energy costs. This continuous process is, in turn, based on an inventory of the energy performance in Hemsö's property portfolio to ensure that measures are implemented where they can have the greatest effect. This could involve, for example, replacing the heat pump system to optimise energy use, or equipping the property with sensors to better control the heating and ventilation systems based on the needs of the operation, and installing energy-efficient lighting. During the year, for example, Hemsö completed a two-year energy project aimed at optimising energy use at Turku University Hospital in Finland. The hospital is now equipped with both geothermal and district heating to optimise the property's energy use and new fans have also been installed to ensure that waste heat is used for heating. Calculations suggest that energy optimisation could reduce energy use by up to 40 per cent.

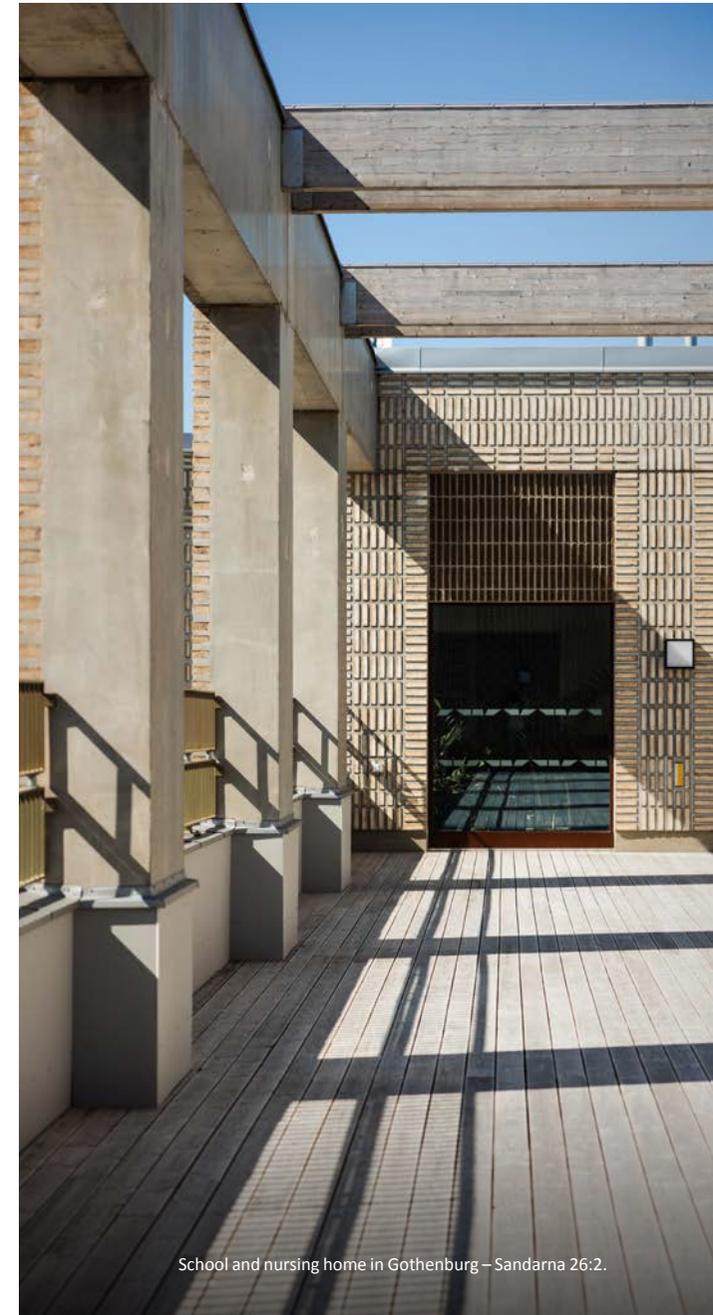
Electricity is procured centrally in Sweden and Hemsö only purchases hydropower with a guarantee of origin. Finland procures wind-generated electricity and in Germany, tenants are responsible for procurement.

### Good conditions for PV systems

Hemsö is utilising the potential to produce own renewable energy by equipping properties with the right conditions for PV systems. At the end of 2024, 113 properties were equipped with rooftop PV systems. The total installed capacity was 9,405 kWp. The estimated annual output for 2024 from the systems corresponded to 8,135 MWh.

### Experience and new knowledge through collaboration

Collaboration is an important part of efforts to drive Hemsö's sustainability initiatives forward. Examples of collaborations for knowledge exchange and joint advocacy are Fossil Free Sweden, LFM30 (Roadmap Malmö 2030), Sustainable Stockholm 2030 (HS30), Sweden Green Building Council (SGBC), Green Building Council Finland (FIGBC) and the German Sustainable Building Council (DGNB).



School and nursing home in Gothenburg – Sandarna 26:2.

# Climate-change mitigation targets

## GHG emissions

Hemsö reduced its GHG emissions by approximately 25 per cent compared with 2024. The decrease was due to fewer completed development projects and the fact that a higher proportion of the completed development projects are re-development projects with a considerably lower climate impact than new developments.

The decrease was also due to lower energy use in Sweden and Finland, and to more specific emissions data for energy use in Germany. GHG emissions from purchased goods and services increased, which primarily includes refurbishments.

### Target <sup>1)</sup>

#### Long-term climate target

Hemsö aims to achieve net zero value chain GHG emissions by 2040.

#### Climate milestone target

Hemsö aims to halve GHG emissions by 2030.

#### Reduced energy use target

Energy use shall be reduced by 3 per cent annually in the comparable Swedish property portfolio. A long-term Group target for reduced energy use is under development.

<sup>1)</sup> 2022 is the base year.

## Outcome – GHG emissions

Direct and indirect GHG emissions, Scopes 1–3	2024	2023	2022*
<b>Direct (Scope 1) GHG emissions, tCO<sub>2</sub>e</b>	<b>576<sup>1)</sup></b>	<b>1,084<sup>1)</sup></b>	<b>1,166<sup>1)</sup></b>
Leased cars	105	161	132
Refrigerants	210	210	483
Stationary combustion	261	713	551
<b>Indirect (Scope 2) GHG emissions, tCO<sub>2</sub>e – Market-based</b>	<b>8,158<sup>1)</sup></b>	<b>9,176<sup>1)</sup></b>	<b>8,921<sup>1)</sup></b>
Indirect (Scope 2) GHG emissions, tCO <sub>2</sub> e – Location-based	9,143	10,301	10,032
Electricity – Market-based	–	–	–
Electricity – Location-based	985	1,125	1,111
District heating	7,962	9,056	8,758
District cooling	157	93	113
Company vehicles – Electric/PHEV	40	27	50
<b>Other direct (Scope 3) GHG emissions, tCO<sub>2</sub>e</b>	<b>55,539<sup>2)</sup></b>	<b>75,573<sup>2)</sup></b>	<b>112,566<sup>3)</sup></b>
Purchased goods and services	27,292	22,815	52,013
<b>Capital goods – Total</b>	<b>6,976</b>	<b>28,335</b>	<b>39,218</b>
Capital goods: A1–A3	5,965	24,271	–
Capital goods: A4–A5	1,011	4,064	–
Fuel and energy-related activities	1,949	2,096	1,183
Waste	12	12	11
Business travel	54	70	52
Employee commuting	–	–	–
Downstream leased assets	19,255	22,244	45,281
<b>Total – Market-based</b>	<b>64,272</b>	<b>85,833</b>	<b>148,296</b>
Total – Location-based	65,257	86,958	148,296

\* Figures from 2022 have been updated. Certain calculations had been incorrectly linked in our platform: Tenant electricity use in Scope 2 and Scope 3 was added to category 3 emissions. Additionally, location-based and market-based emissions were totalled.

<sup>1)</sup> The calculations include direct emissions from refrigerants, mobile and stationary fuels (Scope 1), and indirect emissions from purchased electricity, heating and cooling (Scope 2). The market-based method was used for Scope 2 emissions. When calculating consumption data from stationary combustion, refilling of refrigerants and purchased electricity, heating and cooling were used. The calculations include data for Sweden and Finland. We mainly have double net leases in Germany, which means that Hemsö as the landlord is responsible for maintaining the structure of the property while the tenant is responsible for all routine maintenance, operations and maintenance. Germany is not therefore included in the calculations for Scopes 1 and 2.

<sup>2)</sup> The capital goods item comprises the product and construction process stages – modules A1–A5 (according to SS-EN 15978). It also includes LCA calculations from Finland, which comply with Finnish legislation concerning the scope of the system. Some parts of the calculations are based on standard templates. The templates are calculated using an average of actual value from the climate declaration performed by a third party. The standardised value are based on sqm lettable area which is used in our development projects, not gross area. The calculations contains completed development projects for the entire Hemsö Group. The purchased goods and services item includes goods and services purchased by the entire Group. Calculations are based on the income statement for the year (1 January–31 December) and on spending. The emission factors for purchased goods and services were updated for two of the items (water, gas and electricity and other social consulting services). These items were analysed and more reliable emission factors chosen. The waste item refers to the entire Group and was based on spend calculations. The business travel item includes data from our travel agency, and expenses via Hemsö's payroll system. Expenses were standardised using data from the travel agency. Employee commuting is based on a questionnaire from 2022 with responses from the Swedish operations. The results were standardised for the entire Hemsö Group.

<sup>3)</sup> In the report for 2022, we included emissions data for construction processes, construction materials and construction transport partly obtained from climate declarations compiled on behalf of Hemsö. Since the calculation method is different, we have not been able to divide the figures into categories A1–A5. The calculations contains completed development projects for the entire Hemsö Group. Purchased goods and services include goods and services purchased by the entire Group. Calculations are based on the income statement for 2022 (1 January–31 December) and on spending. Data for tenant waste is included in downstream leased assets and standardised based on waste figures for 2021 including new data for certain properties. The calculations contain data for Hemsö's operations in Sweden, Finland and Germany. Employee commuting is based on a questionnaire with responses from the Swedish operations. The results were standardised for the entire Hemsö Group. The results were standardised for the entire Hemsö Group. Emissions data for business travel includes data from our travel agency, and expenses via Hemsö's payroll system. Expenses were standardised using data from the travel agency.

## Outcome 2024 – Energy use

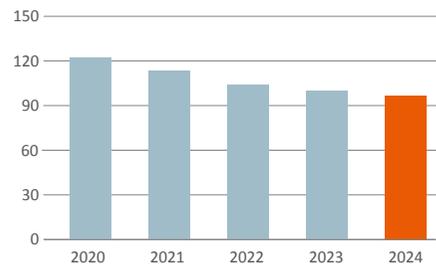
### Energy use

According to our target, we are to reduce energy use by 3 per cent annually in the comparable portfolio in Sweden. In Sweden, the decrease in energy use was approximately 8 per cent in the comparable portfolio in 2024, compared with 2 per cent in 2023. Hemsö Sweden also had a target to keep energy use below 100 kWh/sqm in the property portfolio in 2025, which has now been achieved. In 2024, energy use 2024 was 97 kWh/m<sup>2</sup> A-temp, compared with 100 kWh/m<sup>2</sup> A-temp in 2023. Our property management worked together with our operations and maintenance staff and continuously exchanged older technical equipment and optimised energy use based on tenants' operating hours.

In Finland, the energy reduction was approximately 7 per cent in the comparable portfolio in 2024. Energy use was 197 kWh/m<sup>2</sup> A-temp, compared with 205 kWh/m<sup>2</sup> A-temp in 2023.

In Germany, we received energy data for approximately 90 per cent of the portfolio for heating and approximately 75 per cent for electricity. In 2025, will we intend to have a clearer strategy for our work with energy. However, tenants are responsible for their energy use and associated data in Germany, which is a challenge for us as property owner.

### Energy use in Sweden kWh/m<sup>2</sup> A-temp



### Energy use in the organisation

The reporting period is 1 January–31 December 2024.

MWh	2024	2023	2022
Electricity, renewable	87,005	82,511	78,497
District heating, renewable	120,102 <sup>2)</sup>	128,196 <sup>2)</sup>	98,198 <sup>1)</sup>
District cooling, renewable	6,407	6,929	6,712
<b>Total, renewable</b>	<b>213,514</b>	<b>217,636</b>	<b>183,406</b>
District heating, fossil	12,749	22,321	49,354
Electricity, fossil	–	–	–
Oil	189	200	–
Natural gas	1,022	1,021	1,153
Biogas	–	–	–
<b>Total, non-renewable</b>	<b>13,961</b>	<b>23,542</b>	<b>50,507</b>
<b>Total</b>	<b>227,475</b>	<b>241,179</b>	<b>233,914</b>

Energy use includes data for Sweden and Finland. In Germany, the tenant is responsible for energy use under the lease agreement.

<sup>1)</sup> The proportion of renewable and non-renewable district heating is based on the distribution of district heating from figures for 2021.

<sup>2)</sup> The proportion of renewable district heating for Sweden is based on data from district heating companies. The proportion of renewable district heating in Finland is based on national data as regards proportion produced and proportion renewable.



Mälardalen University in Eskilstuna – Verkmästaren 7.

# TCFD – Climate-related risks and opportunities

Understanding the impact and effects of climate change is essential for Hemsö, both for being able to manage the potential risks for the property portfolio, and to take advantage of the opportunities. Based on the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), Hemsö conducted a climate scenario analysis with a focus on the business operations.

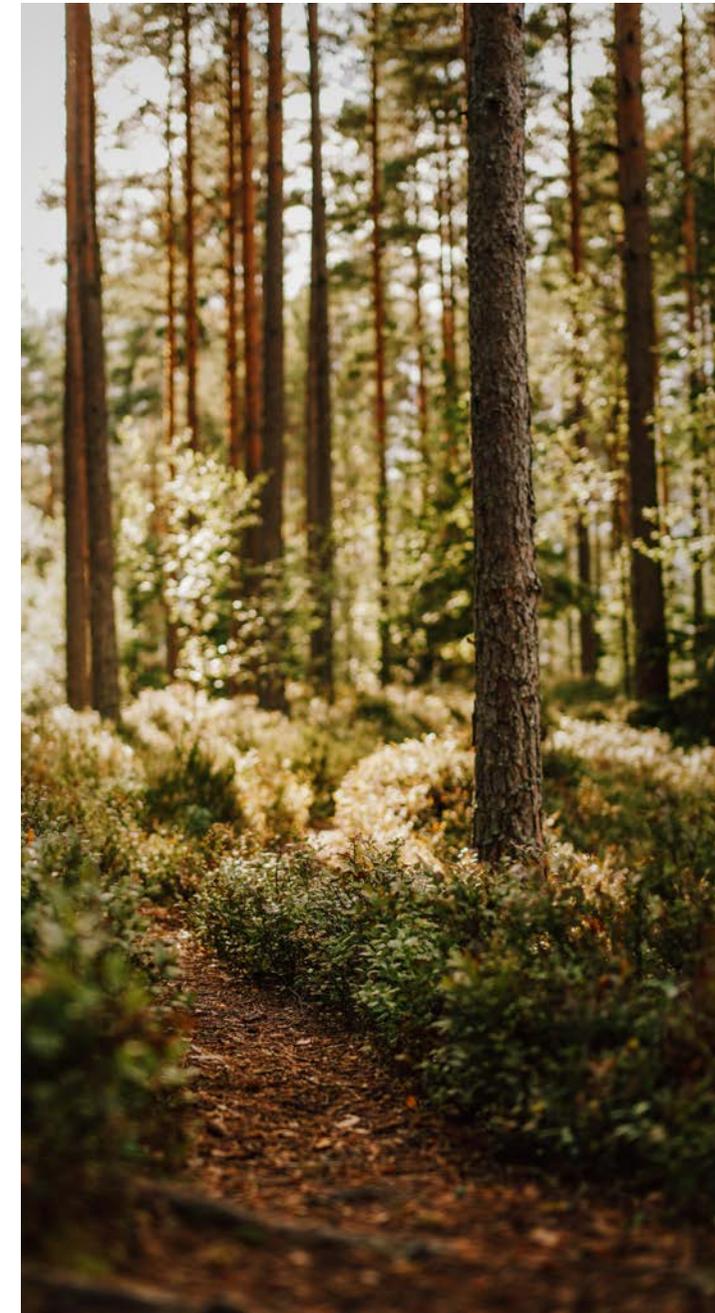
## Climate-change scenarios as a basis for the assessment

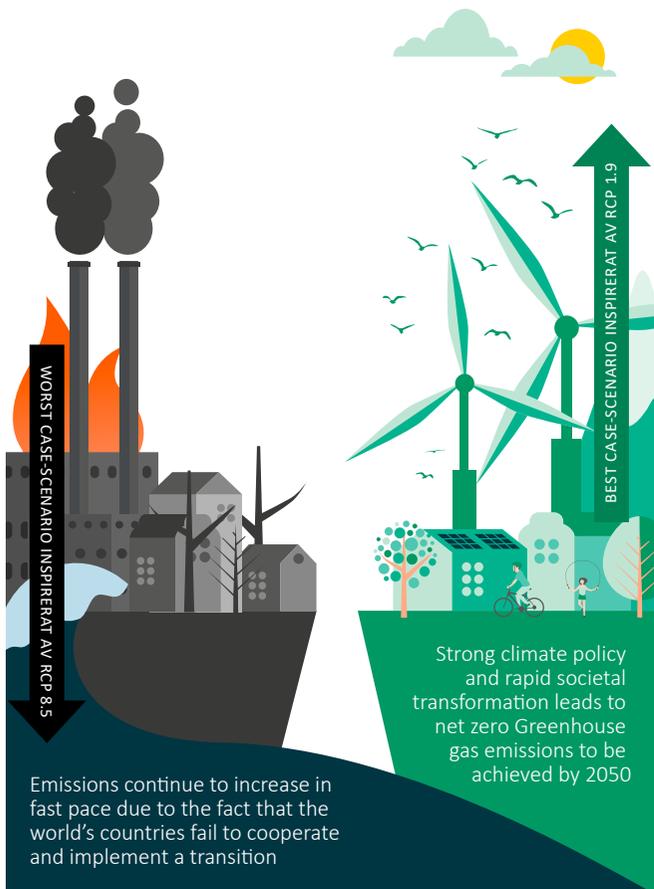
As a starting point for the identification of potential risks/opportunities and effects, Hemsö used two climate-change scenarios for 2050 created by the UN Intergovernmental Panel on Climate Change (IPCC) – worst case-scenario RPC 8.5 and best case-scenario RPC 1.9. In the next step, transition risks (such as political and regulatory risks) and physical risks (such as rising sea levels and drought) were assessed. In 2024, efforts to develop working methods for climate-related risk assessments continued, with the aim of integrating them into the plans for property adaptations. Another aim going forward is to deepen the assessment of how Hemsö is impacted financially by the identified risks and opportunities.

WORST-CASE scenario, inspired by RCP 8.5	BEST-CASE scenario, inspired by RCP 1.9
Emissions continue to rise rapidly due to the failure of nations to collaborate and deliver a transition	Powerful climate policy and rapid transition leads to the achievement of net-zero emissions by 2050
<b>Climate</b>	
<ul style="list-style-type: none"> <li>• Temperature increase in Europe is approximately 2–5° C</li> <li>• Rising sea levels of up to approximately 0.5 m<sup>1)</sup></li> <li>• Extreme weather with rain, storms, heat and drought becomes more common</li> <li>• More flooding, especially in connection with the 100-year storms</li> <li>• Reduced snowfall</li> </ul>	<ul style="list-style-type: none"> <li>• Temperature increase in Europe is limited to about 1.5–4° C</li> <li>• The sea-level rise is limited to a few decimetres<sup>1)</sup></li> <li>• Slightly higher risk of extreme weather events</li> <li>• Slightly higher risk of flooding</li> </ul>
<b>Society</b>	
<ul style="list-style-type: none"> <li>• Continued dependence on fossil fuels</li> <li>• Nations fail to agree on joint initiatives and action</li> <li>• No tough demands or regulations</li> <li>• No major changes in the behaviour of people or companies</li> <li>• Continued high energy intensity</li> <li>• Global population growth reaches about 12 billion by 2100</li> <li>• Climate refugees</li> <li>• Increased global polarisation</li> </ul>	<ul style="list-style-type: none"> <li>• Nations collaborate and deliver a transition</li> <li>• Renewable energy has replaced fossil fuels</li> <li>• Policy decisions, legal regulations and instruments have been introduced to reduce CO<sub>2</sub> emissions</li> <li>• Rapid transition of society, infrastructure and buildings has taken place</li> <li>• Sharp increase in new technologies and digitisation</li> <li>• Low energy intensity has been achieved</li> <li>• Customers, investors and authorities impose stringent requirements on climate change adaptation</li> <li>• Global population growth reaches about 9 billion by 2100</li> </ul>
<b>Hemsö</b>	
<ul style="list-style-type: none"> <li>• Hemsö fails to achieve collaboration on the reduction of CO<sub>2</sub> emissions with the company's partners</li> </ul>	<ul style="list-style-type: none"> <li>• Hemsö and our partners succeed in collaboration to accelerate the low-carbon transition</li> </ul>

<sup>1)</sup> Reference point Malmö, with account for land uplift.

WORST-CASE scenario, identified risks and opportunities	BEST-CASE scenario, identified risks and opportunities
<b>Physical risks:</b>	
<ul style="list-style-type: none"> <li>• Heavy rain, flooding and rising sea levels risks cause damage to Hemsö's properties and the surrounding environment and infrastructure.</li> <li>• More frequent heat waves could mean that current properties do not meet air conditioning and ventilation requirements.</li> <li>• Erosion could damage the environment around the properties.</li> <li>• Supply chain problems could arise due to, for example, a shortage of natural resources, materials, energy and raw materials needed for the operations.</li> <li>• Extreme weather events and a higher risk of flooding, landslides and avalanches could damage power stations and lead to electricity shortages if there is no back-up power for our properties.</li> </ul>	<ul style="list-style-type: none"> <li>• More frequent heavy rainfall events could damage the properties.</li> <li>• A slightly higher mean temperature increases the need for air conditioning and ventilation systems in the properties.</li> <li>• Raised sea levels could affect parts of the property portfolio.</li> </ul>
<b>Transition risks:</b>	
<ul style="list-style-type: none"> <li>• If cities and/or properties need to be relocated due to rising sea levels, this could make existing properties obsolete.</li> </ul>	<ul style="list-style-type: none"> <li>• Tougher requirements from, for example, customers, politicians and the capital market on Hemsö's climate-change adaptation and the standard of properties.</li> <li>• New technologies must be installed in the properties on a large scale, such as ventilation, air conditioning, energy and water, which is sometimes complex and requires high levels of both capital and expertise.</li> <li>• Risk that our public properties are located in areas where people do not want to live or work.</li> <li>• Lack of in-house expertise in the company for meeting the new and tougher requirements.</li> </ul>
<b>Opportunities:</b>	
<ul style="list-style-type: none"> <li>• Acquiring, developing and offering climate-resilient and resource-efficient public properties in areas at lower risk of climate-change impacts.</li> <li>• Energy and resource-efficient construction reduces costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Hemsö can take a clear position by working pro-actively with climate-change adaptation, meeting the tougher requirements and using that as a competitive advantage.</li> <li>• Climate-proof the property portfolio by developing a strategy and making investments to ensure the resilience of existing properties to climate change.</li> <li>• Include criteria for climate adaptation in new acquisitions and new construction to ensure that future properties are climate-change resilient and located in low-risk areas.</li> <li>• Use materials and resources more efficiently.</li> <li>• Take advantage of opportunities to obtain green financing.</li> </ul>





**WORST-CASE scenario, identified risks and opportunities**

**BEST-CASE scenario, identified risks and opportunities**

**Potential impacts on Hemsö**

**Financial impact:**

- The potential negative impact on Hemsö's financial results is deemed low in the short term, but certain costs for operation, maintenance and insurances may increase.
- The market value of the properties may be affected, and the ability to obtain financing may change, if the capital market is reluctant to provide finance for properties in high-risk areas.

- The potential negative impact on Hemsö's financial results is deemed low in the short term, but some investments in re-development to adapt the existing property portfolio, such as the installation of air conditioning and ventilation systems, are considered necessary. That could also lead to some increase in insurance premiums, albeit less than for RCP 8.5.
- The opportunity to increase the value of a climate-resilient property portfolio, while the value of properties that do not meet the new requirements can fall, or may need to be written off.
- Increased rental income for climate-resilient properties in low-risk areas.
- More resource-efficient systems can reduce costs for energy and water, for example.

**Impact on strategy and operations:**

- Strategy for handling our properties should a worst-case scenario eventuate, such as being prepared to deal with a large number of emergencies.
- Identification of properties in risk areas and taking action to reduce risk, and being prepared for several days with extreme weather, for example. Upgrade of properties that are less climate-change resilient.
- Greater emphasis on climate scenario analysis for new construction or property acquisitions to identify business opportunities and minimise risks.
- Offer back-up power in order to guarantee electricity so that social infrastructure can conduct business as usual in the event of a power outage due to extreme weather.
- Prioritise properties where essential services are provided, enabling society to function in general despite, for example, extreme weather events.

- Incorporate climate-change adaptation into day-to-day operations and focus on the areas where the company has the greatest impact.
- Cooperate with other players, such as municipalities, to meet the increasingly tougher requirements.
- Continued focus on public properties – older people are living longer, which is increasing the need for nursing homes.
- Greater emphasis on climate scenario analysis for new construction or property acquisitions to identify business opportunities and minimise risks.
- Review the property portfolio and existing systems, and identify measures to address, for example, the energy use and ventilation systems of the properties.
- Clear responsibilities and communication, both within the organisation and with stakeholders.

## Circular processes

The development of circular processes is a key part of efforts to achieve Hemsö's long-term net zero GHG emissions target.

Developing circular processes is about creating cycles that promote efficient and sustainable resource use. Opportunities to significantly reduce climate impact arise primarily through investments in reuse and re-development rather than new development. It is important to plan for long-term sustainable properties from the project stage using a flexible design. That means purpose-built premises and spaces that can easily be adapted to changing operational needs, as well as materials that can be disassembled and reused. For re-developments, an inventory must be made to ensure that all materials that can be re-used are made use of.

### Development projects with a focus on re-use

Over the years, Hemsö has initiated a range of development projects focused on developing and adapting existing properties to meet new operational needs. A key part of this process is to plan for the re-use and recycling of materials and interiors to the greatest extent possible. One example is the refurbishment of Campus Tensta's blue-listed building. The interior required careful refurbishment. Mouldings, linings and window sill channels on walls and ceilings as well as existing insulation in interior walls were reused, and new insulation was inserted in

the exterior walls to meet stricter energy requirements. Another example of re-use is development of the new Ektorp preschool and elementary school in Nacka outside Stockholm. Before demolishing the old school, all kinds of materials were collected – from hat racks and benches to old tree trunks and lampposts, to be turned into works of art and furniture. The recycled art that will fill the new school and its playground is scheduled for completion by summer 2025. A third example is Noblaskolan Hagaberg in Västerås. During the year, Hemsö worked together with the tenant to complete the first stage of the playground upgrade, with the aim of creating green, diverse school playgrounds that contribute to a good social and physical environment for the students. Re-use was a key element of the planning by re-locating suitable parts of the playground to help create new, greener and more functional spaces.

A important signal for Hemsö's circular working method is the recently completed refurbishment of the company's own office premises in Stockholm. In collaboration with Humlegården, the property owner, Hemsö took the initiative to allow circular processes to permeate all aspects of the office premises, which have now been decorated with materials and furniture that are nearly 90 per cent re-used or recycled.



Campus Tensta in Stockholm – Lilla Tensta 1.



Hagalidsgården nursing home in Västerås – Hanen 4.

### High demands on waste management

Using a circular approach to manage the waste arising from Hemsö's operations is fundamental. Large amounts of waste arise during new construction and re-development. In addition, waste is generated by everyday operations and the tenants' activities in the properties.

Hemsö applies the waste hierarchy for handling waste. The highest priority is prevention, to minimise the amount of waste arising. This is followed by measures to handle the waste as resource-efficiently as possible through re-use, recycling, energy recovery and ultimately disposal to landfill or incineration. Hemsö sets a range of environmental and sustainability requirements when procuring contractors. Some of these are aligned with Byggföretagen's resource and waste guidelines for construction and demolition, as well as Miljöbyggnad.

The requirements also include that the contractor is responsible for submitting a complete report of waste statistics for all waste fractions for new construction or re-development. The statistics provide important information for the analysis and development of Hemsö's process to minimise the amount of waste.

Waste in the property management stage is mainly attributable to tenants, where opportunities for sorting waste are a key prerequisite.

### Proactive efforts to develop working methods and practices

With the aim of developing circular processes, Hemsö is working actively to evaluate various methods and practices to systematise and streamline the reuse of materials, reduce waste volumes in accordance with the waste hierarchy, and minimise the release of hazardous substances.

A pilot project is taking place with a tenant to develop a circular checklist with specific requirements on, for example, flexibility, dismantlability and reusability. Alongside of this process, efforts are ongoing to produce KPIs for follow-ups.

## Biodiversity

Creating conditions for biodiversity is one of the greatest global challenges.

Biodiversity refers to the variety of life forms and includes both ecosystems and species. When natural land is used for new construction, there is a risk of adverse impacts on biodiversity. Hemsö rarely builds and develops properties on natural land. Hemsö's negative impact on biodiversity is mainly in the supply chain. For example, there are risks of negative impact during the production of building materials, in the construction stage when waste is generated and GHG emissions occur, and in cases where harmful chemicals can be found in building materials. In addition to exercising control over the supply chain and setting requirements, Hemsö can make a positive contribution by further developing methods that promote biodiversity on and around its property portfolio.

### Measures to promote biodiversity

Hemsö's aim to create pleasant outdoor environments with recreation areas and a good microclimate is important for promoting biodiversity. One example is the Skolgårdslyftet project that Hemsö initiated some time ago, which is partly aimed at creating green and variation-rich school playgrounds. In 2024, Hemsö also performed an ecosystem service mapping on an existing property using Boverket's tool Ester<sup>1)</sup>. The aims were to identify improvements in the outdoor environment and to develop working methods and measurability for biodiversity in the existing portfolio.

With the support of Miljöbyggnad 4.0 certification, Hemsö also developed its existing working method for development projects by introducing more efficient methods for mapping relevant ecosystem services and calculating the green area factor. The aim is to develop properties that preserve, strengthen and add ecosystem services to the place, while also helping to create an attractive outdoor environment.

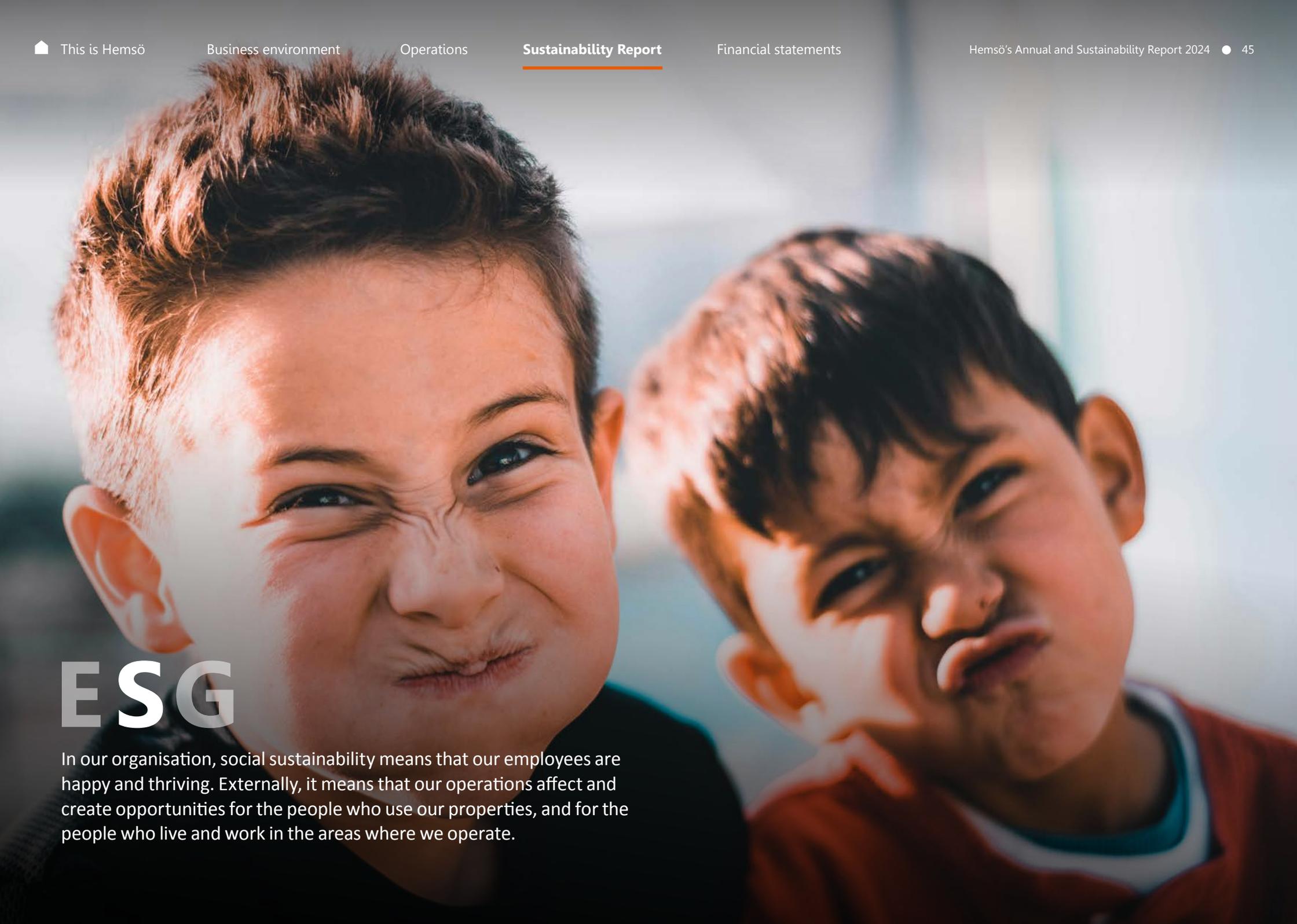


David Magnusson, project director and responsible for biodiversity at Campus Tensta.

In connection with the upgrade of Pilparken on Campus Tensta, Hemsö and IVL Swedish Environmental Research Institute commenced a three-year study. The aim is to map how maintenance and the choice of plants affect biodiversity. At the beginning of the study, insects were collected using a Malaise trap. DNA was then extracted, and the species that currently inhabit Pilparken was

determined by sequencing. As the park is upgraded, Hemsö will improve the area by adding new trees and flowering plants that attract pollinators. When the park is restored, new samples will be taken to determine whether the number of species has increased.

<sup>1)</sup> Visit [www.boverket.se](http://www.boverket.se) for more information about Ester – an Excel-based tool for analysing ecosystems.



# ESG

In our organisation, social sustainability means that our employees are happy and thriving. Externally, it means that our operations affect and create opportunities for the people who use our properties, and for the people who live and work in the areas where we operate.

# Social sustainability

Hemsö's contribution to social infrastructure ensures that the justice system and education and health care sectors have the right conditions in place to provide essential social services.



## Hemsö strengthens the backbone of society

Hemsö's Code of Conduct and Sustainability Policy are clearly linked to Hemsö's vision to strengthen the backbone of society by owning, managing and developing public properties. Hemsö's role as a reliable and long-term owner of public properties presents opportunities to make a direct impact by providing the justice system, education and health care sectors with premises adapted for various types of public services through new development and the refurbishment of existing properties.

## Sustainable value creation from several perspectives

By prioritising investments, Hemsö, in its role as a property owner, wants to contribute to creating value for people in the properties. Through our principal owner, the Third Swedish National Pension Fund, Hemsö is also creating growth for Swedish pension funds and contributing to security for the elderly people in society.

Increased responsibility that includes social sustainability also creates good conditions for Hemsö to obtain financing, such as sustainability bonds and loans.

In 2024, Hemsö initiated development projects that will create 140 new nursing home beds and 1,760 new school places in the coming years.

## Measures with a focus on people and society

Hemsö continuously undertakes various innovation projects aimed at developing work with social sustainability to make a real difference. For example, Hemsö has explored the possibility of multi-generational housing, where preschools and schools are combined with nursing homes. The projects gave important lessons about both needs and opportunities when various activities are combined.

The responsibility of property owners includes ensuring a safe and healthy environment in the public properties where people work, live, learn and spend time. Environmental

82  
2024

Nursing home beds\*

2,892

Since start

4,700  
2024

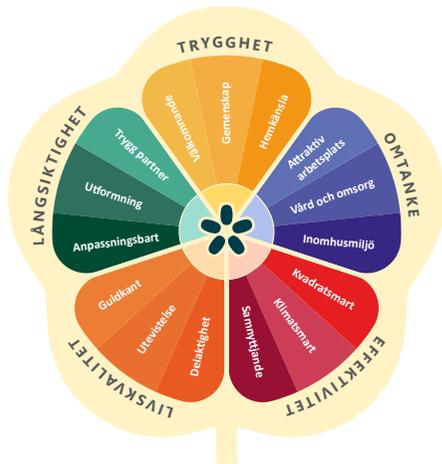
School and college/university places\*

33,600

Since start

\*No. of beds/places that Hemsö has added through completed development projects from 2009 until 31 December 2024.

certifications provide important support for ensuring a good indoor environment based on ventilation, air quality, daylight and materials selection. Hemsö requires certification of all new developments and the aim is that 100 per cent are to be certified. At the end of 2024, 100 per cent of all completed newly developed buildings were certified. To ensure the materials we use do not contain environmentally harmful substances, in Sweden we have SundaHus Material Data – a tool for assessing the products used by the construction and property industry. SundaHus Material Data Assessments are divided into four levels, from A to D, where A is best in terms of minimal environmental impacts and sustainability. In 2024, 83 per cent (84) of the products used were assessed as levels A or B. We also record our product choices in a logbook. In the day-to-day operation of the properties, Hemsö's property managers are responsible for maintaining a good indoor environment and preventing inconveniences such as damp, mould, radon and noise.



Hemsö's zero-accident vision for the properties is upheld by conducting preventive safety rounds and inspections in all properties at set intervals to check fire safety, fall protection and elevators. Should an accident linked to property owner negligence nevertheless occur, an action plan has been drawn up and Hemsö's operations and maintenance providers are on call around the clock. In 2024, there were three incidents and one minor accident linked to Hemsö's property owner responsibility.

To promote a more inclusive society, Hemsö works with a range of organisations. In 2024, Hemsö was a partner to Frihamnsdagarna (a Democracy Festival) in Gothenburg, and to Järvaveckan (a forum for social commitment) in Stockholm for the third consecutive year. Hemsö has had a partnership with En Frisk Generation (a Healthy Generation), which provides inspiring and free exercise for families and children in Tensta, since 2023. In addition, there is the Hemsögåvan (the Hemsö Gift), which enables

tenants to apply for a donation for their activities. The aim is to make everyday life easier and richer, and in 2024, the Hemsö Gift was awarded to ten tenants who provide elderly care.

### Hemsö Flower and Hemsö Apple tools

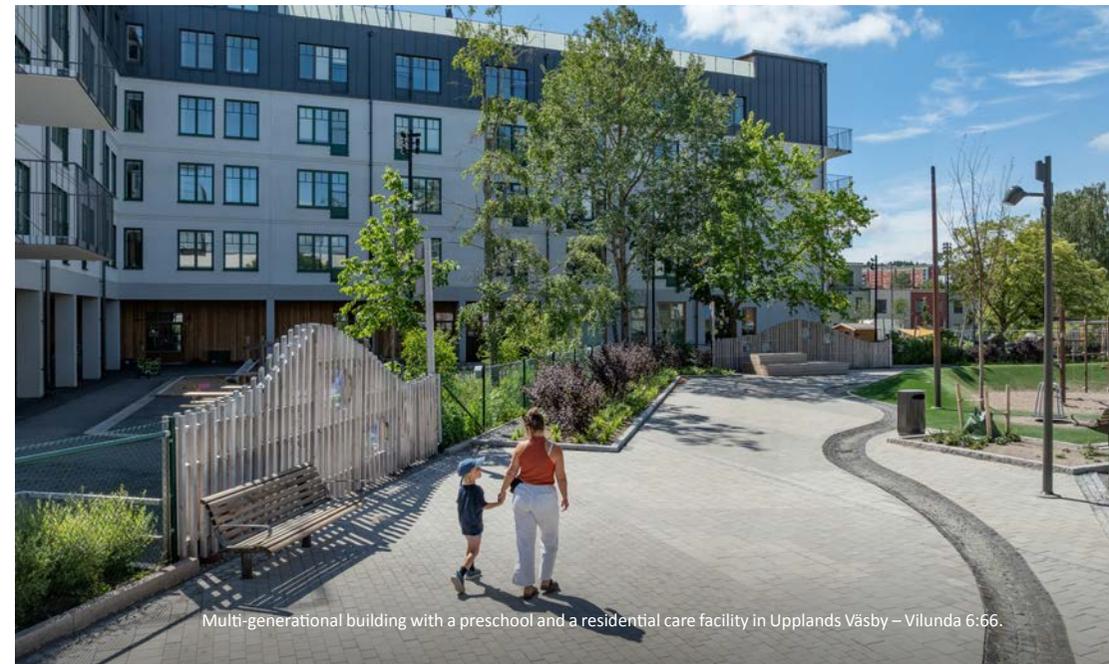
To contribute to a holistic approach in our efforts to create sustainable and high-quality nursing homes and schools, we have two tools: the Hemsö Flower and the Hemsö Apple. The Hemsö Flower describes important dimensions for nursing homes, such as care about employees and a higher degree of social involvement in general. The Hemsö Apple describes the corresponding dimensions for schools and includes Hemsö's combined property expertise, the operational knowledge of schools and research into learning environments. The aim is to provide support and inspiration throughout the life cycle, from new development to the refurbishment of existing public properties.

### A focus on customer relationships

Safeguarding and developing customer relationships is fundamental to Hemsö. The Customer Satisfaction Index (CSI) provides a good indication of how well Hemsö meets customer expectations. The target is a CSI score of 75 on a 100-point scale over a five-year period (base year 2020). Customers' responses are followed up by the responsible manager and good examples are highlighted in Hemsö's customer group as benchmarks for the continuous improvement of operations, customer relationships and offerings.

The year's Swedish CSI score was 77.1 (73.4) on a 100-point scale. The highest rating was

given for issues concerning collaboration with Hemsö, with customers perceiving us as flexible and willing to listen. The area with potential for improvement is fault reports, primarily in regard to feedback and faster handling. In 2024, a customer survey was conducted in Finland with a score of 3.9 (3.8) on a five-point scale measuring overall satisfaction. In Germany, no general Customer Satisfaction survey is carried out at present but every year, customers are interviewed at length and tenants are continuously engaged in close dialogue.



Multi-generational building with a preschool and a residential care facility in Upplands Väsby – Vilunda 6:66.

## Employees

Hemsö aims to be an attractive employer for existing employees as well as new talents. Our employees play a key role in efforts to achieve requirements, expectations and visions. To succeed in this respect, we must ensure that our employees have the right conditions for their tasks and that they are satisfied and can develop.

Our core values are the heartbeat of our operations and our company culture. Hemsö's culture is characterised by accountability and supportive leadership. Employees are encouraged to explore new ideas and dare to make mistakes. This leads to fast decisions and the ability to influence your own work. The Hemsö School plays a key role in building a common culture. In this school, new employees complete practical and theoretical exercises in order to understand and embrace Hemsö's value words.

Effective leadership is also a success factor. Our leadership philosophy is leaders who can motivate, develop and support their colleagues. Management days with a focus on leadership are held every year. When recruiting new managers, our leadership competencies guide the selection of candidates.

### Monitoring and feedback

Employee feedback is obtained in employee satisfaction surveys, follow-up interviews, after new recruitments and in exit interviews. The results are evaluated and measures implemented.

A workshop was held in 2024 with a focus on values, culture, leadership and communication. Led by the Head of HR and Head of Communications, all of Hemsö's departments took part in the workshop. Oral feedback and the collection of anonymised data were analysed and the results are important for the production of Hemsö's leadership manifesto and leadership handbook.

The employee satisfaction survey conducted in 2024 showed that Hemsö remains above the high-performance benchmark,

which is a comparison with the absolute top companies (top 10) in terms of the Engagement Index (EI), management, team efficiency and organisational and social workplace. The leadership index score was a very high 85. The percentage of ambassadors is high – Hemsö's employee Net Promotor Score (eNPS) was 70, a result that is far above the high-performance benchmark (52) and the global average (15).

### Training and education

Our employees stay with us for a long time. This is partly because of the good opportunities for growth within the company. All employees are able to influence their own role as well as the business. This lays the foundation for high employee engagement and performance.

As a basis for professional development, all employees have an individual development plan that is established together at their annual performance review. We offer ongoing professional development through training, and by giving employees more responsibility and more advanced tasks. Internal professional development takes place through our own training courses, the Hemsö Academy and Hemsö School. In 2024, the 'Try someone else's job' initiative was also implemented to strengthen understanding and experience-sharing between departments.

Every year, we measure employees' perceptions of their professional development. In the latest employee survey, 85 per cent responded positively and 11 per cent neutrally to the question 'Are you able to develop in your role?'



Excellent arbetsgivare™ 2024

### Our distinctions in 2024

#### Brilliant Awards

Hemsö was awarded first place in Brilliant Awards – Employee Experience. It is based on the annual employee satisfaction survey with votes from our employees in Sweden, Germany and Finland.

#### Excellent employer

In 2024, Hemsö was awarded a top score on Nyckeltalsinstitutet's Attractive Employer Index. We were named best in the industry from amongst 25 property companies.

#### Career company

Again in 2024, Hemsö was selected as one of Sweden's best career companies. We also won a prize for Employer Branding Company of the Year in the Bachelor of Engineering category.



### Health and work-life balance

We aim to be a health leader by taking a proactive approach to health and well-being at work. We promote a work-life balance, opportunities for exercise and a long-term focus on health. All employees are offered health and well-being subsidies and regular health checks. Hemsö's Workplace Handbook guides the handling of occupational health and safety (OHS) issues. In 2024, our employee attendance rate was 99.2 per cent and there were zero work-related accidents or fatalities in regard to Hemsö's employees.

### Diversity, equality and non-discrimination

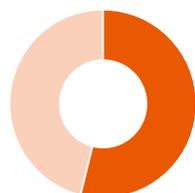
We see great value in employing people with diverse backgrounds and experiences. It helps to broaden the company's knowledge base and creates a more dynamic work environment. Variation in terms of gender, age and back-

ground is important for Hemsö's growth and competitiveness. Hemsö also works actively to achieve equality in the workplace, in terms of both gender balance and equal pay for equal work. We have an even gender balance across the company, also at senior management level. In our annual salary review, we examine whether there are pay disparities that can be attributed to gender and take steps to address them.

Hemsö has a zero-tolerance approach to harassment and places great importance on clear preventive measures against such unacceptable behaviour. We measure and monitor these issues regularly in, for example, the employee satisfaction survey. Our Code of Conduct describes how our values, visions and obligations guide our everyday actions, and also provide guidance for other stakeholders. All new employees undergo training in Hemsö's Code of Conduct.

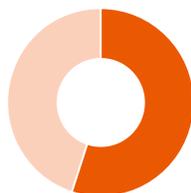
### Age and gender balance

**Gender balance, total**



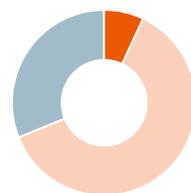
■ Men, 54%  
■ Women, 46%

**Gender balance, management**



■ Men, 55%  
■ Women, 45%

**Age balance, total**



■ <30 years, 7%  
■ 30-49 years, 62%  
■ >49 years, 31%

## Results and metrics, employees

	Women/men, %	<30 years	30-49 years	>49 years
<b>2024</b>				
Board	40/60	0%	0%	100%
Management	45/55	0%	45%	55%
All employees	46/54	7%	62%	31%
<b>2023</b>				
Board	50/50	0%	17%	83%
Management	45/55	0%	45%	55%
All employees	44/56	8%	66%	26%
<b>2022</b>				
Board	50/50	0%	17%	83%
Management	33/67	0%	33%	67%
All employees	47/53	12%	58%	30%

Based on number at 31 December each year. Comprises Sweden, Finland and Germany.

### New employee hires and employee turnover

Employee turnover, %	2024	2023	2022
Total	6.6	7.3	17.2
Men	7.8	4.5	13.3
Women	5.1	10.7	21.8

The number of new employees in 2024 was 18 (23 in 2023, 32 in 2022). Hemsö does not report age group or region due to too few employees. Calculation uses the formula: lowest number of employees started or ended, respectively/average number of employees. Comprises Sweden, Finland and Germany. The figures for 2022 have been updated because the calculation model has changed from average number of employees overall to average number of men/women.

### Employment contract type

No. of employees per employment contract	2024	2023	2022
Total no. of employees	175	169	158
Permanent employees	173	166	156
Temporary employees	2	3	2

All permanent employees full-time employees. The working hours of temporary employees vary. The calculations are based on the number of employees at 31 December 2024 and comprise Sweden, Finland and Germany.



# ESG

Hemsö's sustainability initiatives include promoting an open business climate and high ethical standards, and working actively to prevent corruption. We specify requirements in the supply chain and promote respect for human rights. In our collaboration with suppliers, we are guided by our core values – accessible, reliable and progressive.

# Responsible business

The most significant laws and regulations for Hemsö are mainly in the areas of tax, financial reporting, environment and reporting, employer responsibilities, property owner responsibilities and in the role of developer. We use internal procedures, quality control and external audits to ensure compliance with these laws and regulations.

Hemsö has a clear delegation of responsibilities within the company for obligations that are statutory and provides regular training for the people concerned. Our principle for delegation of responsibilities is based on fields of expertise and the employee's ability to take responsibility for their own areas. Regulatory and legal changes that bring a need for action within the company are monitored regularly. Any need for action is materialised through various activities and included in the annual Group-wide business planning process. Monitoring takes place at management level. In 2024, Hemsö was not subject to any legal proceedings due to non-compliance with laws and regulations.

## Anti-corruption and business ethics

Hemsö strives to maintain high standards of business ethics where we work to combat corruption. We are committed to the safety and respect of all people affected by our operations. All new employees undergo training in Hemsö's Code of Conduct, where anti-corruption is a key element. In 2024, 22 people participated in the Hemsö School – an introduction and training

course for new employees that includes the Code of Conduct. Everyone can use our whistleblowing system to anonymously report suspected cases of serious misconduct or irregularities. To ensure the reporter's anonymity, the system is managed by a third party – WhistleB Whistleblowing Centre. When a case is reported, it is addressed immediately by Hemsö's team, consisting of the Head of HR and the Chief Legal Counsel. To reduce corruption risk, we have guidelines and procedures in place for purchasing and signature authority. Any cases of non-compliance that we discover are handled according to a special procedure and reported to the Board. In 2024, no cases of corruption were reported.

## Responsible relationships across the supply chain

Central guidelines and processes provide the basis for our responsible purchasing ambitions. The high demands we make on ourselves and our suppliers are specified in our Code of Conduct for Suppliers, which is attached to our agreements. During the year, we completed

15 central procurements where our suppliers were required to sign Hemsö's Code of Conduct, which is based on the Ten Principles of the UN Global Compact in the areas of human rights, labour, environment and anti-corruption. These requirements apply to all of our suppliers as well as sub-contractors. Creating responsible relationships requires transparency at every level of the supply chain. Transparent and industry-wide cooperation is needed to ensure responsible business and purchasing. We have an ongoing dialogue with our suppliers and perform comprehensive follow-ups of strategic projects and suppliers. In 2023, we conducted a major review of the sub-contractors that work with our new developments to identify operational and financial risks. Based on this, we developed our processes for ensuring supplier compliance during the year, including sub-contractor chains, and we conduct ongoing background checks and site visits for all major construction sites.



Human rights is at the top of the agenda for us. This is also the case for our principal owner the Third Swedish National Pension Fund, which works to ensure that human rights associated with the activities of its portfolio companies are respected, upheld and strengthened, if necessary. The property companies in the Third Swedish National Pension Fund have cooperation groups for sharing experience and competence development in the area. Hemsö is a participating partner in this cooperation.

# Reporting – Sustainability bonds

Hemsö is the first issuer of sustainability bonds in the Nordic region. The total amount issued since 2016 is SEK 19.3 billion.

## First in the Nordic region

In 2016, Hemsö was the first Nordic company to issue a sustainability bond, which paved the way for continued issues of sustainability bonds. In 2024, Hemsö issued an additional 14 sustainability bonds, with a total issuance value of SEK 6,376 million. The proceeds were used exclusively for sustainable investments 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](https://hemso.se) Hemsö's sustainability bonds are listed on the Euronext ESG Bond list – a community of ESG bond issuers (green, sustainability, blue and sustainability-linked bonds).

Hemsö's vision is to strengthen the backbone of society. The properties we develop and manage have a major impact on the local community. Hemsö's business concept is to sustainably own, manage and develop public properties. That means being a long-term and responsible property owner that, in every aspect of our operations, conducts sustainable business under the framework of the 2030 Agenda for Sustainable Development.

Hemsö's properties are part of the social infrastructure and our premises create conditions for education, health care and justice system services – all of which are fundamental to a sustainable society.

## Qualified projects

Under Hemsö's sustainability bond framework, the proceeds from the issues shall be used to finance environmentally certified buildings, energy-efficiency investments or social impact investments in the following categories:

1. Green and sustainable buildings
2. Energy efficiency
3. Social impact investments:
  - a. Schools
  - b. Nursing homes
4. Renewable energy

In 2024, the allocation was only for existing properties. An amount corresponding to the issue proceeds is used to finance sustainable assets in accordance with the sustainable finance framework.

The entire amount raised is allocated to existing green, social and sustainable assets, whereby the balance of Hemsö's sustainable accounts is zero.

## Second opinion from Sustainalytics

Ratings firm Sustainalytics reviewed Hemsö's sustainability performance and bond framework terms. Sustainalytics is of the view that Hemsö's sustainability performance ranks highly in the property sector and that the company is well-positioned to issue sustainability bonds that support both environmental and social initiatives. Sustainalytics verifies that the investment categories included in the framework will contribute to greater sustainability. Read Sustainalytics' second opinion at [hemso.se](https://hemso.se)

## Examples of development projects financed

### Nursing home in Tyresö

Hemsö developed a new nursing home with 80 beds, and a short-stay care facility with 12 places, in central Tyresö (Faunan 1). Sköndalsvillan is the first NollCO<sub>2</sub>-certified nursing home in Sweden and is also certified according to Miljöbyggnad Gold. Climate impact according to NollCO<sub>2</sub> includes GHG emissions from the raw material extraction, transportation and manufacturing, and GHG emissions caused by the building's energy and water use. Certification requires that the total climate impact of the property in the production stage must be reduced by at least 30 per cent compared with traditional construction methods. The remaining climate impact after climate-negative actions must be offset through, for example, wind power, PV systems, tree planting and own energy projects in the existing the property portfolio. The property will therefore be carbon-neutral by 2030. The Stora Sköndal Foundation is the tenant.



Arkadia 24, Helsinki.

### Elementary school in Helsinki

The Arkadia 24 (Arkadiankatu 24) property in central Helsinki was completed in 1930 and represents Nordic Classicism. The building has been used for many purposes over the years, including as a military hospital and temporary accommodation during the war years. Hemsö acquired the property in 2017. The building has undergone extensive refurbishment and evolved into a modern elementary school for 700 students, with the City of Helsinki as the tenant. The building has been certified according to BREEAM In-Use Excellent.

Allocation under Hemsö's sustainable framework (until February 2023)

Category	Property	Amount, SEK million	Certification and level	Type of property	A-temp, m <sup>2</sup>	MWh/year	kWh/m <sup>2</sup>	tCO <sub>2</sub> e/year	kgCO <sub>2</sub> e/m <sup>2</sup>	Beds/places created <sup>1)</sup>
Sustainable	Anoraken 1	148	Miljöbyggnad Silver	Nursing home	11,564	939	81	2	0	144
Sustainable	Boden 56:51	63	Miljöbyggnad Silver	Nursing home	10,165	718	71	35	3	126
Sustainable	Satakunnankatu 23	458	BREEAM Very Good	Education	23,276	3,615	155	72	3	n/a
Sustainable	Medicinaren 25 <sup>2)</sup>	1,038	Miljöbyggnad Silver	Education	26,096	3,716	142	91	3	500
Sustainable	Vikhemsskolan	200	Miljöbyggnad Silver	Education	7,970	254	32	4	0	800
Sustainable	Patienten 1	177	Miljöbyggnad Gold	Health care	29,579	2,399	81	73	2	n/a
Green	Lanuv, Wuhanstraße 6.11 <sup>3)</sup>	640	LEED Gold & DGNB Gold	Education	16,563	3,163	191	323	19	n/a
Sustainable	Faunan 1	80	Miljöbyggnad Gold	Nursing home	6,060	218	36	3	1	92
Sustainable	Sandarna 26:2	423	Miljöbyggnad Silver	Education/Nursing home	12,907	801	62	58	4	388/100
Sustainable	Täckeråker 1:228	247	Miljöbyggnad Silver	Education	5,057	403	80	5	1	400
Sustainable	Verkmästaren 6 & 7	390	Miljöbyggnad Silver	Education	22,479	1,453	65	19	1	4,000
Sustainable	Gyllehemmet	30	Miljöbyggnad Silver	Nursing home	9,181	773	84	48	5	47
Sustainable	Bylegård 37	35	Miljöbyggnad Silver	Health care	5,623	170	30	2	0	86
Sustainable	Landskrona Borstahusen 1:9	32	Miljöbyggnad Silver	Education	6,104	559	92	18	3	126
Sustainable	Köpingskolan	200	Miljöbyggnad Silver	Education	7,875	451	57	9	1	860
Sustainable	Pilehallen	100	Miljöbyggnad Silver	Education	3,941	282	72	6	1	n/a
Sustainable	Giffeln 1	305	Miljöbyggnad Silver	Nursing home	7,237	589	81	25	3	80
<b>Total</b>		<b>4,566</b>								

<sup>1)</sup> The capacity of the buildings to provide public services (school places, nursing home beds, and so forth).

<sup>2)</sup> The outcome includes business cooling.

<sup>3)</sup> The outcome includes business energy and non-seasonally adjusted data for heating. The contract is in the name of the tenant.

Allocated amount per category

Category	Amount, SEK million	Share, %
Green	9,139	70
Sustainable	3,926	30
<b>Total</b>	<b>13,066</b>	<b>100</b>

Allocation under Hemsö's sustainable framework (from February 2023)

Category	Property	Amount, SEK million	Certification and level	Type of property	A-temp, m <sup>2</sup>	MWh/year	kWh/m <sup>2</sup>	tCO <sub>2</sub> e/year	kgCO <sub>2</sub> e/m <sup>2</sup>
Green	Fonden 49	25		Nursing home	6,015	567	94	26	4
Green	Rydboholm 1:477	30		Health care	2,942	195	66	3	1
Green	Milstolpen 8	35		Health care	2,924	270	92	11	4
Green	Samariten 11	400		Education	11,885	1,140	96	50	4
Green	Torp 2:19	73	BREEAM In-Use Very good/Good	Health care	4,740	419	88	7	1
Green	Månen 110	40		Education	4,944	441	89	2	0
Green	Murmeldjuret 4	150		Health care	7,288	662	91	11	2
Green	Kalkällan 13	35		Nursing home	3,922	451	115	9	2
Green	Stadsön 1:1040	50		Nursing home	4,462	660	148	13	3
Green	Mjökudden 3:11	20		Health care	3,447	482	140	10	3
Green	Kuparitie 2	130		Nursing home	4,143	860	208	111	27
Green	Haahkapolku 3	102		Nursing home	6,760	851	126	114	17
Green	Haavantie	29		Nursing home	972	245	252	12	12
Green	Keskiyöntie 6–8	70		Nursing home	1,900	380	200	41	21
Green	Arkadiankatu 24	312	BREEAM In-Use Excellent	Education	7,793	1,244	160	141	18
Green	Pohjoinen rautatienkatu 9	315	BREEAM In-Use Very good	Education	4,924	1,225	249	152	31
Green	Elektroniikkatie 1	200	BREEAM Very Good	Justice system	1,735	1,510	870	97	56
Green	Kannaksenkatu 22	420		Education	11,863	1,522	128	45	4
Green	Laaksokatu 6	84		Education	2,174	334	153	12	5

Cont.

Category	Property	Amount, SEK million	Certification and level	Type of property	A-temp. m <sup>2</sup>	MWh/year	kWh/m <sup>2</sup>	tCO <sub>2</sub> e/year	kgCO <sub>2</sub> e/m <sup>2</sup>
Green	Kamreerintie 6	250		Health care	5,438	814	150	61	11
Green	Harjusalontie 2	75		Nursing home	2,040	343	168	28	14
Green	Tilkonmäenkatu 2	35		Nursing home	1,200	267	223	25	20
Green	Viertolantie 5	100		Nursing home	2,200	302	137	25	11
Green	Lastenlinnantie	50		Nursing home	1,472	194	132	17	12
Green	Meesakatu 4	130		Nursing home	3,205	827	258	81	25
Green	Pirttivuorenkuja 7	98		Nursing home	2,577	438	170	25	10
Green	Kappalaisenkuja 3	49		Nursing home	1,494	413	277	43	29
Green	Metsolantie 1	120	BREEAM In-Use Very good	Nursing home	4,115	331	80	5	1
Green	Puistokatu A	322		Nursing home	9,554	1,364	143	116	12
Green	Suotie 4	35		Education	1,015	269	265	28	27
Green	Viilarinkatu 9	59	BREEAM In-Use Good	Nursing home	3,340	1,026	307	53	16
Green	Gustavsborg 2	300		Education	20,200	1,876	93	88	4
Green	Vilunda 19:2	600	BREEAM In-Use Very good	Education	15,300	1,114	73	65	4
Green	Reparatören 5	90		Justice system	3,313	206	62	8	3
Green	Dona 1:38	250		Education	9,516	530	56	4	0
Green	Lövhagen 32	115	BREEAM In-Use Very good	Nursing home	4,375	483	110	21	5
Green	Medicinaren 23	1,210	Miljöbyggnad Silver	Education	20,825	1,321	63	33	2
Green	Stora Uppåkra 12:303	230	Miljöbyggnad Silver	Education	8,116	324	40	98	12
Green	Stora Uppåkra 12:302	35		Education	1,217	43	36	13	10
Green	Jullovet 1	36		Health care	1,584	124	78	4	2
Green	Akka 8	90		Health care	4,965	207	42	6	1
Green	Västerås 1:25	115		Education	4,988	407	82	24	5
Green	Nyfors 1:24	40		Education	1,375	174	126	2	2
Green	Nässelodlingen 1	100		Education	4,258	324	76	25	6
Green	Dragarbrunn 9:4	95		Nursing home	4,365	325	74	40	9
Green	Krokslätt 147:2	75		Nursing home	3,845	445	116	21	5
Green	Ekeby 2:275	50		Nursing home	3,387	336	99	3	1
Green	Hallen 4	130	BREEAM In-Use Very good	Nursing home	7,705	711	92	9	1
Green	Ängsklockan 1	63		Nursing home	3,590	299	83	15	4
Green	Klockarkärleken 3	45		Nursing home	3,655	265	72	14	4
Green	Skjutfältet 9	127		Nursing home	5,496	391	71	23	4
Green	Birka 1	63		Nursing home	3,423	353	103	16	5
Green	Östra Daggrosen 1	23		Nursing home	3,432	273	79	13	4
Green	Lindholmen 36:1	150	Miljöbyggnad Silver	Health care	5,261	315	60	19	4
Green	Älgörten 1	380	Miljöbyggnad Silver	Education	9,114	666	73	6	1
Green	Borstahusen 1:8	55	Miljöbyggnad Silver	Education	2,400	204	85	9	4
Green	Sicklaön 12:9	130		Nursing home	5,077	197	39	3	1
Green	Höbalen 1	60		Nursing home	2,836	201	71	7	3
<b>Total</b>		<b>8,500</b>							

# GRI Content Index

Application level: Hemsö has reported in accordance with the GRI Standards for the period 1 January 2024 to 31 December 2024.  
 GRI 1 used: GRI 1: Foundation 2021.  
 Applicable GRI Sector Standards: None.

General disclosures			Page	Comments
<b>GRI 2: General Disclosures 2021</b>	2	Organisational details	2–3, 93	
	2–2	Entities included in the organisation's sustainability reporting	2	
	2–3	Reporting period, frequency and contact point	2, 55	Contact person: Karolina Brick, Head of Sustainability, karolina.brick@hemso.se
	2–4	Restatements of information		No changes.
	2–5	External assurance	58	
	2–6	Activities, value chain and other business relationships	3–4, 16, 31–32	
	2–7	Employees	49	Employee data broken down by region is not reported.
	2–8	Workers who are not employees		Not applicable. Hemsö does not currently have any information about workers who are not employees.
	2–9	Governance	29–30, 80–85	
	2–10	Nomination and selection of the highest governance body	80–82	
	2–11	Chair of the highest governance body	82, 84–85	
	2–12	Role of the highest governance body in overseeing the management of impacts	29–30	
	2–13	Delegation of responsibility for managing impacts	29–30, 81–82	
	2–14	Role of the highest governance body in sustainability reporting	29–30, 81–82	
	2–15	Conflicts of interest	82	
	2–16	Communication of critical concerns	29, 51	
	2–17	Collective knowledge of the highest governance body	29, 84–85	
	2–18	Evaluation of the performance of the highest governance body	81	
	2–19	Remuneration policies	29–30, 82	
	2–20	Process to determine remuneration	29–30, 82, 95–96	
	2–21	Annual total compensation ratio		The mean salary is SEK 59,800. The highest paid employee relative to the mean salary is 9.45. The highest paid employee's salary increase relative to the mean salary increase percentage is 215 per cent.
	2–22	Statement on sustainable development strategy	5–6	
	2–23	Policy commitments	30	
	2–24	Embedding policy commitments	29, 30	
	2–25	Processes to remediate negative impacts	29–30, 39–41, 72	
	2–26	Mechanisms for seeking advice and raising concerns	29–30, 51	
	2–27	Compliance with laws and regulations	29–30, 51	
	2–28	Membership associations	30	
	2–29	Stakeholder engagement	26	
	2–30	Collective bargaining agreements		All employees in Sweden (86 per cent of Hemsö's total number of employees) are covered by collective agreements. Similar terms are applied for employees in Finland and Germany.



Material topics			Page	Comments
GRI 3: Material Topics 2021	3-1	Process to determine material topics	26	
	3-2	List of material topics	26	
<b>Economic performance</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	4, 10, 30, 72-79	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	57	
<b>Anti-corruption</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	30, 51, 75, 77	
	205-2	Communication and training about anti-corruption policies and procedures	51	All of our new employees (which also includes Group Management) are informed about our Code of Conduct, including business ethics when employed. During the year, 22 people participated in the Hemsö School – 19 from Sweden and three from Germany.
	205-3	Confirmed incidents of corruption and actions taken	51	
<b>Materials and chemicals</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32, 35, 76	
Own	Hemsö-1	Materials in new development that meet Hemsö's environmental and health requirements	46-47	
<b>Energy</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	11-12, 32, 35-36	
GRI 302: Energy 2016	302-1	Energy use within the organisation	38	
	302-4	Reduction of energy consumption	38	
<b>Emissions</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	31-32, 34-37, 39-41, 76	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	37	
	305-2	Energy indirect (Scope 2) GHG emissions	37	
	305-3	Other indirect (Scope 3) GHG emissions	37	
<b>Supplier environmental assessment</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	29-30, 51, 77	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	51	
<b>Employment</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	48-49, 76	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	49	
<b>Training and education</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	48-49, 76	
GRI 404: Training and Education 2016	Hemsö-2	Percentage of employees who are satisfied with their opportunities for competence development.	48	
	404-3	Percentage of employees receiving regular performance and career development reviews	48	100 per cent of the employees via performance reviews.
<b>Diversity, equality and non-discrimination</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	49, 76	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	49	
	405-2	Ratio of basic salary and remuneration of women to men	49	
<b>Local communities</b>				
GRI 3: Material Topics 2021	3-3	Management of material topics	4, 10, 46-47	
Own	Hemsö-5	Completed place availability	10, 46	

Material topics			Page	Comments
<b>Supplier social assessment</b>				
<b>GRI 3: Material Topics 2021</b>	3–3	Management of material topics	29–30, 51, 77	
<b>GRI 414: Supplier Social Assessment 2016</b>	414–1	New suppliers that were screened using social criteria	51	Three of the central procurements pertain to new suppliers.
<b>Customer health and safety</b>				
<b>GRI 3: Material Topics 2021</b>	3–3	Management of material topics	32, 36, 47, 76	
<b>GRI 416: Customer Health and Safety 2016</b>	416–1	Assessment of the health and safety impacts of product and service categories	46	
<b>Own</b>	Hemsö–3	Reported accidents and incidents in Hemsö's properties during the reporting period	47	
<b>Product and service labelling</b>				
<b>GRI 3: Material Topics 2021</b>	3–3	Management of material topics	31–32, 35, 76	
<b>GRI 417: Marketing and Labelling 2016</b>	CRE8	Sustainability certifications and ranking of the property portfolio	35–36	
<b>Customer satisfaction</b>				
<b>GRI 3: Material Topics 2021</b>	3–3	Management of material topics	46–47	
<b>Own</b>	Hemsö–4	Results of customer satisfaction surveys	47	

## Annual Accounts Act table

Area	Disclosure	Reference
<b>Overall</b>	Business model	4, 9, 10–11
<b>Environment</b>	Policy and environmental issues	
	Risks and risk management related to environmental issues	29–30, 37–40, 76
	Targets and results related to environmental issues	
<b>Employees and social conditions</b>	Policy and social issues	
	Risks and risk management related to social issues	29–30, 46–49, 76
	Targets and results related to social issues	
<b>Human rights</b>	Policy and social issues	
	Risks and risk management related to social issues	29–30, 51, 77
	Targets and results related to social issues	
<b>Anti-corruption</b>	Anti-corruption policy and approach	
	Risks and risk management related to anti-corruption	
	Targets and results related to anti-corruption	29–30, 51, 77

## Economic value generated and distributed

SEK million	2024	2023	2022	Share, %
<b>Direct economic value generated</b>				
Property income	5,138	4,859	4,097	
<b>Total income</b>	<b>5,138</b>	<b>4,859</b>	<b>4,097</b>	
<b>Economic value distributed</b>				
Employees	251	228	215	5
Interest	1,177	1,154	613	23
Dividends	1,173	1,155	1,072	23
Operations	1,058	998	861	21
Tax	236	109	264	5
<b>Economic value retained</b>	<b>1,243</b>	<b>1,214</b>	<b>1,071</b>	<b>24</b>

# Auditor's Limited Assurance Report on Hemsö Fastighets ABs Sustainability Report and statement regarding the Statutory Sustainability Report

To Hemsö Fastighets AB, Corp. id. 556779-8169

## Introduction

We have been engaged by the Board of Directors and the CEO of Hemsö Fastighets AB to undertake a limited assurance engagement of Hemsö Fastighets ABs Sustainability Report for the year 2024. Hemsö Fastighets AB has defined the scope of the Sustainability Report on page 2, the Statutory Sustainability Report is defined on page 57.

## Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024. The criteria are defined on page 2 in the Sustainability Report, and consist of sections of the Sustainability Reporting Framework issued by GRI (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.

## Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our responsibility is limited to the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. 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 regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s auditing standard RevR12. The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according

to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Hemsö Fastighets AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

## Conclusions

Based on the limited assurance procedures 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.

A Statutory Sustainability Report has been prepared.

Stockholm, date according to electronic signature.

KPMG AB

**Peter Dahllöf**

*Authorized Public Accountant*

**Torbjörn Westman**

*Expert of FAR*

# Financial statements

Directors' Report .....	60	Multi-year overview .....	86
Financing .....	66	Financial statements .....	87
Risk management .....	72	Notes .....	93
Corporate governance .....	80	Audit report .....	112
Board of Directors .....	84	Key ratio calculations .....	115
Senior executives .....	85	Definitions .....	116

# Directors' Report

The Board of Directors and Chief Executive Officer of Hemsö Fastighets AB, Corp. Reg. No. 556779-8169 hereby present the 2024 Annual Report for the Group and the Parent Company.

## About the operations

Hemsö is the largest private owner of public properties in Sweden. Hemsö owns, manages and develops properties for nursing homes, education, health care and the justice system. The operations are characterised by a long-term and sustainable approach. Due to its size and geographic presence, Hemsö is well-positioned to meet the changing needs of its tenants over time. Hemsö has a credit rating of AA- from Fitch Ratings, A- from Standard & Poor's and A3 from Moody's.

At 31 December 2024, Hemsö owned 477 properties with a market value of SEK 86.0 billion. The properties are located in Sweden, Finland and Germany. Tenants are mostly state, municipal and regional operators. In addition, Hemsö also has tenants who are private operators but provide taxpayer-funded services. The Third Swedish National Pension Fund is the majority owner and holds, directly and indirectly, 85 per cent of Hemsö. Hemsö presents some performance measures in the Annual Report that are not IFRS-defined measures. Calculations and definitions of these alternative performance measures (APMs) can be found on page 115. Unless otherwise stated, all amounts in the Annual Report have been rounded to the nearest SEK million, which means that tables and calculations may not always add up.

## Income

In 2024, rental income amounted to SEK 5,130 million (4,818), up 6 per cent. The increase was attributable to completed development projects and indexation. Rental income in the comparable portfolio rose SEK 215 million (417), corresponding to 5 per cent (11). Exchange rate changes had a negative impact of SEK 7 million on rental income in the comparable portfolio. At year-end, the economic occupancy rate was 97.7 per cent (97.8) and economic vacancies amounted to SEK 123 million (112). At period-end, contracted annual rent amounted to SEK 5,100 million (4,996) before rent reductions. Hemsö's lease agreements typically include a Consumer Price Index (CPI) clause, enabling inflation-related adjustments. The lease duration was 9.1 years (9.5). The high credit scores of tenants reduce the risk of credit losses.

## Costs

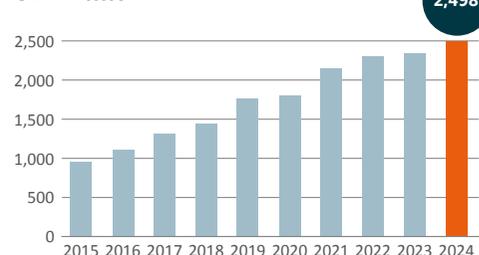
Hemsö's property costs largely comprise operating costs such as maintenance, heating, electricity and water, and the cost of routine and planned maintenance. Property costs amounted to SEK 1,305 million (1,228), up SEK 78 million, corresponding to 6 per cent. The increase was mainly derived from higher maintenance costs.

Costs in the comparable portfolio rose SEK 61 million, corresponding to 6 per cent.

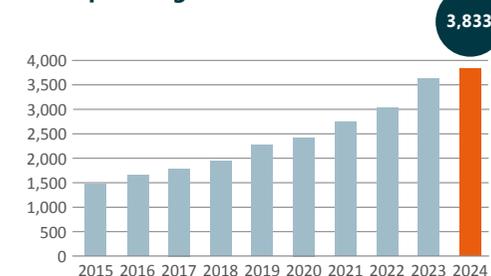
## Profit from property management

SEK million	2024	2023	Δ%
Rental income	5,130	4,818	6.5
Other income	8	41	-79.2
Property costs	-1,305	-1,228	6.3
<b>Net operating income</b>	<b>3,833</b>	<b>3,631</b>	<b>5.6</b>
Central administrative expenses	-216	-196	10.0
Profit/loss from participations in joint ventures	157	-14	-1,234.6
<b>Operating profit</b>	<b>3,775</b>	<b>3,421</b>	<b>10.3</b>
Net interest income/expense	-1,177	-1,154	2.0
<b>Profit after net interest income</b>	<b>2,597</b>	<b>2,267</b>	<b>14.6</b>
<b>– of which Profit from property management</b>	<b>2,498</b>	<b>2,345</b>	<b>6.5</b>
Operating cash flow	2,391	2,329	2.7
NOI margin	74.6%	74.7%	-0.1
Operating margin	73.5%	70.4%	3.1

### Profit from property management, SEK million



### Net operating income, SEK million



### Net operating income

Net operating income rose SEK 202 million to SEK 3,833 million (3,631), up 6 per cent. The increase was primarily attributable to completed development projects and indexation. The NOI margin decreased to 74.6 per cent (74.7) due to higher maintenance costs. The property yield of the property portfolio, excluding development properties, was 4.8 per cent (4.7).

In the comparable portfolio, net operating income increased 4 per cent to SEK 3,521 million (3,396). The increase was mainly due to rising rental income due to indexation.

### Administration

Administrative expenses increased to SEK 216 million (196), primarily due to higher personnel costs and investments in digitisation.

### Net interest income/expense

Net interest expense increased to SEK -1,177 million (-1,154) due to non-recurring items. Despite higher interest-bearing liabilities, interest expense was in line with the preceding year. At year-end, the average interest rate was 2.2 per cent (2.3). The fixed-rate period was 4.8 years (5.0) and interest-bearing liabilities increased to SEK 52,185 million (50,823). Net interest comprised interest expense of SEK -1,091 million (-1,093), other financial expenses of SEK -95 million (-59), interest income of SEK 50 million (36) and interest expense of SEK -41 million (-39) on ground leases and leasehold properties.

### Profit from property management

Profit from property management increased 7 per cent to SEK 2,498 million (2,345), mainly attributable to increased net operating income.

### Change in value of properties

During the year, changes in the value of investment properties amounted to SEK -99 million (-5,287), of which unrealised changes amounted to SEK -60 million (-5,270). This corresponds to a value change of -0.1 per cent (-6.2). Value change attributable to property management and development projects was SEK 225 million (3,936), or 0.3 per cent (4.6). The market-related value change amounted to SEK -286 million (-9,205) corresponding to a change of -0.3 per cent (-10.8), which was mainly attributable to the upward adjustment of valuation yields in Germany.

At the end of 2024, transaction volumes in the property markets of Sweden, Germany and Finland remained low, despite increased activity and rising optimism in Sweden towards mid-year. Although there are some companies that still need to divest properties, interest rate cuts, higher stock market valuations and better conditions in the bond market, in particular, led to an increase in the number of buyers participating in bidding processes.

The weighted yield used in the valuation of Hemsö's property portfolio was 5.1 per cent (5.1). The valuation yield was 5.0 per cent (5.0) in Sweden, 5.6 per cent (5.7) in Finland and 4.9 per cent (4.8) in Germany. In Germany, the market value is reported less transaction costs. To enable a better comparison of the countries' valuation yields, Hemsö has elected to report the adjusted German valuation yield calculated using the same method as for the Swedish and Finnish properties.

### Comparable portfolio

	31 Dec 2024	31 Dec 2023	Change
No. of properties	389	389	–
Market value of properties, SEK million	73,991	72,169	3%
Property yield, %	4.8	4.6	0.2

Amounts in SEK million	2024	2023	Change, %
Rental income	4,661	4,446	4.8
Other income	8	36	-77.3
Operating costs	-739	-738	0.1
Maintenance costs	-315	-264	19.1
Other costs	-94	-84	11.8
<b>Net operating income</b>	<b>3,521</b>	<b>3,396</b>	<b>3.7</b>

Pertains to properties owned and held for the entire period from 1 January 2023 until 31 December 2024 (excluding 97 development properties).

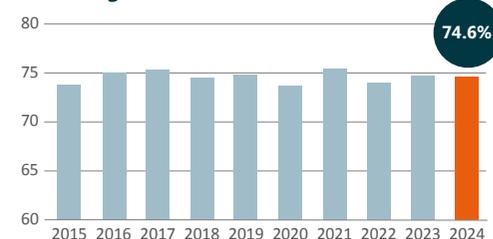
### Net operating income per geographic market

	Sweden	Finland	Germany	Total
Property income, SEK million	3,227	1,074	837	5,138
Property costs, SEK million	-876	-268	-161	-1,305
<b>Net operating income, SEK million</b>	<b>2,351</b>	<b>806</b>	<b>676</b>	<b>3,833</b>

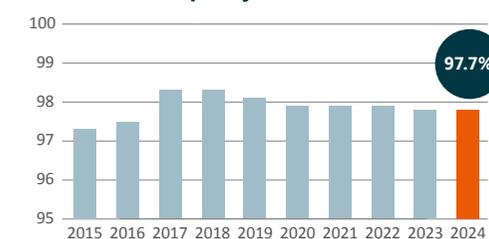
### Key ratios

Share of NOI, %	61	21	18	100
NOI margin, %	72.9	75.0	80.7	74.6

### NOI margin, %



### Economic occupancy rate, %



### Value change, financial instruments

Changes in the value of financial instruments had an impact of SEK -234 million (-225) on profit. Changes in the value of interest-rate derivatives had an impact of SEK 45 million (-38) on profit. Derivatives attributable to currency risk management had an impact of SEK -279 million (-187) on profit.

### Tax

Recognised tax for the period amounted to SEK -379 million (524), of which current tax accounted for SEK -142 million (-23), and deferred tax for SEK -237 million (547).

### Profit for the year

Profit after tax for the year increased to SEK 1,886 million (-2,721). The earnings improvement was mainly attributable to decreased negative changes in the value of investment properties.

### Profitability

Return on equity was 6.5 per cent (-9.4). The total yield amounted to 4.4 per cent (-1.9).

### Investments

Investments pertain to new development and investments in existing properties. Investments in existing properties usually take place in conjunction with new lettings, with the aim of adapting and modernising the premises and thus increasing the rental value. During the year, SEK 3,490 million (2,825) was invested, of which SEK 2,526 million (1,933) pertained to new

### Development of equity, SEK million



construction, extension and re-development, and SEK 964 million (892) to improvements and new lettings.

### Cash flow

Hemsö's operating cash flow rose 3 per cent to SEK 2,391 million (2,329). The increase was mainly attributable to increased profit from property management. Cash flow from operating activities before changes in working capital was SEK 2,392 million (2,329). The change in working capital was SEK -316 million (-381). Investing activities had an impact of SEK -2,631 million (-3,222) on cash flow, while borrowings, loan repayments, shareholder contributions received and dividends had an impact of SEK -184 million (2,349) on cash flow from financing activities. The overall change in cash and cash equivalents was SEK -738 million (1,076) during the period.

### Balance sheet

SEK million	2024	2023	2022	2021	2020
Investment properties	85,973	82,624	84,879	75,737	62,240
Right-of-use assets	1,084	988	932	759	605
Derivatives	-	-	247	161	-
Other assets	3,329	4,026	2,864	2,164	1,457
Cash and cash equivalents	866	1,593	526	687	891
<b>Assets</b>	<b>91,253</b>	<b>89,231</b>	<b>89,447</b>	<b>79,508</b>	<b>65,193</b>
Equity	29,436	28,156	30,028	28,350	20,082
Interest-bearing liabilities	52,185	50,823	49,567	42,498	38,652
Derivatives	604	187	-	-	231
Lease liabilities	1,084	988	932	759	605
Deferred tax	6,197	5,954	6,557	6,082	4,270
Other liabilities	1,746	3,123	2,363	1,819	1,353
<b>Equity and liabilities</b>	<b>91,253</b>	<b>89,231</b>	<b>89,447</b>	<b>79,508</b>	<b>65,193</b>
<b>Payment to shareholders</b>					
Dividend, SEK million	1,173	1,155	1,072	905	860
<b>Financial ratios</b>					
Equity, SEK million	29,436	28,156	30,028	28,350	20,082
Equity/assets ratio, %	32.3	31.6	33.6	35.7	30.8
Net asset value, SEK million <sup>1)</sup>	35,626	34,149	36,586	34,466	24,608
Adjusted equity/assets ratio, %	39.0	38.3	40.9	43.3	37.7

<sup>1)</sup> The definitions of net asset value and adjusted equity/assets ratio were updated in 2021 and now include interest-rate derivatives only. 2020 has been restated.

### Parent Company

Parent Company sales amounted to SEK 133 million (121) and consisted of fees for services to the subsidiaries. Administrative expenses increased to SEK -265 million (-246), mainly attributable to a higher number of employees, but also to higher consultancy costs for digitisation projects.

Financial items amounted to SEK 567 million (379). Financial items include interest income of SEK 1,604 million (1,058), interest expense of SEK -1,332 million (-1,357), profit of SEK 377 million (0) from sales of participations in Group companies, profit of SEK 211 million (321) from participations in Group companies, and exchange rate effects of SEK -293 million (358). Change in value of derivatives amounted to SEK -482 million (-156) and profit for the year totalled SEK 416 million (103).

### Employees

At year-end, Hemsö had 175 (169) employees, of whom 81 (75) were women. Of all employees, 144 (141) were employed in Sweden, 17 (16) in Finland and 14 (12) in Germany.

### Sustainability performance

The sustainability reporting comprises Hemsö's statutory Sustainability Report pursuant to the

Swedish Annual Accounts Act and consists of pages 25–58.

### Future trends

Tenant demand remains substantial in all of our market segments, indicating that Hemsö's vacancies are expected to remain low. Hemsö has many new construction projects that will contribute rental income on completion. Rent is also adjusted based on inflation while operating costs are not rising at the same rate, which is expected to lead to good forecast growth in net operating income. Hemsö continues to have good access to banks and capital markets, and the average loan maturity is 5.0 years. 81 per cent of the interest-bearing liabilities are hedged against rising rates and the average fixed-rate period is 4.8 years. This ensures low refinancing risks and stable net interest income.

### Statement by the Board of Directors regarding the proposed dividend

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

The total number of shares in the company amounts to 100,001,000. The proposed dividend of SEK 12.49 per share is based on the accounts for 2024, which will be presented for adoption on 25 April 2025, 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).

### Dividend Policy

According to Hemsö's Dividend Policy, dividends should amount to half of 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.

### Proposed appropriation of profits

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

Retained earnings	3,717,846,270
Share premium reserve	1,000,000,000
Profit for the year	416,433,435
<b>Total</b>	<b>5,134,279,705</b>

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

To shareholders	1,249,000,000
To be carried forward:	
Share premium reserve	1,000,000,000
Retained earnings	2,885,279,705
<b>Total</b>	<b>5,134,279,705</b>

# Project

## Ongoing development projects

Hemsö has many ongoing development projects, particularly new schools and nursing homes. Hemsö's ongoing development projects exceeding SEK 100 million comprise a total investment of SEK 5,335 million, of which the remaining investment amount is SEK 2,665 million. The total volume of ongoing new construction and re-development projects amounted to SEK 6,331 million, of which the remaining investment amount was SEK 2,489 million.



## Hemsö's ongoing new construction and re-development projects exceeding SEK 100 million

Project	Municipality	Category	Lease duration	Area, sqm	Total investment, SEK million	Remaining investment, SEK million	Rental value increase, SEK million	Occupancy rate, %	Completion, year
Police station	Borlänge	Justice system	15	18,800	896	690	48	100	2026
Rangsdorf School	Rangsdorf	Education	20	7,900	502	399	30	100	2026
Herkules hotel & town hall	Trelleborg	Other	21	10,300	482	183	29	100	2026
Novum <sup>1)2)</sup>	Huddinge	Health care	n/a	39,400	440	72	n/a	n/a	2025
Ektorp School	Nacka	Education	25	9,900	399	63	26	100	2025
District court	Vänernsborg	Justice system	15	7,000	326	201	18	100	2026
Campus Tensta, Stage 2 <sup>1)</sup>	Stockholm	Education	7	12,200	314	141	19	44	2024–2025
Änggårde	Kungälv	Nursing home	15	8,400	291	114	15	100	2025
Tempelriddarorden	Stockholm	Nursing home	15	5,900	275	17	12	100	2025
Stauderstrasse	Essen	Nursing home	20	5,900	238	176	12	100	2026
Stenkumla	Västerås	Nursing home	25	4,500	208	81	11	100	2025
Siltavuorenpenger <sup>1)</sup>	Helsinki	Education	15	7,200	169	129	23	72	2025
Sarvträsk	Nacka	Nursing home	15	4,800	159	68	13	100	2025
Tallbacken, building 25	Turku	Health care	20	3,500	153	116	11	100	2025
Byrådirektören <sup>1)2)</sup>	Malmö	Nursing home	n/a	6,200	136	96	11	86	2026
Körsbärsdalen preschool	Helsinki	Education	25	2,100	131	15	7	100	2025
Vallgraven Arenaområdet	Ystad	Health care	10	3,000	114	28	8	50	2025
Turku International School <sup>1)</sup>	Turku	Education	20	6,500	100	76	47	100	2025
<b>Total</b>				<b>163,500</b>	<b>5,335</b>	<b>2,665</b>	<b>340</b>		

<sup>1)</sup> Re-development.

<sup>2)</sup> Investment in maintenance, modernisation and energy optimisation of the property.

Public-sector tenant  
Private-sector tenant



Kristiansborg, Elementary and secondary school i Västerås



Campus Polacksbacken in Uppsala

### Major completed development projects, 2024

Project	Municipality	Category	Certification	Area, sqm	Investment, SEK million	Lease duration, years	Rental value increase, SEK million	Occupancy rate <sup>1)</sup> , %
Hoivamme K3	Lahti	Nursing home	BREEAM	1,200	60	13	3	100
Hoivamme N1	Vichtis	Nursing home	BREEAM	1,200	59	15	3	100
Campus Polacksbacken	Uppsala	Education	n/a	16,200	323	10	36	100
Kristiansborg, Ryttersborg School	Västerås	Education	Miljöbyggnad	6,700	310	15	17	100
Kristiansborg, housing <sup>2)</sup>	Västerås	Education	Nordic Swan	3,300	165	n/a	9	98
Campus Polacksbacken, Buildings 38 & 29	Uppsala	Education	n/a	1,900	84	12	5	100
Råssbyn preschool	Uddevalla	Education	Nordic Swan	1,600	76	20	5	100
Odin School	Gothenburg	Education	n/a	4,000	49	15	13	100
<b>Total</b>				<b>36,100</b>	<b>1,126</b>	<b>12</b>	<b>92</b>	

<sup>1)</sup> Occupancy rate on completion.

<sup>2)</sup> The vacancy is attributable to housing. Occupancy rate reported for Q4, not on completion.

Public-sector tenant  
 Private-sector tenant

### Completed place availability

Year	Number of development projects	Place availability schools	Place availability universities	Place availability nursing homes
2019	12	1,490	5,100	312
2020	7	520	0	258
2021	14	3,710	0	192
2022	31	7,140	0	700
2023	22	2,830	180	676
2024	12	4,700	0	82
<b>Since start</b>	<b>132</b>	<b>26,451</b>	<b>7,130</b>	<b>2,892</b>

# Financing

Hemsö's financing aims to maintain a stable capital structure and low financing costs over time. Hemsö had good access to financing over the past year, which led to a continued diversification of financing by securing finance from both capital markets and banks. Hemsö also worked pro-actively to maintain the company's loan maturity and fixed-rate periods in order to reduce risk and secure stable cash flows.

## Debt management

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

## Good access to capital

Fixed-income markets have been volatile over the past year, largely due to central banks' efforts to combat inflation, where inflation

affected fixed-income assets. The five-year Swedish swap rate started the year at about 2.4 per cent, then rose to just over 3 per cent in April. The five-year Swedish swap rate then fell steadily to under 2 per cent by the end of September. This was in tandem with the fall back in inflation and the market's belief in interest-rate cuts in 2024 and 2025. Hemsö had good access to financing during the year and did not therefore need to draw on existing credit facilities. In 2024, Hemsö issued bonds with a value of SEK 6.8 billion. The total issued volume comprised SEK 5.8 billion in the Swedish market, and a nominal amount of SEK 1.0 billion in the Norwegian market. In addition to the bonds, a bank loan of SEK 0.1 billion was drawn under a facility from

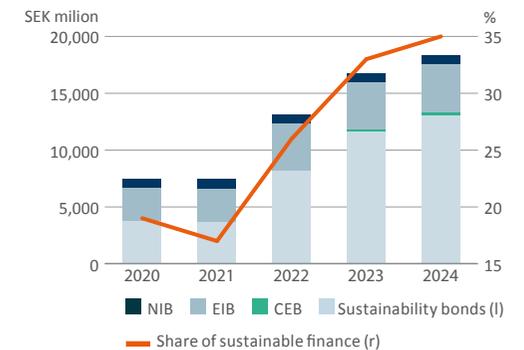
the Council of Europe Development Bank (CEB). The loan is unsecured, has a term of eight years and will be used for Campus Tensta.

## Higher proportion of sustainable finance

Hemsö's sustainable finance is an integral part of Hemsö's overall sustainability initiatives. Sustainable finance is becoming an increasingly important element of Hemsö's overall borrowing and is growing year by year. In 2024, green bonds accounted for 93 per cent of all bonds issued, corresponding to SEK 6,378 million of SEK 6,824 million in total that was issued by Hemsö under the company's sustainability bond framework. In addition, Hemsö utilised the remaining

amount, SEK 129 million, of the total loan agreement of EUR 22 million with CEB. The total amount of Hemsö's outstanding sustainable finance is SEK 18,341 million (16,708).

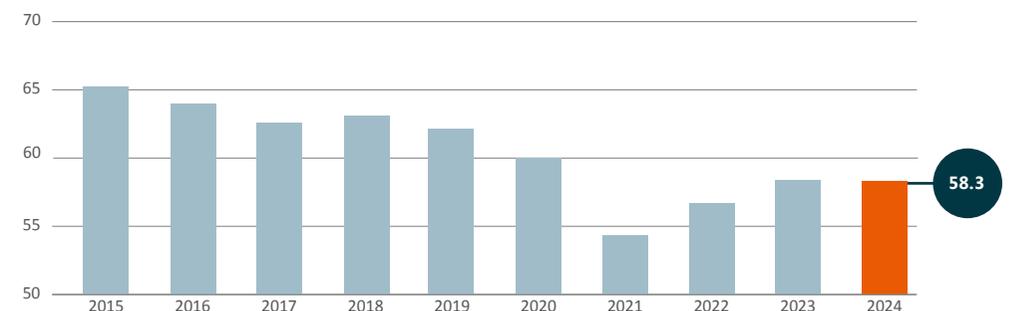
### Sustainable finance



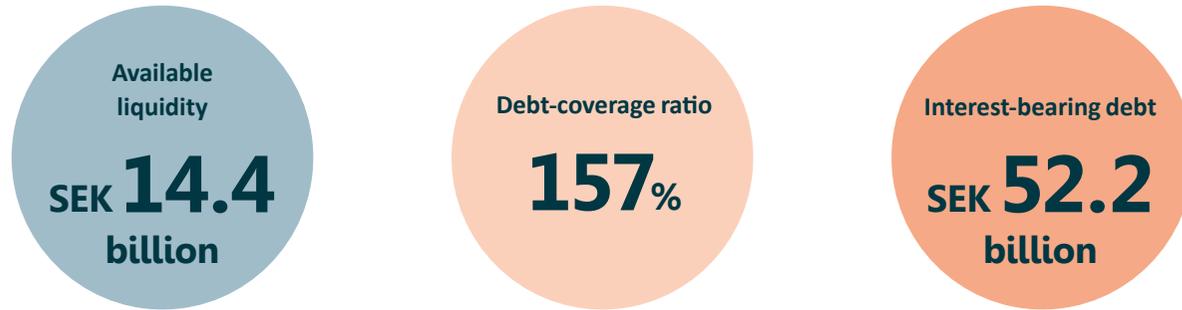
## Capital structure

SEK million	2024	2023
Interest-bearing liabilities	52,185	50,823
Cash and cash equivalents	866	1,593
<b>Net debt</b>	<b>51,319</b>	<b>49,230</b>
Market value of properties	85,973	82,624
Investments in joint ventures	1,981	1,631
<b>Property assets</b>	<b>87,954</b>	<b>84,255</b>
Loan-to-value ratio, %	58.3	58.4
Share of secured debt, %	1.2	1.2

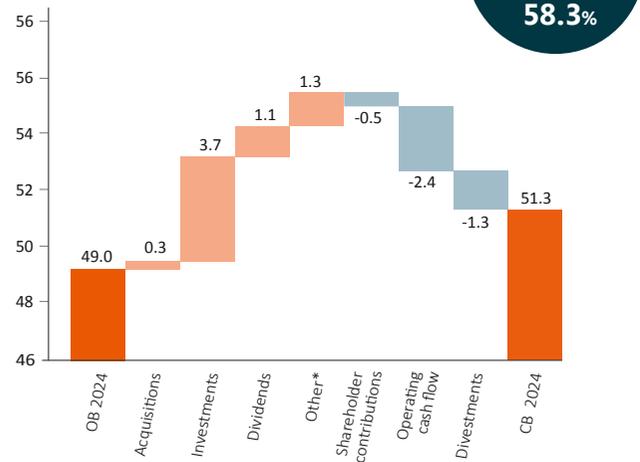
## Loan-to-value ratio, %



## Capital structure

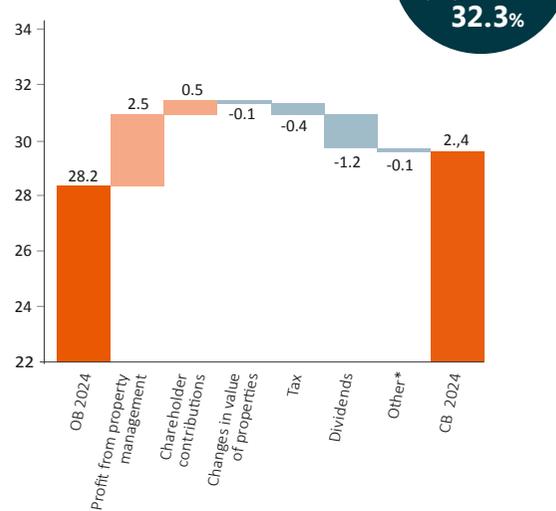


### Change in net debt, SEK billion



\* Exchange differences, capital gain, and changes in working capital.

### Change in equity, SEK billion

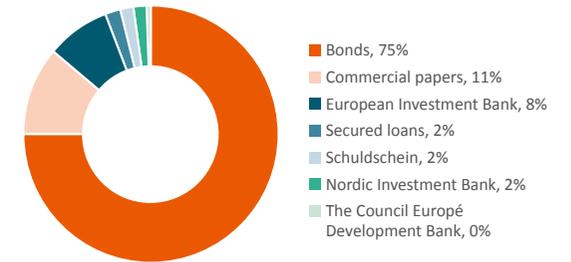


\* Translation reserve, minority share, adjustment of joint ventures and derivatives.

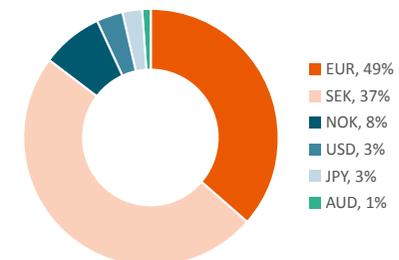
## Committed credit facilities and underwriting commitments

SEK million	2024	2023
Banks	7,500	7,500
Third Swedish National Pension Fund	6,000	6,000
Council of Europe Development Bank	–	123
<b>Total</b>	<b>13,500</b>	<b>13,623</b>
Cash and cash equivalents	866	1,593
<b>Available liquidity</b>	<b>14,366</b>	<b>15,216</b>
Short-term borrowings	9,166	9,216
Debt-coverage ratio, %	157	165

## Sources of funding



## Bonds



### Hemsö's credit ratings

Hemsö has a long-term credit rating of AA- from Fitch Ratings and A- from Standard and Poor's with a stable outlook. To increase transparency and service for our investors, Hemsö has elected to also include Moody's, which has assigned Hemsö a long-term credit rating of A3 with a stable outlook. This helps to create a better understanding of the company's business model and financial risk profile.

### Capital structure

At year-end, the value of the property portfolio amounted to SEK 85,973 million (82,624). Hemsö

financed its operations with equity of SEK 29,436 million (28,156), interest-bearing liabilities of SEK 52,185 million (50,823), deferred tax liabilities of SEK 6,197 million (5,954), interest-bearing liabilities right-of-use assets (lease liabilities) of SEK 1,084 million (988) and other liabilities of SEK 2,350 million (3,310). The interest-bearing liabilities comprised uncovered bonds of SEK 39,205 million (39,203), Schuldschein of SEK 861 million (832), commercial papers of SEK 5,831 million (4,751), unsecured loans of SEK 5,288 million (5,037) from CEB, EIB and NIB, and secured bank loans of SEK 1,000 million (1,000). At year-end, Hemsö's loan-to-value ratio was 58.3 per cent (58.4).

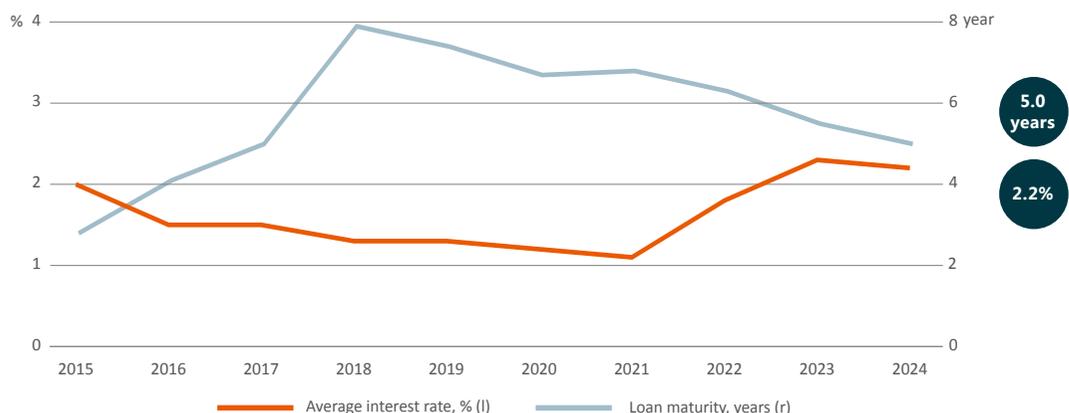
### Diversified funding sources

Hemsö is an established issuer in the Swedish and European bond markets. At year-end, Hemsö had outstanding bonds of SEK 14,326 million (15,133) in the Swedish capital market, making the company one of the largest corporate bond 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 19,163 million (19,357), making Hemsö an established name among European investors. In recent years, Hemsö has continued to diversify its funding with bond loans from Asian investors and by raising loans in the German Schuldschein market. In addition to SEK and EUR, Hemsö has also issued bonds in AUD, NOK, JPY and USD and at year-end, had the equivalent of SEK 343 million (341) in Australian bonds, SEK 3,006 million (2,103) in Norwegian bonds, SEK 1,047 million (1,065) in Japanese bonds and SEK 1,320 million (1,205) in US bonds.

### Hemsö's credit rating

Credit rating agency	Long-term	Short-term	Outlook	Date
Fitch Ratings	AA-	F1+	Stable	22 Mar 2024
Standard & Poor's	A-	A-2	Stable	10 Sep 2024
Moody's	A3	n/a	Stable	4 Feb 2025

### Average interest rate and loan maturity



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

Hemsö was assigned a credit rating from Standard and Poor's (S&P) in 2015, and from Fitch in 2020. The credit ratings are A- from S&P and AA- from Fitch, with a stable outlook from both S&P and Fitch. In February 2025, Hemsö received a credit rating of A3 with a stable outlook from Moody's. The official credit ratings meet the needs of more investors and increase the number of potential buyers of the company's bonds, which has helped to attract new foreign investors in recent years.

**S&P Global**  
Ratings

**Fitch**Ratings

**MOODY'S**  
RATINGS

**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 both a long fixed-rate period and a long-term loan maturity. At year-end, the fixed-rate period was 4.8 years (5.0), and loan maturity 5.0 years (5.5). At year-end, Hemsö's average interest rate was 2.2 per cent (2.3).

**Interest-bearing liabilities**

At year-end, Hemsö had interest-bearing liabilities of SEK 52,185 million (50,823), representing a loan-to-value ratio of 58.3 per cent (58.4). Of Hemsö's interest-bearing liabilities, SEK 43,533 million (43,298) carries fixed rates and SEK 8,653 million (7,525) variable rates. Of Hemsö's liabilities, 81 per cent had a fixed-rate period of more than one year.

**Bonds**

Hemsö has an EMTN programme with a ceiling of EUR 6,000 million. In 2024, Hemsö's bond issuance amounted to SEK 6,824 million in total. At 31 December 2024, the bond volume amounted to SEK 39,205 million (39,203), of which SEK 13,053 million (11,671) comprised 25 sustainability bonds. The EMTN bonds are traded on Euronext Dublin.

**Commercial papers**

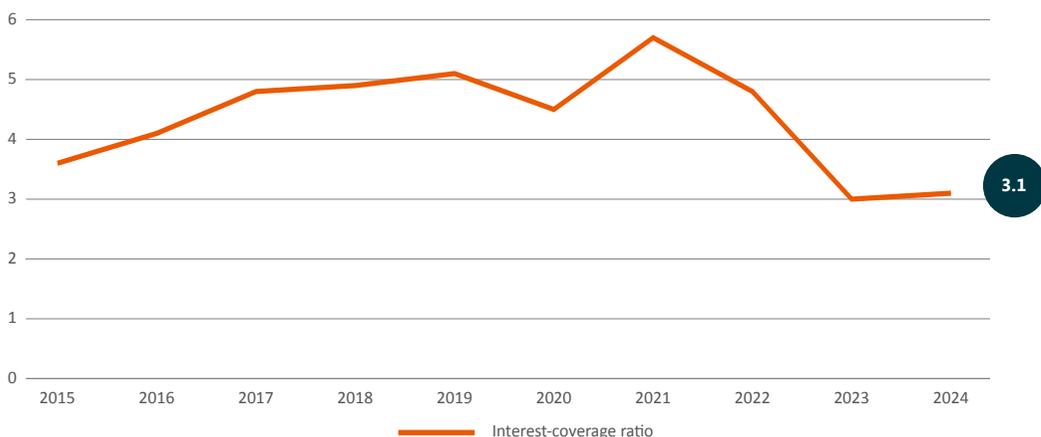
Hemsö has a commercial paper programme with a ceiling of SEK 12,000 million. At 31 December 2024, Hemsö had SEK 5,831 million (4,751) in commercial papers outstanding. To reduce the company's liquidity and refinancing risk, Hemsö has committed credit facilities. Committed credit facilities can be drawn to refinance bonds, commercial papers or other debts due. They can also be used to finance the operations. At 31

December 2024, Hemsö's undrawn committed credit facilities totalled SEK 13,500 million (13,623), comprising an underwriting commitment of SEK 6,000 million (6,000) from the Third Swedish National Pension Fund and committed credit facilities of SEK 7,500 million (7,500) from banks. At year-end, cash and cash equivalents amounted to SEK 866 million (1,593), bringing available liquidity to SEK 14,366 million (15,216).

**Interest-rate derivatives and foreign exchange swaps**

Hemsö uses interest-rate derivatives and foreign exchange and cross currency swaps to manage interest rate and currency risk. Interest-rate derivatives are used to manage the length of the fixed-rate period and thereby adjust the interest-rate risk to the desired level. Foreign exchange and cross currency swaps are used to manage and reduce the currency risk. At year-end, the deficit value of Hemsö's derivatives portfolio was SEK 604 million (187). The nominal value of interest-rate derivatives was SEK 6,975 million (3,175) at year-end. The value of cross currency swaps corresponded to SEK 8,122 million (7,043).

**Interest-coverage ratio, times**



**Interest-coverage ratio**

**3.1 times**

**Average interest rate**

**2.2%**

### Changes in value

Changes in the value of financial instruments had an impact of SEK -234 million (-225) on profit. Changes in the value of interest-rate derivatives had an impact of SEK 45 million (-38) on profit. Derivatives attributable to currency risk management had an impact of SEK -279 million (-187) on profit.

### Currency exposure

Exposure in currency is defined as the difference between the value of the company's assets in EUR (property value and cash and cash equivalents) and liabilities in the same currency. To minimise currency risk, Hemsö's assets in EUR will largely be financed with liabilities in EUR. Hemsö can also use foreign exchange and cross currency swaps to manage the currency exposure. At 31 December 2024, currency exposure, defined as property assets and cash and cash equivalents including currency hedges less interest-bearing liabilities, amounted to EUR 121.2 million, corresponding to 4.4 per cent of the Group's EUR assets, or 4.7 per cent of equity.

### Currency exposure

SEK million	31 Dec 2024	31 Dec 2023
Properties, EUR	30,194	28,671
Joint ventures, EUR	1,556	1,409
Cash and cash equivalents, EUR	101	613
<b>Assets, EUR</b>	<b>31,852</b>	<b>30,692</b>
Debt, EUR	23,582	23,626
Currency swaps, EUR	6,877	6,643
<b>Exposure, EUR</b>	<b>1,392</b>	<b>423</b>
Debt, NOK, USD, JPY, SEK and AUD	8,122	7,043
Currency swaps, NOK, USD, JPY, SEK and AUD	-8,122	-7,043
<b>Exposure, NOK, USD, JPY, SEK and AUD</b>	<b>0</b>	<b>0</b>
Currency hedging	-	-
<b>Currency exposure</b>	<b>1,392</b>	<b>423</b>
Equity	29,436	28,156
<b>Currency exposure, % (max. 35%)</b>	<b>4.7%</b>	<b>1.5%</b>
<b>Currency exposure EUR assets, % (5-30%)</b>	<b>4.4%</b>	<b>1.4%</b>

### Interest-rate derivatives at 31 Dec 2024

Extendable Start	Due	Volume, SEK million	Pay	Receive	MV SEK million
12 May 2023	12 May 2028	375	3.0%	STIBOR	-6.7
19 May 2023	19 May 2028	500	2.9%	STIBOR	-8.0
6 Dec 2023	7 Dec 2026	500	3.0%	STIBOR	-6.1
12 Dec 2023	12 Dec 2029	500	2.7%	STIBOR	-4.2
18 Dec 2023	18 Dec 2029	500	2.4%	STIBOR	0.9
19 Dec 2023	19 Jan 2027	300	3.6%	STIBOR	-3.1
27 Dec 2023	27 Dec 2030	500	2.3%	STIBOR	6.5
12 Mar 2024	12 Mar 2031	500	2.5%	STIBOR	-0.1
7 Jun 2024	7 Jun 2032	500	2.7%	STIBOR	-3.7
20 Jun 2024	21 Jun 2032	500	2.6%	STIBOR	0.0
7 Aug 2024	7 Aug 2029	500	2.1%	STIBOR	7.7
7 Aug 2024	7 Aug 2028	500	2.1%	STIBOR	5.0
23 Aug 2024	23 Aug 2027	300	2.2%	STIBOR	1.5
11 Sep 2024	11 Sep 2028	500	2.1%	STIBOR	6.2
13 Sep 2024	13 Sep 2029	500	2.0%	STIBOR	11.2
<b>Total</b>		<b>6,975</b>	<b>2.5%</b>		<b>7.1</b>



Gärtnerreiring nursing home in Berlin, Germany.

### 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 secure a stable, long-term and cost-efficient capital structure within the risk management mandates.

### Summary of Financial Policy

Financing risk	Policy	Outcome
Loan-to-value ratio	Max. 60%	58.3%
Net debt/EBITDA	Max. 15 times	14.1 times
Loan maturity	At least 3 years	5.0 years
Loan maturity structure	Max. 25% < 1 year, thereafter maximum 20% per year	Fulfilled
Debt-coverage ratio	At least 125%	157%
Share of secured debt	Max. 20%	1.2%

### Interest-rate risk

Interest-coverage ratio	At least 2.5 times (rolling 12-month period)	3.1 times
Fixed-rate period	Average fixed-rate period, 3–8 years	4.8 years
Fixed-rate maturity	Max. 35% < 1 year, thereafter max. 20% per year	Fulfilled

### Counterparty risk

Financial instruments	Bank with a minimum credit rating of A- (S&P)	Fulfilled
-----------------------	---	-----------

### Currency risk

Currency exposure relative to equity	Max. 35%	4.7%
Currency exposure relative to assets in EUR	5–30 % <sup>1)</sup>	4.4%

<sup>1)</sup> The risk measure must be met by the end of 2025.



### Loan maturity and fixed-rate period

Maturity year	Loan maturity			Fixed-rate period	
	Credit agreements, SEK million	Drawn, SEK million	Share, %	SEK million	Share, %
2025	3,335	3,335	6	9,977	19
2026	18,396	7,396	14	6,646	13
2027	5,751	4,751	9	2,200	4
2028	7,524	7,524	14	8,749	17
2029	8,052	6,552	13	6,649	13
2030	3,729	3,729	7	3,979	8
2031	2,029	2,029	4	1,947	4
2032	1,327	1,327	3	2,327	4
2033	2,037	2,037	4	2,037	4
2034	1,149	1,149	2	1,149	2
2035	1,538	1,538	3	1,538	3
2036	0	0	0	0	0
2037	1,086	1,086	2	1,086	2
2038	987	987	2	987	2
2039–	2,912	2,912	6	2,912	6
<b>Total</b>	<b>59,854</b>	<b>46,354</b>	<b>89</b>	<b>52,185</b>	<b>100</b>
Commercial papers		5,831	11		
<b>Total</b>		<b>52,185</b>	<b>100</b>		

### Short-term interest rates, %



# Risk management

Hemsö is exposed to various risks that may affect the company's 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 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. Higher interest rates and inflation have created major challenges for many municipalities and

regions in Hemsö's markets. Despite a fragile market, Hemsö has maintained continuous good access to capital markets, albeit at higher borrowing costs.

Hemsö a long loan maturity and fixed-rate period, which creates stability. At 31 December 2024, 81 per cent of Hemsö's liabilities had a

fixed-rate period of more than one year, and 19 per cent for less than one year, which means that net interest income is affected by changed market rates.

## Strategic risks



### Change in value of properties

#### Risk

Hemsö recognises properties at fair value, which is equal to their market value. Changes in value affect Hemsö's income statement, financial position and loan-to-value ratio. Changes in value may arise due to macroeconomic changes, but also for market or property-specific reasons.

The value of properties is also affected by Hemsö's contract and tenant structure, and by Hemsö's ability to optimise and develop the properties. There is also a risk that individual properties are incorrectly valued.

#### Management

Hemsö's portfolio of public properties with stable cash flows is mainly concentrated to geographic markets characterised by population growth, economic growth and high liquidity in the transaction market.

Hemsö's Board has adopted a Valuation Policy that governs Hemsö's valuation process. The property portfolio has a wide geographical spread in three countries, which balances the risk profile. Hemsö performs continuous market analyses and assessments of the property portfolio's value. The market value of all properties is determined each quarter. The market values are determined using external valuations and/or Hemsö's internal calculation model.

## Strategic risks, cont.



### 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 lease agreements and high creditworthiness. Income-loss risk and vacancies are therefore considered low. The risk of bad debt loss is limited because Hemsö always performs credit assessments before signing new lease agreements, and continuously monitors the creditworthiness of its tenants. 61 per cent of

Hemsö's tenants are state, municipalities and regions with high creditworthiness, which also limits the risk. The occupancy rate has been high and stable over time.

In 2024, the occupancy rate was 97.7 per cent. Hemsö's target is an average remaining lease duration of at least five years. In 2024, it was 9.1 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.



### Composition of the property portfolio

#### Risk

When acquiring existing properties or land on which Hemsö intends to construct new buildings (through development projects), 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 owners of public properties, Hemsö develops skills and expertise in order to provide its tenants with cost-efficient and purpose-built premises. Hemsö works 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. Through its own local property management organisation, Hemsö also maintains good contact and dialogue with stakeholders, including municipalities, and ongoing dialogue with customers to achieve a better understanding of their current and future needs.

## Operational risks



### Property costs

**Risk**

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

**Management**

Hemsö works intentionally to reduce property costs by maintaining an efficient organisation with specialised expertise, a structured purchasing process and procurements in order to limit costs and seek economies of scale wherever possible. Hemsö works continuously to reduce its energy use by conducting energy projects and operational optimisation.

Hemsö hedges most of the electricity consumed. In most cases, tenants are charged for costs related to electricity and heating. Unforeseen damage and repairs could have a negative impact on earnings and are prevented through proactive and long-term maintenance.



### Liability risk

**Risk**

Liability risk is primarily risk related to damages to Hemsö's properties, and accidents or incidents that cause personal injury or damage to property for which Hemsö is held liable. It also includes responsibility for minimising the risk of violations of human rights and working conditions in our supply chain.

**Management**

The risks are limited through Hemsö's full value insurance for all properties. Hemsö is also covered by property damage liability insurance. Furthermore, Hemsö reduces this risk by performing self-assessments and working preventively to reduce the risk of injuries, and by specifying requirements in 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 through central governing documents such as Hemsö's purchasing process and by specifying supplier requirements through, for example, Hemsö's Code of Conduct for Suppliers.



### 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 required 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.

## Operational risks, cont.



### 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 applicable laws and regulations, Hemsö has effective procedures for internal control. Correct management is ensured through both internal and external quality assurance, established procedures and regular training for employees. Hemsö's Board has adopted a Tax Policy for Hemsö's tax management.

Hemsö maintains a commercial approach to tax expense, but also applies the prudence concept in line with Hemsö's core values of acting sustainably and reliably. Hemsö continually monitors proposed legal and regulatory changes in order to respond early, establish procedures and thereby adapt the operations.



### Project risk

#### Risk

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

#### Management

The risks are limited by only investing in projects in markets where Hemsö has good market knowledge, and where demand is favourable for Hemsö's premises. Hemsö focuses on growth areas in all countries. The risk is also limited by using turnkey contracts for most development

projects and, in general, by not starting construction until the property is fully let.

Hemsö quality-assures its development projects with standardised internal processes, a high level of internal project competence and credit-worthy contractors and partners.



### Crises

#### Risk

Crises can include external events including terrorist and cyber attacks, extreme weather events, pandemics, 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.

## Operational risks, cont.



### Environment and climate

#### Risk

Environmental and climate-related risks refer to the company's impact on the environment and society, and the risks that climate change poses for the company. Environmental impacts occur from both construction and the daily operation of properties.

Changed legislation, regulatory requirements and growing customer demands can entail a risk of higher cost and financial losses. Climate change entails transition risks, political and regulatory risks, and physical risks such as rising sea levels and increased precipitation.

#### Management

Hemsö works to achieve a good indoor environment, energy efficiencies and use of renewable energy, sustainable material choices and safe handling of chemicals and waste in our properties. This is achieved by, for example, environmental certification of all newly developed buildings.

Hemsö chooses materials based on Sunda-Hus Material Data assessments to protect human health and the environment. Environmental and climate-change due diligence is carried out prior to acquisitions.

Hemsö has clear procedures for following the applicable regulations regarding property owner responsibility for emissions from property operations.

In 2019, we adopted a climate strategy focused on managing climate-related risk for the operations. Based on the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), risks and opportunities are identified and documented in order to improve resilience to climate change.

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



### 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 we are unable to attract skilled and qualified employees, or if key people 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 works with competence development and health. We are a reliable employer and strive for an open work environment based on our values.

Hemsö's OHS management has targets that are monitored annually. We work preventively with employee wellness, which includes regular health checks and wellness activities for all employees. Employee surveys are conducted every year to monitor the results, and one metric is the Net Promoter Score (NPS).

We work continuously to maintain a pipeline of talented employees through internal training programmes. All managers at Hemsö undergo a leadership development programme. Succession planning is in place for key people and senior positions.

Hemsö's internal Code of Conduct contains a number of principles that describe how we are expected to act in our professional roles. We are to act in an ethical and professional manner and treat everyone with respect.

## Changed regulations and regulatory compliance as well as the supply chain



### 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 our 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 regulations could have an adverse effect on Hemsö's operations and financial results.

#### Management

Hemsö monitors proposed legal and regulatory changes in order to respond early and adapt the operations. We participate actively in matters of public debate that affect us and submit responses to proposed legislative changes.



### Human rights, regulatory compliance as well as fraud and corruption

#### Risk

Risks related to human rights, regulatory compliance, fraud and corruption can arise both internally and with suppliers or business partners. Failure in these areas 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. Annual audits are performed by external auditors to ensure compliance.

To reduce corruption risk, we have guidelines and procedures for purchasing and authorisation.

Hemsö has an internal Code of Conduct for the company, and one for suppliers. Employees undergo training in the Code of Conduct, which contains information about anti-corruption. We also have 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 5.0 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 commit-

ted credit facilities. At 31 December 2024, these amounted to SEK 13,500 million and were issued by several Nordic banks and Hemsö's owners. 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 35 per cent of the interest should be due within 12 months. At 31 December 2024, Hemsö's average fixed-rate period was 4.8 years, and 19 per cent was due within 12 months.



### 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 with a rating equal to or higher than Investment Grade.

## Financial risks, cont.



### Currency

#### Risk

In addition to Hemsö's property portfolio in Sweden, Hemsö owns properties in Finland and Germany. We therefore have income, expenses, assets and liabilities in EUR and are therefore exposed to the risk of exchange-rate fluctuations affecting our 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 35 per cent of consolidated equity and be within 5–30 per cent of Hemsö's total EUR assets. At 31 December 2024, net exposure, defined as property assets and

cash and cash equivalents including currency hedges less interest-bearing liabilities, amounted to EUR 121.2 million, corresponding to SEK 1,392 million. The amount corresponds to 4.7 per cent of consolidated equity, and 4.4 per cent of the Group's total EUR assets. The risk measure must be met by the end of 2025.



### 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. We make 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 borrowings) should be at least 125 per cent. At year-end, the ratio was 157 per cent.

## Sensitivity analysis

	Change	Earnings effect before tax, SEK million
Rental income	+/- 1%	+/- 51
Economic occupancy rate	+/- 1 percentage point	+/- 52
Property costs	+/- 1%	-/+ 13
Interest rates, market	+/- 1 percentage point	-/+ 62
Valuation yield, change in value of properties	+/- 0.5 percentage points	-1,657/+1,724
EUR/SEK (effect on profit from property management)	+/- 10%	+/- 104

# Corporate governance

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

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

## Shares and ownership

At year-end, Hemsö's share capital was SEK 1,000,010, divided between a total of 100,001,000 shares. The company's shares carry one vote per share and entitle the holder to a corresponding proportion of the company's assets and dividends. The Annual General Meeting resolves on dividends. Hemsö's owners are the Third Swedish National Pension Fund (70 per cent of the share capital and votes) and Hemsö Intressenter AB (30 per cent of the share capital and votes). Hemsö Intressenter AB is 50 per cent owned by both the Third Swedish National Pension Fund and AB Sagax.

## Annual General Meeting

The Annual General Meeting (AGM) is the company's highest decision-making body. All shareholders registered in the share register by the record date and who have notified their participation in time are entitled to participate in the Meeting. Decisions at the AGM are normally made by simple majority. Under the Swedish Companies Act, some decisions, such as amendment of the Articles of Association, require a qualified majority. The AGM is to be held within six months of the end of the financial year. Issues addressed at the AGM include dividends, adoption of the income statement and balance sheet, discharge from liability for Board members and the CEO, the election of Board members, Board

Chair 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.

## 2024 Annual General Meeting

The 2024 AGM was held on 24 April 2024 in Stockholm. All shares were represented. The financial statements for 2023 were approved and the Board members and CEO were granted discharge from liability. Decisions were also made regarding the election of Board members, Chair of the Board and auditors, and the fees paid to Board members, Committee members and auditors. Kerstin Hessius (Chair), David Mindus, Johan Thorell, Staffan Hansén, Maria Björklund and Johanna Skogestig were re-elected as ordinary members. The AGM did not authorise the Board to issue new shares or repurchase own shares.



### Board of Directors

The duties of the Board of Directors include determination of the company's overall objectives and strategies, business plan and budget, to submit interim reports and financial statements and to adopt policies. The Board is also to monitor the financial performance, assure the quality of the financial reporting and internal control and evaluate the company's operations based on the objectives and policies adopted by the Board. Finally, the Board also makes decisions on major investments, and on organisational and operational changes in the company. The Board's work is regulated by the Swedish Companies Act, the Articles of Association and Board terms of reference. The Board's overall responsibilities cannot be delegated, but the Board may appoint a committee to prepare and evaluate matters for decision by the Board. Every year, the Board adopts terms of reference for its work to ensure that the company's operational processes and the company's financial circumstances are controlled in a satisfactory manner. The Board's terms of reference and instructions for the division of duties between the Board and the CEO are reviewed and adopted at least once per year.

### Board work

Board work mainly follows an annual cycle of regular meetings on specific dates, adapted to the Board's assignment of assuring the financial reporting. At regular meetings, the CEO also provides general information about the business operations, such as important events in the operations, business plan follow-ups, the Group's economic and financial position, major ongoing development projects and transactions and, if necessary, the Group's financing. In addition to scheduled Board meetings, extra meetings are also held when needed, such as when a business decision requires the Board's approval. In 2024, eight scheduled Board meetings were held, including the statutory Board meeting, as well as two extra Board meetings.

### Chair of the Board

The Chair of the Board is to work closely with the CEO to monitor the company's performance, and to chair Board meetings. The

Chair is responsible for ensuring that other members receive sufficient information to carry out their duties efficiently. The Chair is also responsible for evaluating both the Board and the CEO.

### The Board's evaluation

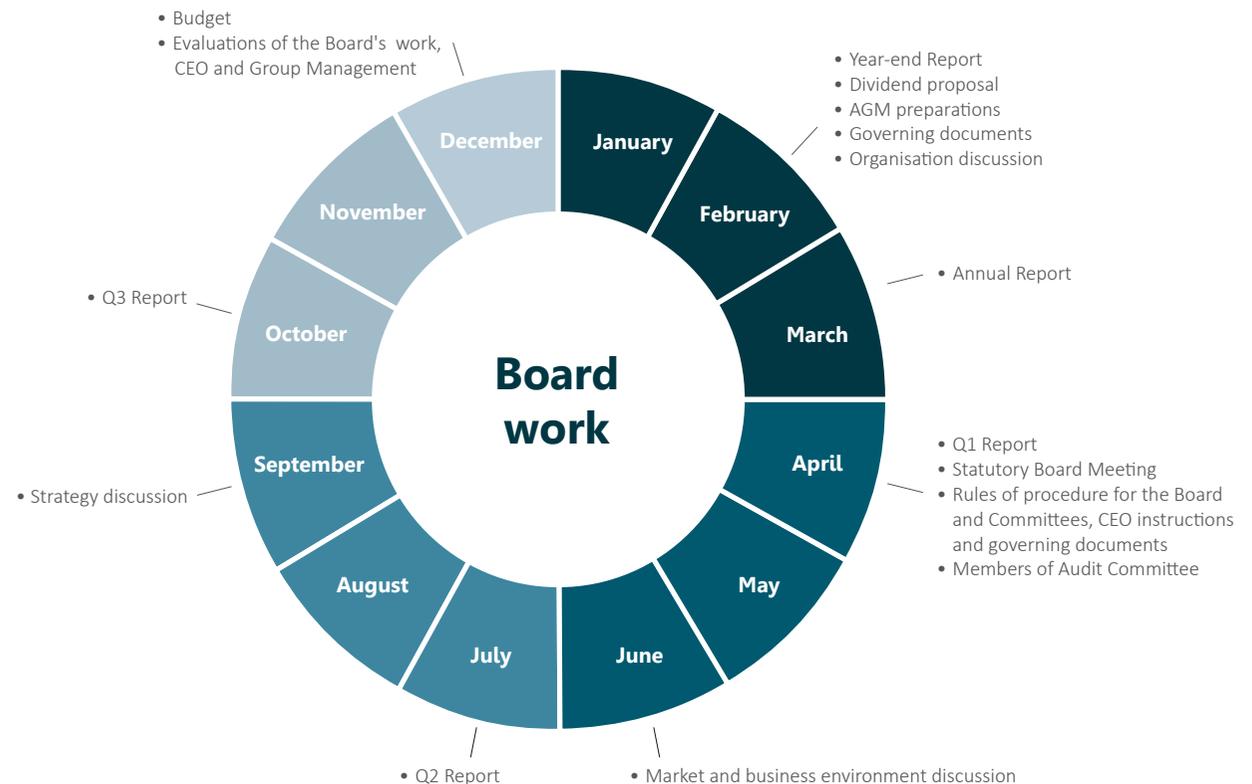
The performance of the Board and the CEO is evaluated annually in a systematic and structured process reported to the Board. This year, the evaluation was carried out by the Chair of the Board through interviews with the CEO and Board members.

### Committees

The Board has established two preparatory committees from within its own ranks, the Audit Committee and Sustainability 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 Commit-



tee is also to make recommendations to the Board on the election of auditors and fees, the company's accounts and internal control, risk management, external audit and financial information. The Audit Committee held three meetings during the year. The Committee's members are Johan Thorell (Chair), David Mindus and Staffan Hansén (who replaced Maria Björklund).

### Sustainability Committee

The Sustainability Committee has been tasked with overseeing the company's sustainability reporting. The Sustainability Committee should also stay informed about the limited assurance of the Sustainability Report and the development of reporting requirements. The Sustainability Committee held three meetings during the year. The Committee's members are Johanna Skogestig (Chair), Johan Thorell and Staffan Hansén.

### 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. The 2024 AGM resolved that the number of ordinary Board members should be six, including the Chair of the Board, with no deputies. An Extraordinary General Meeting on 5 July 2024 in Stockholm resolved that the number of ordinary Board members should be five, including the Chair of the Board, with no deputies. 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 84.

### Remuneration of the Board and Committees

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. Staffan Hansén is employed by the Third Swedish National Pension Fund and David Mindus by AB Sagax. The 2024 AGM resolved that fees of SEK 600,000 (575,000) would be paid to the Chair of the Board, and SEK 285,000 (275,000) to each of the other Board members. In addition, for committee work, the

AGM resolved that remuneration of SEK 145,000 (140,000) be paid to the Chair of the Audit Committee, and SEK 75,000 (70,000) to each of the Committee's other members, and SEK 100,000 (-) to the Chair of the Sustainability Committee and SEK 50,000 (-) to each of the Committee's other members.

### CEO and Group Management

The CEO is responsible for the company's ongoing management and daily operations. The division of work between the Board and the CEO is set out in the Board's terms of reference the CEO's instructions. The CEO is also responsible for preparing reports and compiling information from management prior to Board meetings, and for presenting the material at Board meetings. According to the financial reporting instructions, the CEO is responsible for Hemsö's financial reporting and must therefore ensure that the Board regularly receives enough information to make an assessment of the Group's financial situation. The CEO should also ensure that the Board remains continuously informed about Hemsö's operations, earnings and financial position. The CEO is also to ensure that the Board receives information about important operational matters, including acquisitions and divestments, approved investments, marketing activities and other strategic initiatives. The CEO and other senior executives are presented on page 85.

### Composition of the Board

Name	Year of election	Independent of the company	Independent of major shareholders	Meeting attendance in 2024		
				Board of Directors	Audit Committee	Sustainability Committee
Kerstin Hessius	2009	Yes	Yes	10/10		
David Mindus	2009	Yes	No	10/10	3/3	
Johan Thorell	2013	Yes	Yes	10/10	3/3	3/3
Maria Björklund <sup>1)</sup>	2021	Yes	No	4/10	2/3	
Johanna Skogestig	2022	Yes	Yes	10/10		3/3
Staffan Hansén <sup>2)</sup>	2023	Yes	No	10/10	1/3	3/3

<sup>1)</sup> Maria Björklund stepped down on 17 June 2024.

<sup>2)</sup> Staffan Hansén replaced Maria Björklund on the Audit Committee on 17 October 2024.

### 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 material areas is conducted. The 2024 AGM elected KPMG AB as auditor, with Peter Dahllöf as Auditor-In-Charge. The company's current auditors attended two Board meetings and two 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 175 employees in three countries. All of these people are employed in the Parent

Company, except for 28 employees in Hemsö Development AB, 14 employees in Germany and 17 in Finland. All property operations are conducted in six segments (East, Central, North and South in Sweden, and Germany and Finland) and through the property-owning subsidiaries. Financing activities are conducted by the Parent Company. This means that the finance function serves as the controller function for Property Management in Sweden, Germany and Finland, and for the Treasury Department. The CFO and Director of Finance also report directly to the Audit Committee in matters related to observations and measures related to regulatory compliance. Against this background, the Board does not consider there is any need to establish a separate internal audit function.

**Control environment**

The Board has appointed an Audit Committee to present recommendations in regard to internal control over financial reporting. The internal control system is based on documented policies, guidelines, process descriptions, delegation of responsibilities and duties including the Board's terms of reference, the CEO's instruc-

tions 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 and the regulatory frameworks applicable to issuers on Nasdaq Stockholm and Euronext Dublin.

**Management and monitoring**

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

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



Capella, Lindholmen 1:12 – Karlstadens public property, Gothenburg.

# Board of Directors



**Kerstin Hessius** born 1958

Chair of the Board since 2023. Previously, Board member since 2009.

**Education and professional experience:**

MBA. CEO of the Third Swedish National Pension Fund, President and Chief Executive Officer of the Stockholm Stock Exchange, Deputy Governor of the Swedish Riksbank.

**Other current assignments:** Board member of Svenska Handelsbanken AB and Lumera AB.



**Johanna Skogestig** born 1974

Board member since 2022. Chair of the Sustainability Committee.

**Education and professional experience:**

Master of Science degree. Active in several property companies in roles within the framework of property transactions, including head of property investments at AP-fastigheter, Sveafastigheter, Areim and Vasakronan AB.

**Other current assignments:** CEO of Vasakronan AB and Board member of the Sweden Green Building Council (SGBC).



**Staffan Hansén** born 1965

Board member since 2023. Member of the Sustainability Committee and the Audit Committee.

**Education and professional experience:**

Licentiate of Political Sciences. CEO of SPP Pension & Försäkring, CEO of Storebrand Asset Management and responsible for the management of Storebrand Group's life insurance portfolios and responsible for fixed income trading in Handelsbanken and Alfred Berg.

**Other current assignments:** CEO of the Third Swedish National Pension Fund. Board member of Vasakronan AB and Vasakronan Holding AB.



**Johan Thorell** born 1970

Board member since 2013. Chair of the Audit Committee. Member of the Sustainability Committee.

**Education and professional experience:**

MBA. Active in real estate companies since 1997 and employment at HQ Fondkommission and E Öhman J:or Fondkommission.

**Other current assignments:** CEO and Board member of Gryningskust Holding AB. Chair of the Board of Kallebäck Property Invest AB. Board member AB Sagax, Tagehus Holding AB, Storskogen Group AB, Atrium Ljung AB, K2A Knaust & Andersson Fastigheter AB and Videnca AB.



**David Mindus** born 1972

Board member since 2009. Member of the Audit Committee.

**Education and professional experience:**

MBA. Management positions in property companies since 2000.

**Other current assignments:** CEO and Board member of AB Sagax (publ). Board member of Söderport Holding AB, all companies in Mindustrikkoncernen and Torslanda Property Investment AB. Chair of the Boards of Hemsö Intressenter AB and Nyfosa AB (publ).



Nils Styf, Jarkko Leinonen, Åsa Thoft, Jens Nagel, Rutger Källén, Anna Oom Lindroos, Karolina Brick, Mats Wilborg, Anna Marand, Kristina Rosqvist, Staffan Arwidi.

## 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 Region, Finland since 2014. Born 1971.

**Education:** Construction engineer, Helsinki University of Technology, Espoo.

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

### 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.

### 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.

### Rutger Källén

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

**Education:** Studies in Economics, Uppsala University.

**Most recent position:** Head of Finance, Kungsleden.

### Anna Oom Lindroos

Chief Human Resources Officer since 2023. Born 1979.

**Education:** Master's Degree in Human Resource Management and Working Life, Uppsala University.

**Most recent position:** Chief People Officer, Puzzel.

### Karolina Brick

Head of Sustainability since 2023. Born 1979.

**Education:** Master of Science in Surveying and Licentiate of Technology, KTH Royal Institute of Technology

**Most recent position:** Head of Sustainability, Riksbyggen.

### Mats Wilborg

Chief Legal Counsel since 2014. Born 1969.

**Education:** Master of Laws, Stockholm University.

**Most recent position:** Corporate lawyer Vasakronan.

### Anna Marand

Head of Project Development since 2017, employed since 2009. Born 1980.

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

**Most recent position:** Project Developer, Hemsö.

### 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.

### Staffan Arwidi

Head of Transactions since 2020. Born 1967.

**Education:** MSc, Royal Institute of Technology in Stockholm.

**Most recent position:** Senior Investment Manager, Vasakronan.

## Multi-year overview

Amounts in SEK million	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Income statement</b>										
Property income	5,138	4,859	4,097	3,639	3,293	3,046	2,618	2,375	2,204	2,000
Property costs	-1,305	-1,228	-1,065	-896	-867	-770	-668	-587	-552	-524
<b>Net operating income</b>	<b>3,833</b>	<b>3,631</b>	<b>3,032</b>	<b>2,742</b>	<b>2,425</b>	<b>2,276</b>	<b>1,950</b>	<b>1,788</b>	<b>1,652</b>	<b>1,476</b>
Central administrative expenses	-216	-196	-183	-156	-158	-135	-146	-130	-182	-154
Profit/loss from participations in joint ventures	157	-14	82	177	1	-2	11	1	-	-
<b>Operating profit</b>	<b>3,775</b>	<b>3,421</b>	<b>2,931</b>	<b>2,764</b>	<b>2,268</b>	<b>2,139</b>	<b>1,815</b>	<b>1,659</b>	<b>1,470</b>	<b>1,322</b>
Net interest expense	-1,177	-1,154	-613	-486	-500	-419	-372	-345	-359	-363
Interest on shareholder loans	-	-	-	-	-	-	-	-	-	-53
<b>Profit after net interest income</b>	<b>2,597</b>	<b>2,267</b>	<b>2,317</b>	<b>2,278</b>	<b>1,768</b>	<b>1,720</b>	<b>1,443</b>	<b>1,314</b>	<b>1,111</b>	<b>906</b>
<b>- of which Profit from property management<sup>1)</sup></b>	<b>2,498</b>	<b>2,345</b>	<b>2,309</b>	<b>2,145</b>	<b>1,810</b>	<b>1,760</b>	<b>1,439</b>	<b>1,314</b>	<b>1,111</b>	<b>959</b>
Value change, properties	-99	-5,287	589	7,587	2,441	2,037	2,060	1,682	2,072	581
Value change, financial instruments	-234	-225	251	209	-72	-25	91	135	-208	140
Current tax	-142	-23	-190	-107	-115	-78	-36	-63	-49	-46
Deferred tax	-237	547	-403	-1,779	-688	-543	-466	-477	-583	-231
<b>Profit/loss for the year</b>	<b>1,886</b>	<b>-2,721</b>	<b>2,563</b>	<b>8,189</b>	<b>3,333</b>	<b>3,111</b>	<b>3,092</b>	<b>2,591</b>	<b>2,343</b>	<b>1,350</b>
Other comprehensive income	67	4	187	58	-88	-87	22	31	81	-50
<b>Comprehensive income for the year</b>	<b>1,953</b>	<b>-2,717</b>	<b>2,750</b>	<b>8,247</b>	<b>3,245</b>	<b>3,198</b>	<b>3,114</b>	<b>2,622</b>	<b>2,424</b>	<b>1,300</b>
<b>Balance sheet</b>										
Investment properties	85,973	82,624	84,879	75,737	62,240	55,027	46,236	38,883	33,629	26,502
Right-of-use assets	1,084	988	932	759	605	582	-	-	-	-
Participations in joint ventures	1,977	1,636	1,655	1,271	698	635	112	101	-	-
Derivatives	-	-	247	161	-	-	-	-	-	-
Other assets	1,352	2,391	1,209	892	758	713	608	559	392	443
Cash and cash equivalents	866	1,593	526	687	891	988	450	1,134	932	157
<b>Total assets</b>	<b>91,253</b>	<b>89,231</b>	<b>89,447</b>	<b>79,508</b>	<b>65,193</b>	<b>57,945</b>	<b>47,406</b>	<b>40,677</b>	<b>34,953</b>	<b>27,102</b>
Equity	29,436	28,156	30,028	28,350	20,082	16,714	13,199	10,795	8,672	6,764
Deferred tax liabilities	6,197	5,954	6,557	6,082	4,270	3,600	3,067	2,591	2,103	1,518
Derivatives	604	187	-	-	231	211	281	544	723	679
Interest-bearing liabilities	52,185	50,823	49,567	42,498	38,652	35,542	29,728	25,575	22,483	17,454
Lease liabilities	1,084	988	932	759	605	582	-	-	-	-
Non-interest-bearing liabilities	1,746	3,123	2,363	1,819	1,353	1,296	1,131	1,172	972	687
<b>Total equity and liabilities</b>	<b>91,253</b>	<b>89,231</b>	<b>89,447</b>	<b>79,508</b>	<b>65,193</b>	<b>57,945</b>	<b>47,406</b>	<b>40,677</b>	<b>34,953</b>	<b>27,102</b>

Key ratios	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Financial ratios</b>										
Loan-to-value ratio, % <sup>2)</sup>	58.3	58.4	56.7	54.3	60.0	62.1	63.1	62.6	64.0	65.2
Interest-coverage ratio, times <sup>3)</sup>	3.1	3.0	4.7	5.4	4.5	5.1	4.8	4.8	4.1	3.6
Share of secured debt, %	1.2	1.2	0.0	0.0	0.0	0.0	0.0	3.1	7.7	15.4
Equity/assets ratio, %	32.3	31.6	33.6	35.7	30.8	28.8	27.8	26.5	24.8	25.0
Average interest rate, %	2.2	2.3	1.8	1.1	1.2	1.3	1.3	1.5	1.5	1.9
Return on profit from property management, %	7.8	7.3	7.1	8	8.9	10.6	10.8	12.1	13.0	13.9
Total yield, %	4.4	-1.9	4.5	15.8	8.5	8.7	9.7	9.8	12.8	8.1
Net asset value, SEK million <sup>4)</sup>	35,626	34,149	36,582	34,466	24,609	20,525	16,547	13,930	11,498	8,961
<b>Property-related ratios</b>										
Market value of properties, SEK million	85,973	82,624	84,879	75,737	62,240	55,027	46,236	38,883	33,629	26,502
Property yield, %	4.8	4.7	4.1	4.0	4.5	4.7	4.9	5.2	5.7	6.0
NOI margin, %	74.6	74.7	74.0	75.4	73.7	74.8	74.5	75.3	75.0	73.8
Economic occupancy rate, %	97.7	97.8	97.9	97.9	97.9	98.1	98.3	98.3	97.5	97.3
Market value of properties, SEK/sqm	35,453	33,619	35,371	35,759	31,042	29,208	26,695	23,763	20,528	17,686
No. of properties	477	488	480	441	392	370	365	346	356	317
Lettable area, tsqm	2,425	2,458	2,400	2,118	2,005	1,884	1,732	1,636	1,638	1,499

<sup>1)</sup> For the calculation of Profit from property management and key ratios, refer to Key ratio calculations on page 115.

<sup>2)</sup> The definition of loan-to-value ratio was updated in 2019 and now includes investments in joint ventures. 2017 and 2018 have been restated.

<sup>3)</sup> The definition of interest-coverage ratio was updated in 2023 and now excludes profit from participations in joint ventures and includes dividends from joint ventures. Comparative figures from prior years have been restated.

<sup>4)</sup> The definition of net asset value was updated in 2021 and now includes interest-rate derivatives only. The figures for 2020 have been restated.

## Consolidated statement of comprehensive income

Amounts in SEK million	Note	2024	2023
<b>Property income</b>			
Rental income		5,130	4,818
Other income		8	41
<b>Total property income</b>	3–4	<b>5,138</b>	<b>4,859</b>
<b>Property costs</b>			
Operating costs	5	-855	-841
Maintenance costs		-339	-290
Other property costs		-112	-97
<b>Total property costs</b>		<b>-1,305</b>	<b>-1,228</b>
<b>Net operating income</b>	3	<b>3,833</b>	<b>3,631</b>
Central administrative expenses	6–8	-216	-196
Profit/loss from participations in joint ventures		157	-14
<b>Operating profit</b>		<b>3,775</b>	<b>3,421</b>
<b>Net interest income/expense</b>			
Interest income and similar profit items	10	50	36
Interest expense and similar loss items	10	-1,227	-1,191
<b>Total net interest income</b>		<b>-1,177</b>	<b>-1,154</b>
<b>Profit after net interest income</b>		<b>2,597</b>	<b>2,267</b>
<i>– of which Profit from property management <sup>1)</sup></i>		<i>2,498</i>	<i>2,345</i>
<b>Changes in value</b>			
Properties, realised	14	-39	-17
Properties, unrealised	14	-60	-5,270
Financial instruments, realised	10	5	6
Financial instruments, unrealised	10	-239	-231
<b>Total changes in value</b>	11	<b>-333</b>	<b>-5,512</b>
<b>Profit/loss before tax</b>		<b>2,265</b>	<b>-3,245</b>
Current tax	12	-142	-23
Deferred tax	12	-237	547
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>1,886</b>	<b>-2,721</b>
<b>Other income, items that may be reclassified to profit or loss</b>			
Translation difference for the year, including tax		67	4
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,953</b>	<b>-2,717</b>

Amounts in SEK million	Note	2024	2023
<b>Profit/loss for the year attributable to</b>			
Parent Company shareholders		1,848	-2,671
Non-controlling interests		38	-50
<b>Comprehensive income for the year attributable to</b>			
Parent Company shareholders		1,912	-2,667
Non-controlling interests		40	-50
<b>Data per share (no dilutive effect, since there are no potentially dilutive shares)</b>			
Average no. of shares, 000s		100,001	100,001
Earnings/loss per share for the year, SEK		18.9	-27.2

Comments on the Statement of comprehensive income are provided in the Directors' Report on pages 60–65.

<sup>1)</sup> For the calculation of Profit from property management, refer to Key ratio calculations on page 115.

## Consolidated statement of financial position

Amounts in SEK million	Note	31 Dec 2024	31 Dec 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Capitalised development costs	13	18	12
<b>Total intangible assets</b>		<b>18</b>	<b>12</b>
<b>Tangible assets</b>			
Investment properties	14	85,973	82,624
Right-of-use assets	4	1,084	988
Machinery and equipment	15	8	7
<b>Total tangible assets</b>		<b>87,066</b>	<b>83,619</b>
<b>Financial assets</b>			
Participations in joint ventures	17	1,977	1,636
Derivatives	20	–	–
Other long-term assets		125	107
<b>Total financial assets</b>		<b>2,102</b>	<b>1,743</b>
<b>Total non-current assets</b>		<b>89,185</b>	<b>85,373</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Rent and accounts receivable	18	58	68
Tax assets		109	90
Other current receivables		791	1,915
Prepaid expenses and accrued income		242	192
<b>Total current receivables</b>	20	<b>1,201</b>	<b>2,265</b>
Cash and cash equivalents	23	866	1,593
<b>Total current assets</b>		<b>2,067</b>	<b>3,858</b>
<b>TOTAL ASSETS</b>		<b>91,253</b>	<b>89,231</b>

Amounts in SEK million	Note	31 Dec 2024	31 Dec 2023
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		1	1
Other capital contributions		8,480	8,180
Reserves		456	392
Retained earnings including profit for the year		19,174	18,261
<b>Equity attributable to Parent Company owners</b>		<b>28,112</b>	<b>26,834</b>
Non-controlling interests		1,324	1,322
<b>Total equity</b>		<b>29,436</b>	<b>28,156</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	6,197	5,954
Derivatives	20	604	187
Interest-bearing liabilities	20	43,019	41,608
Lease liabilities		1,084	988
<b>Total non-current liabilities</b>		<b>50,904</b>	<b>48,736</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	20	9,166	9,216
Accounts payable		497	554
Current tax liabilities		43	38
Other current liabilities		-61	1,313
Accrued expenses and deferred income	25	1,267	1,218
<b>Total current liabilities</b>		<b>10,913</b>	<b>12,339</b>
<b>Total liabilities</b>	20	<b>61,817</b>	<b>61,075</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>91,253</b>	<b>89,231</b>

Comments on the statement of financial position are provided in the Directors' Report under Financing on pages 66–71.

### 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 2023	1	7,835	388	20,932	872	30,028
Dividends	–	-1,155	–	–	–	-1,155
Shareholder contributions received	–	1,500	–	–	–	1,500
Contributions from non-controlling interests	–	–	–	–	500	500
Comprehensive income	–	–	4	-2,671	-50	-2,717
<b>Closing equity, 31 Dec 2023</b>	<b>1</b>	<b>8,180</b>	<b>392</b>	<b>18,261</b>	<b>1,322</b>	<b>28,156</b>
Opening equity, 1 Jan 2024	1	8,180	392	18,261	1,322	28,156
Dividends	–	-200	–	-973	–	-1,173
Shareholder contributions received	–	500	–	–	–	500
Reversal of non-controlling interests	–	–	–	39	-39	–
Comprehensive income	–	–	64	1,848	40	1,953
<b>Closing equity, 31 Dec 2024</b>	<b>1</b>	<b>8,480</b>	<b>456</b>	<b>19,174</b>	<b>1,324</b>	<b>29,436</b>

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

### Consolidated statement of cash flows

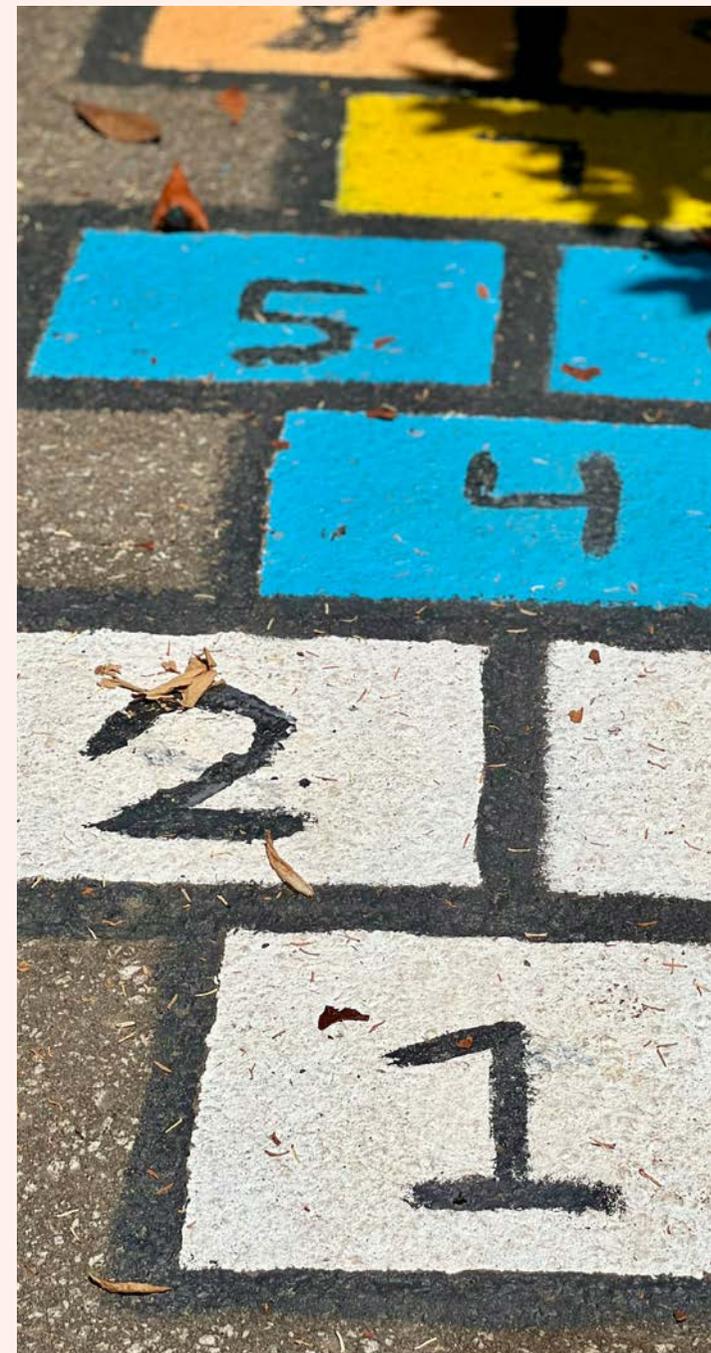
Amounts in SEK million	Note	2024	2023
<b>Operating activities</b>			
Profit from property management <sup>1)</sup>		2,498	2,345
Adjustment for non-cash items	23	-41	-44
Dividends from joint ventures		28	45
Tax paid		-93	-17
<b>Cash flow before changes in working capital</b>		<b>2,392</b>	<b>2,329</b>
<b>Changes in working capital</b>			
Increase (-)/decrease (+) in operating receivables		1,086	-1,138
Increase (+)/decrease (-) in operating liabilities		-1,402	757
<b>Cash flow from operating activities</b>		<b>2,077</b>	<b>1,948</b>
<b>Investing activities</b>			
Acquisition of properties	14, 23	-276	-351
Investment in new construction, extension and re-development		-3,482	-2,825
Divestment of properties	14, 23	1,310	90
Investments in financial assets		-175	-124
Other non-current assets		-7	-11
<b>Cash flow from investing activities</b>		<b>-2,631</b>	<b>-3,222</b>
<b>Financing activities</b>			
Interest-bearing loans raised	23	8,756	6,951
Repayment of interest-bearing liabilities		-8,272	-5,343
Financial instruments realised		5	-103
Shareholder contributions received		500	1,500
Contributions from non-controlling interests		–	500
Dividends paid		-1,173	-1,155
<b>Cash flow from financing activities</b>		<b>-184</b>	<b>2,349</b>
Cash flow for the year		-738	1,076
Opening cash and cash equivalents		1,593	526
Exchange-rate differences in cash and cash equivalents		12	-9
<b>Cash and cash equivalents, closing balance</b>		<b>866</b>	<b>1,593</b>

<sup>1)</sup> For the calculation of Profit from property management, refer to Key ratio calculations on page 115.

## Parent Company income statement

Amounts in SEK million	Note	2024	2023
Net sales		133	121
Central administrative expenses	7-8	-265	-246
<b>Operating loss</b>		<b>-132</b>	<b>-125</b>
<b>Income from financial items</b>			
Profit from participations in Group companies	9	587	321
Interest income and similar profit items	10	1,604	1,058
Interest expense and similar loss items	10	-1,625	-999
Change in value of derivatives	10	-482	-156
<b>Profit/loss from property management</b>		<b>-47</b>	<b>99</b>
<b>Appropriations</b>			
Group contributions received		647	1
Group contributions paid		-294	-
<b>Profit before tax</b>		<b>306</b>	<b>100</b>
Current tax	12	0	-1
Deferred tax	12	110	4
<b>PROFIT FOR THE YEAR</b>		<b>416</b>	<b>103</b>

Profit for the year corresponds to comprehensive income for the year.



## Parent Company balance sheet

Amounts in SEK million	Note	31 Dec 2024	31 Dec 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Capitalised development costs	13	18	12
<b>Total intangible assets</b>		<b>18</b>	<b>12</b>
<b>Tangible assets</b>			
Equipment	15	4	2
<b>Total tangible assets</b>		<b>4</b>	<b>2</b>
<b>Financial assets</b>			
Participations in Group companies	16	19,498	16,968
Deferred tax assets	12	171	60
Other non-current receivables from Group companies	20	31,613	23,035
<b>Total financial assets</b>		<b>51,282</b>	<b>40,062</b>
<b>Total non-current assets</b>		<b>51,303</b>	<b>40,076</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies		6,617	16,335
Tax assets		88	88
Other receivables		545	1,717
Prepaid expenses and accrued income		95	83
<b>Total current receivables</b>	20	<b>7,346</b>	<b>18,223</b>
Cash and cash equivalents		5	5
<b>Total current assets</b>		<b>7,351</b>	<b>18,227</b>
<b>TOTAL ASSETS</b>		<b>58,655</b>	<b>58,303</b>

Amounts in SEK million	Note	31 Dec 2024	31 Dec 2023
<b>EQUITY AND LIABILITIES</b>	19		
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital <sup>1)</sup>		1	1
<b>Total restricted equity</b>		<b>1</b>	<b>1</b>
<b>Non-restricted equity</b>			
Share premium reserve		1,000	1,000
Retained earnings		3,718	4,288
Profit for the year		416	103
<b>Total non-restricted equity</b>		<b>5,134</b>	<b>5,391</b>
<b>Total equity</b>		<b>5,135</b>	<b>5,392</b>
<b>Provisions</b>			
Deferred tax liabilities	12	30	28
<b>Total provisions</b>		<b>30</b>	<b>28</b>
<b>Non-current liabilities</b>			
Derivatives		805	323
Interest-bearing liabilities	20	37,845	36,086
Non-current liabilities, Group companies		5,186	5,485
<b>Total non-current liabilities</b>	20	<b>43,836</b>	<b>41,895</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	20	9,166	9,216
Accounts payable		19	13
Other current liabilities		12	1,350
Accrued expenses and deferred income	25	456	410
<b>Total current liabilities</b>	20	<b>9,653</b>	<b>10,988</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>58,655</b>	<b>58,303</b>

<sup>1)</sup> The share capital amounted to 1,000,001,000 shares at SEK 0.01 per share.

### Parent Company statement of changes in equity

Amounts in SEK million	Restricted equity		Non-restricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings including profit for the year		
Opening equity, 1 Jan 2023	1	1,000	3,943	4,944	
Dividends	–	–	-1,155	-1,155	
Shareholder contributions received	–	–	1,500	1,500	
Profit for the year	–	–	103	103	
<b>Closing equity, 31 Dec 2023</b>	<b>1</b>	<b>1,000</b>	<b>4,391</b>	<b>5,392</b>	
Opening equity, 1 Jan 2024	1	1,000	4,391	5,392	
Dividends	–	–	-1,173	-1,173	
Shareholder contributions received	–	–	500	500	
Profit for the year	–	–	416	416	
<b>Closing equity, 31 Dec 2024</b>	<b>1</b>	<b>1,000</b>	<b>4,134</b>	<b>5,135</b>	

Profit for the year corresponds to comprehensive income for the year.

### Parent Company statement of cash flows

Amounts in SEK million	Note	2024	2023
<b>Operating activities</b>			
Profit/loss from property management		-47	99
Adjustment for non-cash items	23	380	-211
Dividends received, and withdrawals from limited partnerships		29	38
Tax paid		-1	1
<b>Cash flow from operations before change in working capital</b>		<b>361</b>	<b>-74</b>
<b>Changes in working capital</b>			
Increase-/decrease (+) in operating receivables		1,159	-1,173
Increase (+)/decrease (-) in operating liabilities		-909	711
<b>Cash flow from operating activities</b>		<b>611</b>	<b>-536</b>
<b>Investing activities</b>			
Shareholder contributions paid and contributed capital		-2,590	-414
Acquisition of shares and participations in subsidiaries		–	0
Divestment of shares and participations in subsidiaries		421	0
Acquisition of other non-current assets		-9	-7
<b>Cash flow from investing activities</b>		<b>-2,177</b>	<b>-421</b>
<b>Financing activities</b>			
External borrowings	23	8,756	6,951
Repayment of external borrowings		-7,787	-5,343
Shareholder contributions received		500	1,500
Intra-Group lending		784	-991
Intra-Group borrowing		486	–
Dividends paid		-1,173	-1,155
<b>Cash flow from financing activities</b>		<b>1,567</b>	<b>961</b>
Cash flow for the year		0	5
Opening cash and cash equivalents		5	0
<b>Cash and cash equivalents, closing balance</b>		<b>5</b>	<b>5</b>

## 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, as adopted by the EU. In addition, the consolidated financial statements have been prepared in accordance with Swedish law, and with application of the Swedish Corporate 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 2024 are set out below. On 27 March 2025, the Board approved these annual accounts and consolidated financial statements, which will be presented to the Annual General Meeting (AGM) on 25 April 2025 for adoption.

#### New policies applied in 2024

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

#### New and revised IFRS standards effective on or after 1 January 2025

A number of new or amended IFRS accounting standards are in issue but not yet effective, and have not been applied in advance in the preparation of Hemsö's financial statements. The new standards and interpretations effective from 2025 are not expected to have any material effect on the current or future periods' consolidated financial statements, or on future transactions.

IFRS 18 Presentation and Disclosure in Financial Statements will become effective on 1 January 2027. IFRS 18 contains requirements for the presentation of financial statements and replaces IAS 1 Presentation of Financial Statements. This standard will mainly lead to changes in the presentation of the Group's income statement requiring a classification into three categories: operating category, investing category and financing category, and two new subtotals – operating profit or loss, and profit or loss before financing and income taxes.

#### Basis of preparation of financial statements

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Group. Unless otherwise stated, all amounts are presented in millions of SEK and pertain to the 1 January–31 December period of 2024 (2023) for profit/loss items, and 31 December 2024 (2023) 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.

#### Estimates and judgements

The judgements made by management when applying IFRS accounting standards that have the most significant effect on the company's financial statements and the estimates made 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. The consolidated financial statements were prepared in accordance with the acquisition method.

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.

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. All acquisitions in 2024 and 2023 were classified as asset acquisitions.

#### Income

For a description of accounting policies for leases, refer to Note 4 Leases.

#### Investment properties

For a description of accounting policies for investment properties, refer to Note 14 Investment properties.

#### 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.

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.

### 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 Corporate 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

Hemsö recognises Group contributions both paid and received as appropriations.

#### Financial instruments

For a description of accounting policies for financial instruments, refer to Note 20, Parent Company. 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.

#### 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 AB Sagax, 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 accounting standards 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. For more information about the assumptions and judgements made, refer to Note 14.

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



### Note 3 Segment information

The identification of reportable segments is based on internal reporting. The CEO primarily uses net operating income per segment for performance analysis. Administrative expenses, financial income and expenses and income tax are managed at Group level. The Group is managed and reported in the following six operating segments: East, Central, North, South, Germany and Finland.

2024	East	Central	North	South	Germany	Finland	Unallocated items	Group
Rental income	1,206	670	825	518	836	1,074	–	5,130
Other income	3	1	2	1	2	0	–	8
Property income	1,209	671	827	519	837	1,074	–	5,138
Property costs	-284	-190	-242	-161	-161	-268	–	-1,305
<b>Net operating income</b>	<b>925</b>	<b>481</b>	<b>585</b>	<b>359</b>	<b>676</b>	<b>806</b>	<b>–</b>	<b>3,833</b>
Central administrative expenses	–	–	–	–	–	–	-216	-216
Profit from participations in joint ventures	–	–	–	–	–	–	157	157
Net interest income	–	–	–	–	–	–	-1,177	-1,177
<b>Profit/loss after net interest income</b>	<b>925</b>	<b>481</b>	<b>585</b>	<b>359</b>	<b>676</b>	<b>806</b>	<b>-1,236</b>	<b>2,597</b>
<b>Changes in value</b>								
Properties, realised	-18	6	-27	–	0	–	–	-39
Properties, unrealised	-238	185	-146	56	-144	229	–	-60
Financial instruments, realised	–	–	–	–	–	–	5	5
Financial instruments, unrealised	–	–	–	–	–	–	-239	-239
<b>Total changes in value</b>	<b>-256</b>	<b>191</b>	<b>-173</b>	<b>56</b>	<b>-145</b>	<b>229</b>	<b>-234</b>	<b>-333</b>
Current tax	–	–	–	–	–	–	-142	-142
Deferred tax	–	–	–	–	–	–	-237	-237
<b>Profit/loss for the year</b>	<b>669</b>	<b>672</b>	<b>412</b>	<b>415</b>	<b>531</b>	<b>1,035</b>	<b>-1,848</b>	<b>1,886</b>
<b>Investment properties – investments, acquisitions, divestments per segment</b>								
Investments, new construction, extension and re-developments	1,063	586	858	528	137	318	–	3,490
Acquisitions	3	165	23	–	44	43	–	276
Divestments and disposals	-359	-10	-886	–	-113	–	–	-1,369
<b>Total</b>	<b>706</b>	<b>740</b>	<b>-5</b>	<b>528</b>	<b>67</b>	<b>361</b>	<b>–</b>	<b>2,398</b>
<b>Assets per segment at period-end</b>								
Investment properties	22,912	10,471	13,523	8,873	14,825	15,369	–	85,973
Unallocated corporate assets	–	–	–	–	–	–	5,280	5,280
<b>Total assets</b>	<b>22,912</b>	<b>10,471</b>	<b>13,523</b>	<b>8,873</b>	<b>14,825</b>	<b>15,369</b>	<b>5,280</b>	<b>91,253</b>

2023	East	Central	North	South	Germany	Finland	Unallocated items	Group
Rental income	1,128	596	759	500	808	1,027	–	4,818
Other income	22	5	4	8	2	0	–	41
Property income	1,150	601	763	508	810	1,027	–	4,859
Property costs	-291	-196	-207	-164	-120	-249	–	-1,228
<b>Net operating income</b>	<b>859</b>	<b>405</b>	<b>556</b>	<b>344</b>	<b>689</b>	<b>778</b>	<b>–</b>	<b>3,631</b>
Central administrative expenses	–	–	–	–	–	–	-196	-196
Loss from participations in joint ventures	–	–	–	–	–	–	-14	-14
Net interest income	–	–	–	–	–	–	-1,154	-1,154
<b>Profit/loss after net interest income</b>	<b>859</b>	<b>405</b>	<b>556</b>	<b>344</b>	<b>689</b>	<b>778</b>	<b>-1,364</b>	<b>2,267</b>
<b>Changes in value</b>								
Properties, realised	–	0	–	-3	0	-14	–	-17
Properties, unrealised	-1,488	-537	-812	-790	-1,143	-499	–	-5,270
Financial instruments, realised	–	–	–	–	–	–	6	6
Financial instruments, unrealised	–	–	–	–	–	–	-231	-231
<b>Total changes in value</b>	<b>-1,488</b>	<b>-537</b>	<b>-812</b>	<b>-793</b>	<b>-1,143</b>	<b>-513</b>	<b>-225</b>	<b>-5,512</b>
Current tax	–	–	–	–	–	–	-23	-23
Deferred tax	–	–	–	–	–	–	547	547
<b>Profit/loss for the year</b>	<b>-629</b>	<b>-132</b>	<b>-256</b>	<b>-449</b>	<b>-454</b>	<b>264</b>	<b>-1,065</b>	<b>-2,721</b>
<b>Investment properties – investments, acquisitions, divestments per segment</b>								
Investments, new construction, extension and re-developments	604	474	783	324	131	508	–	2,825
Acquisitions	78	40	159	15	-6	64	–	351
Divestments and disposals	–	0	–	-93	–	-14	–	-107
<b>Total</b>	<b>683</b>	<b>514</b>	<b>943</b>	<b>246</b>	<b>125</b>	<b>558</b>	<b>–</b>	<b>3,069</b>
<b>Assets per segment at period-end</b>								
Investment properties	22,444	9,546	13,675	8,289	14,396	14,274	–	82,624
Unallocated corporate assets	–	–	–	–	–	–	6,607	6,607
<b>Total assets</b>	<b>22,444</b>	<b>9,546</b>	<b>13,675</b>	<b>8,289</b>	<b>14,396</b>	<b>14,274</b>	<b>6,607</b>	<b>89,231</b>

## Note 4 Leases

### Lessor

#### Accounting policies rental income

Lease agreements are classified as operating leases since all of the risks and rewards of owning the properties are not substantially transferred to the tenants as 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 lease agreements. Rental income includes additions such as water consumption, invoiced property tax and heating costs. Advance rent is recognised as deferred rental income.

The table shows rental income based on lease agreements signed. Future minimum lease payments for non-cancellable leases amounted to:

Group	31 Dec 2024	31 Dec 2023
Contracted rental income within 12 months	4,923	4,806
Contracted rental income within 1–2 years	4,801	4,636
Contracted rental income within 2–3 years	4,495	4,404
Contracted rental income within 3–4 years	4,145	4,087
Contracted rental income within 4–5 years	3,729	3,777
Contracted rental income later than 5 years	27,124	27,697
<b>Total</b>	<b>49,216</b>	<b>49,408</b>

### Lessee

#### Accounting policies lessees

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 is 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, such as company vehicles and premises, 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.

Group	Ground leases	Other leases	Total Right-of-use assets
<b>Opening balance, 1 Jan 2024</b>	<b>956</b>	<b>31</b>	<b>988</b>
Depreciation for the year	–	-15	-15
Currency effects	26	0	26
Additional	23	62	85
<b>Closing balance, 31 Dec 2024</b>	<b>1,005</b>	<b>79</b>	<b>1,084</b>

Total cash flow for leases was SEK 56 million (58).

Amounts recognised in profit or loss	2024	2023
Depreciation	-15	-19
Interest expense	-41	-39
Leases of 12 months or less	-2	-2

### Maturity analysis of lease liabilities\*

Group	31 Dec 2024	31 Dec 2023
Due within 1 year	25	15
Due within 1–5 years	54	17
Due later than 5 years	–	–
<b>Total</b>	<b>79</b>	<b>31</b>

\* Excluding ground leases, which are considered perpetual.

### Parent Company

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's balance sheet.

## Note 5 Operating costs

Group	2024	2023
Media usage	370	383
Supervision	424	399
Other operating costs	61	59
<b>Total</b>	<b>855</b>	<b>841</b>

## Note 6 Central administrative expenses

Group	2024	2023
Personnel costs	269	247
Premises and office expenses	27	21
Services purchased	89	95
Depreciation	2	2
Other operating expenses	9	11
Less re-invoicing	-180	-179
<b>Total</b>	<b>216</b>	<b>196</b>

## Note 7 Employees, personnel costs and remuneration of senior executives

### Accounting policies 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 or defined-benefit pension plans according to ITP. Defined-contribution plans are plans in which the company's obligation is limited to the contributions the company has undertaken to pay. A defined-benefit pension plan means the employee is guaranteed a pension that corresponds to a certain percentage of the final salary. 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.

Group	2024			2023		
	Total	Women	Men	Total	Women	Men
Average no. of employees	167	77	90	162	72	90
No. of Group Management	11	5	6	11	5	6
No. of Board of Directors	5	2	3	6	3	3

At period-end, Hemsö had 175 employees (169), of whom 81 were women and 94 men. 116 were employed in the Parent Company (113), 28 (28) in Development AB, 14 (12) in Germany and 17 (16) in Finland.

Note 7, cont.

Group	2024		2023		
	Salaries and remuneration, SEK 000s	Salaries and fees	Variable remuneration	Salaries and fees	Variable remuneration
Board	1,398	–	1,313	–	–
CEO	6,884	–	6,458	–	–
Deputy CEO	3,039	–	2,465	–	–
Other senior executives	10,397	–	9,588	–	–
Other employees	94,790	4,811	89,652	3,571	–
<b>Total Sweden</b>	<b>116,508</b>	<b>4,811</b>	<b>109,476</b>	<b>3,571</b>	<b>–</b>
Other senior executives	5,100	–	4,810	–	–
Other employees	25,464	1,229	22,540	714	–
<b>Total Foreign</b>	<b>30,564</b>	<b>1,229</b>	<b>27,350</b>	<b>714</b>	<b>–</b>
<b>Total Group</b>	<b>147,072</b>	<b>6,040</b>	<b>136,826</b>	<b>4,285</b>	<b>–</b>

Group	2024		2023		
	Payroll overheads, SEK 000s	Payroll overheads, incl. special employer's contribution	Pension costs	Payroll overheads, incl. special employer's contribution	Pension costs
Board	439	–	413	–	–
CEO	2,693	1,940	2,539	1,941	–
Deputy CEO	1,160	687	962	679	–
Other senior executives	4,238	3,245	3,833	3,060	–
Other employees	38,359	19,317	34,968	16,027	–
<b>Total Sweden</b>	<b>46,889</b>	<b>25,189</b>	<b>42,715</b>	<b>21,707</b>	<b>–</b>
Other senior executives	218	564	250	578	–
Other employees	2,717	2,672	2,265	2,568	–
<b>Total Foreign</b>	<b>2,935</b>	<b>3,236</b>	<b>2,515</b>	<b>3,146</b>	<b>–</b>
<b>Total Group</b>	<b>49,824</b>	<b>28,425</b>	<b>45,230</b>	<b>24,853</b>	<b>–</b>

Remuneration of the Board

The Chair and other members of the Board of Hemsö Fastighets AB are remunerated in accordance with a resolution adopted by the AGM. Remuneration of the Chair amounts to SEK 600,000, while each of the other Board members are paid an amount of SEK 285,000. The Chair of the Board's Audit Committee is paid remuneration of SEK 145,000 and other members are paid SEK 75,000. The Chair of the Board's Sustainability Committee is paid remuneration of SEK 100,000 and other members are paid SEK 50,000. Members of the Board who are employed by the owners receive no remuneration.

Variable remuneration

Hemsö's variable remuneration scheme for 2024 included all permanent employees except for senior executives. Under the scheme, most employees can receive up to one monthly salary in variable remuneration, while a smaller number of employees can receive up to two monthly salaries subject to the achievement of predefined targets. The targets are 25 per cent based on the company's financial performance, and 75 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 is 65 for the CEO, and 67 for other senior executives. 66 employees (62) have defined-benefit ITP plans with continuous payments to Alecta. The year's contributions for defined-benefit pension plans with Alecta amounted to SEK 9,921,000 (7,770,000). Alecta's surplus can be distributed to the policyholders and/or insured. At December 2024, Alecta's surplus in the form of the collective funding ratio was 162 per cent (December 2023: 158 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.

Parent Company	2024			2023		
	Total	Women	Men	Total	Women	Men
Average no. of employees	111	53	58	108	49	59
No. of Group Management	8	4	4	8	4	4
No. of Board of Directors	5	2	3	6	3	3

Parent Company	2024		2023		
	Salaries and remuneration, SEK 000s	Salaries and fees	Variable remuneration	Salaries and fees	Variable remuneration
Board	1,398	–	1,313	–	–
CEO	6,884	–	6,458	–	–
Deputy CEO	3,039	–	2,465	–	–
Other senior executives	8,675	–	7,866	–	–
Other employees	70,548	3,346	66,530	2,418	–
<b>Total Sweden</b>	<b>90,544</b>	<b>3,346</b>	<b>84,632</b>	<b>2,418</b>	<b>–</b>
<b>Total Foreign</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Parent Company</b>	<b>90,544</b>	<b>3,346</b>	<b>84,632</b>	<b>2,418</b>	<b>–</b>

Parent Company	2024		2023		
	Payroll overheads, SEK 000s	Payroll overheads, incl. special employer's contribution	Pension costs	Payroll overheads, incl. special employer's contribution	Pension costs
Board	439	–	413	–	–
CEO	2,693	1,940	2,539	1,941	–
Deputy CEO	1,160	687	962	679	–
Other senior executives	3,543	2,755	3,167	2,597	–
Other employees	28,093	12,678	25,480	10,578	–
<b>Total Sweden</b>	<b>35,928</b>	<b>18,060</b>	<b>32,561</b>	<b>15,795</b>	<b>–</b>
<b>Total Foreign</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Parent Company</b>	<b>35,928</b>	<b>18,060</b>	<b>32,561</b>	<b>15,795</b>	<b>–</b>

## Note 8 Auditor fees and remuneration

	Group		Parent Company	
	2024	2023	2024	2023
Audit engagement				
KPMG	5	4	3	2
Audit activities in addition to the audit engagement	0	0	0	0
Other assignments	1	1	1	1
<b>Total</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>

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	2024	2023
Profit from sales of shares and participations	376	–
Dividends	197	311
Profit from unlimited and limited partnerships	16	10
Impairment	-2	–
<b>Total</b>	<b>587</b>	<b>321</b>

Hemsö tests participations in subsidiaries for impairment on a regular basis. Should the value of the participations be less than their market value, the Parent Company recognises an impairment loss.

## Note 10 Income from financial items

### Accounting policies financial items

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 lost-interest compensation, are recognised when they occur.

Financial income and expenses recognised in profit/loss, SEK million	Group	
	2024	2023
<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	2,334	2,684
Interest paid, derivatives that do not qualify for hedge accounting	-2,242	-2,629
<b>Total</b>	<b>92</b>	<b>55</b>
<i>Assets and liabilities measured at amortised cost:</i>		
Interest income from rent and accounts receivable	2	1
Interest income, other financial assets	47	36
<b>Total interest income, effective interest method</b>	<b>50</b>	<b>36</b>
Interest expense, loans	-1,178	-1,135
Interest expense, other financial liabilities	–	0
<b>Total interest expense, effective interest method</b>	<b>-1,178</b>	<b>-1,135</b>
Exchange-rate differences, financial items	-2	0
Commitment fees	-28	-28
Other financial expenses	-111	-83
<b>Total</b>	<b>-141</b>	<b>-111</b>
<b>Total recognised in net interest income</b>	<b>-1,177</b>	<b>-1,154</b>
<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	-299	-269
Loss from the change in value of derivatives that do not qualify for hedge accounting	65	44
<b>Total</b>	<b>-234</b>	<b>-225</b>
<b>Total recognised in profit/loss</b>	<b>-1,411</b>	<b>-1,379</b>

Financial income and expenses recognised in profit/loss, SEK million	Parent Company	
	2024	2023
Interest income	1,604	1,058
Interest expense, loans	-1,277	-1,302
Other financial expenses	-55	-56
Profit from participations in Group companies	587	321
Change in value of derivatives	-482	-156
Exchange rate effects	-293	358
<b>Total</b>	<b>85</b>	<b>224</b>

## Note 11 Value changes

### Investment properties

The value changes attributable to investment properties amounted to SEK -99 million (-5,287). The value changes were SEK -39 million (-17) in realised changes, and SEK -60 million (-5,270) in unrealised changes. This corresponds to a value change of -0.1 per cent (-6.2). The realised value change is the combined result of property sales before tax and amounted to SEK 79 million after tax.

The unrealised value change can be divided into property management and development-related value change and general market value change, respectively. Value change attributable to property management and development projects was SEK 225 million, corresponding to 0.3 per cent. Renegotiations and adjusted operating costs had a positive impact on property management. The market-related value change amounted to SEK -286 million, corresponding to a change of -0.4 per cent, which was mainly attributable to the upward adjustment of valuation yields in Germany. Minor changes in the average yield requirements are assessed for Sweden and Finland compared with year-end 2023.

Unrealised value changes, SEK million	2024	2023
Property management and development-related value change	-119	3,435
General market value change	-25	-7,062
<b>Subtotal Sweden</b>	<b>-144</b>	<b>-3,627</b>
Property management and development-related value change	345	501
General market value change	-261	-2,143
<b>Subtotal Foreign</b>	<b>84</b>	<b>-1,643</b>
<b>Total unrealised value changes</b>	<b>-60</b>	<b>-5,270</b>

Note 11, cont.

**Change in value of derivatives**

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

At period-end, the nominal value of the interest-rate derivatives portfolio was SEK 6,975 million (3,175). Derivatives attributable to currency risk management comprise cross currency swaps, which corresponded to SEK 8,122 million (7,043). The surplus value of the interest-rate derivatives was SEK 7 million (deficit: -38), and the deficit value of the cross currency swaps was SEK -611 million (-148).

Changes in the value of financial instruments had an impact of SEK -234 million (-225) on profit. Changes in the value of interest-rate derivatives had an impact of SEK 45 million (-38) on profit, of which the unrealised change in value was SEK 45 million (-38). Changes in value of derivatives had an impact of SEK -279 million (-187) on profit, of which the unrealised change in value was SEK -299 million (-227).

At year-end, the Swedish ten-year swap rate was 2.7 per cent (2.4).

**Note 12 Tax**

**Accounting policies tax**

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 2024, the tax rate in Sweden was 20.6 per cent, and is calculated on nominal recognised income adding non-deductible items and deducting non-taxable income. The tax rate was 20 per cent in Finland and 16 per cent in Germany.

	Group		Parent Company	
	2024	2023	2024	2023
<b>Recognised profit/loss before tax</b>	<b>2,265</b>	<b>-3,245</b>	<b>306</b>	<b>100</b>
Current tax	-140	-25	-	-1
Deferred tax	-237	547	110	4
Tax attributable to prior years	-1	2	0	-
<b>Total tax recognised in profit or loss</b>	<b>-379</b>	<b>524</b>	<b>110</b>	<b>3</b>

Tax expense analysis	Group		Parent Company	
	2024	2023	2024	2023
Recognised profit/loss before tax	2,265	-3,245	306	100
Reversal of profit/loss from joint ventures	-157	14	-	-
Profit/loss before tax excluding profit/loss from joint ventures	2,107	-3,231	306	100
Expected tax expense at Swedish rate	-434	666	-63	-21
Difference in foreign tax rates	28	-41	-	-
Tax attributable to prior years	-1	2	0	-
<b>Tax effect of</b>				
Capitalisation of previously uncapitalised tax losses	-	14	-	-
Uncapitalised tax losses	-16	-15	-	-
Non-taxable sales	102	2	78	0
Impairment of participations	-	-	0	-
Tax exempt income	0	1	0	0
Non-deductible expenses	-54	-61	-1	-35
Other tax adjustments	-4	-44	53	-5
Non-taxable dividends	-	-	41	64
Profit from unlimited/limited partnerships	-	-	3	0
<b>Recognised tax expense</b>	<b>-379</b>	<b>524</b>	<b>110</b>	<b>3</b>
<i>Effective tax rate</i>	<i>-18%</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

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. No effective tax is recognised in the event of negative earnings. The Group's effective tax expense has historically accounted for about 19 per cent of consolidated profit before tax.

Deferred tax recognised on the income statement	Group		Parent Company	
	2024	2023	2024	2023
Derivatives	49	25	96	25
Investment properties	-304	540	-1	-2
Untaxed reserves	3	-2	-	-
Tax deficit	15	-17	16	-19
<b>Total deferred tax recognised on the income statement</b>	<b>-237</b>	<b>547</b>	<b>110</b>	<b>4</b>

Deferred tax recognised on the balance sheet	Group		Parent Company	
	2024	2023	2024	2023
Derivatives	-114	-31	-156	-60
Investment properties	6,343	6,000	30	28
Untaxed reserves	1	3	-	-
Tax deficit	-33	-17	-16	-
Lease liabilities	-214	-194	-	-
Right-of-use assets	214	194	-	-
<b>Total deferred tax recognised on the balance sheet</b>	<b>6,197</b>	<b>5,954</b>	<b>-142</b>	<b>-31</b>

Deferred tax assets on tax loss carryforwards in the Group that are considered likely to be used after more than 12 months amounted to SEK 33 million (17). In the Parent Company, they amounted to SEK 16 million (0). Deferred tax liabilities considered likely to be offset after more than 12 months amounted to SEK 6,558 million (6,197) in the Group and SEK 30 million (28) in the Parent Company. Unrecognised tax assets on tax loss carryforwards and non-deductible net interest income amounted to SEK 167 million (106). Of these, tax loss carryforwards and non-deductible net interest income corresponding to a tax asset of SEK 65 million (46) had an indefinite life. Of the tax assets recognised, SEK 33 million (17) had an indefinite life.

**Note 13 Capitalised development costs**

	Group		Parent Company	
	2024	2023	2024	2023
Accumulated cost, opening balance	17	10	17	10
Cost for the year	7	7	7	7
<b>Total</b>	<b>24</b>	<b>17</b>	<b>24</b>	<b>17</b>
Accumulated depreciation, opening balance	-5	-5	-5	-5
Depreciation for the year	-1	0	-1	0
<b>Total</b>	<b>-6</b>	<b>-5</b>	<b>-6</b>	<b>-5</b>
<b>Carrying amount, closing balance</b>	<b>18</b>	<b>12</b>	<b>18</b>	<b>12</b>

## Note 14 Investment properties

### Accounting policies investment properties

IAS 40 is applied and the property holding is measured at fair value. Properties are initially recognised at cost. Within the Group, properties are measured at fair value in accordance with the method stated below. 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. Costs incurred for new construction, extension or re-development of properties are recognised as investment properties. Interest expense related to the specific financing of major new construction, extension and re-development of properties is expensed as incurred. Work related to routine maintenance, maintenance measures in connection with re-development and tenant adaptations are capitalised when they are considered value enhancements. Value-added means that the measure will generate a future economic benefit, compared with earlier measures, and thus affect the market value.

Group	31 Dec 2024	31 Dec 2023
Market value of properties, opening balance	82,624	84,879
Acquisitions	276	351
Investments in new construction, extension and re-development	3,490	2,825
Divestments	-1,367	-93
Disposals	-2	-14
Exchange rate changes	1,011	-54
Unrealised value changes	-60	-5,270
<b>Market value of properties, closing balance</b>	<b>85,973</b>	<b>82,624</b>
of which recognised in profit or loss	-99	-5,287

At 31 December 2024, the estimated market value, corresponding to the carrying amount, totalled SEK 85,973 million (82,624). Total value change amounted to SEK 3,349 million (-2,255), corresponding to 4.1 per cent (-2.7). The table on page 18 shows the estimated market value per property category and segment.

### Valuation method

In accordance with the company's Valuation Policy, the market value of each property is assessed individually each quarter. Hemsö determines the market values using external valuations and Hemsö's internal calculation model. The valuation method is mainly based on 10–20 year cash flow analyses using 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, long-term vacancy rate and potential for development rights are also assessed. Each property is assessed using property-specific value-impacting events, such as newly signed and renegotiated lease agreements, terminated lease agreements and 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 valuations have accounted for the best use of the properties. The measurements are categorised within Level 3 of the fair value hierarchy in IFRS 13. No properties have been transferred to other fair value hierarchies. The same valuation method is applied for all of Hemsö's properties. 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. The valuation yield and future earnings capacity of the property have been measured in a uniform manner and applied consistently in the valuations.

### Valuation yield assumptions

The valuation yield is based on underlying assumptions of real interest rates, real value change and risk premiums. The valuation yield is individual for each property and is assessed 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 valuation yield applied has been determined on the basis of knowledge of completed transactions in the markets in which Hemsö operates, and in bidding processes in which Hemsö has participated.

### Cost of capital assumptions

Unlike the valuation yield, the cost of capital is based on underlying assumptions of real interest rates, inflation and risk premiums. In the measurement model, the difference between the valuation yield and the cost of capital corresponds to the weighted average long-term inflation assumption of 2 per cent.

The cost of capital is used to discount the future cash flow and the estimated residual value. The cost and capital for cash flow and residual value may differ. If income is generated from a safe, long-term tenant, such as a state authority, the risk premium is considered to be lower, which can justify lower cost of capital for cash flow.

### Cash flow assumptions

When assessing each property's future earnings capacity, the existing contract stock has been analysed. For each property, future rental income is calculated based on current lease agreements. Rental income for future rental periods, and for vacant premises, is calculated based on individual assessments of market rent and long-term vacancy rates for each property. The assumed long-term vacancy rate was between 0 and 10 per cent.

The operating costs of the properties are assessed on the basis of historical outcomes. Costs for ground leases, leaseholds and property tax are assessed on the basis of actual costs, while maintenance costs are assessed according to the age, maintenance status and use of the buildings.

### Average cash flow assumptions on 31 December 2024, year 1

Estimated rental level, SEK/sqm	2,117
Property costs, SEK/sqm	537
Vacancy rate, %	2.3

### Inflation assumptions

Assumptions of the coming year's inflation are made for each country, based on the market's inflation expectations. The following table shows the current inflation assumptions for each country for 2025 and onwards.

Inflation Country	2025	Long-term inflation
Sweden	1.0%	2.0%
Germany	2.0%	2.0%
Finland	2.0%	2.0%

### Uncertainty range and sensitivity analysis

Property valuation is the result of an estimate of the value of a particular property value at a given date. The market value of properties is calculated using assumptions of expected rental income, property costs, economic vacancy and yield requirements. These factors vary depending on the economy, demand for properties and interest rates. The valuation assumes an uncertainty range of +/- 5 per cent, corresponding to values in the range of SEK 90,271–81,674 million (86,755–78,493). In the sensitivity analysis, net operating income has been adjusted +/- 1 per cent to show how cash flow changes affect the total value. Similarly, the yield requirement has been adjusted +/- 0.1 percentage points 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.

Cushman & Wakefield performed the valuation of the Swedish portfolio, CBRE the German portfolio, and JLL and Cushman & Wakefield the Finnish portfolio. A full valuation was performed on 33 of the 456 externally valued properties, including a physical inspection. A desktop valuation was performed on the remaining properties and the majority of these properties were inspected in 2022. Five properties were acquired during the year. In general, external valuations had not been performed on the year's acquisitions or early-stage development projects at year-end 2024.

### Sensitivity analysis

	Change	Valuation effect, SEK million
Net operating income	+/- 1%	+/- 860
Valuation yield	+/- 0.10 percentage points	-1,657/+1,724

### Material obligations

Hemsö has the following material obligations in relation to the acquisition and divestment of investment properties: The company acquired 1 property in Germany for SEK 34 million, and 1 property in Finland for SEK 12 million. Both properties will be transferred in 2025. In Sweden, Hemsö acquired 3 properties for a total amount of SEK 36 million, of which 2 will be transferred in 2025, and 1 in 2027. The company has no obligated divestments. The total volume of ongoing new construction and re-development projects amounted to SEK 6,331 million (5,746), of which the remaining investment amount was SEK 2,849 million (3,691).



## Note 14, cont.

## Market value of properties per property category and segment at 31 December 2024, SEK million

	Property valuation, SEK million	No. of properties	Property income, SEK million	Occupancy rate, %	Lettable area, tsqm	Valuation yield, %	Average valuation yield, %
Nursing home	5,003	20	256	95.5	126	4.3–6.8	4.7
Education	7,870	43	397	98.6	168	4.5–10.0	4.8
Health care	7,554	17	422	95.9	127	4.3–5.8	4.8
Justice system	2,484	2	131	95.7	43	4.5–4.6	4.6
<b>Sweden, Region East</b>	<b>22,912</b>	<b>82</b>	<b>1,206</b>	<b>96.7</b>	<b>464</b>		<b>4.8</b>
Nursing home	2,916	28	165	99.3	95	4.7–7.0	5.0
Education	4,810	31	283	96.8	156	4.5–6.5	5.2
Health care	1,801	25	142	97.6	79	5.3–6.7	5.9
Justice system	944	5	75	100.0	33	4.9–6.4	5.2
<b>Sweden, Region Central</b>	<b>10,471</b>	<b>89</b>	<b>665</b>	<b>97.9</b>	<b>364</b>		<b>5.3</b>
Nursing home	5,642	38	395	96.7	189	4.1–7.0	4.9
Education	5,935	21	315	96.3	166	4.3–6.4	5.0
Health care	185	3	16	96.2	9	5.6–7.0	5.9
Justice system	1,761	6	101	100.0	39	4.8–5.4	4.9
<b>Sweden, Region North</b>	<b>13,523</b>	<b>68</b>	<b>826</b>	<b>96.9</b>	<b>402</b>		<b>5.0</b>
Nursing home	2,726	23	161	95.3	94	4.6–6.7	4.9
Education	5,317	35	316	95.7	173	4.9–5.0	5.4
Health care	469	7	20	93.4	16	5.2–7.6	6.2
Justice system	361	3	23	100.0	9	4.8–6.9	5.3
<b>Sweden, Region South</b>	<b>8,873</b>	<b>68</b>	<b>519</b>	<b>95.7</b>	<b>292</b>		<b>5.3</b>
Nursing home	11,414	77	647	99.9	409	4.2–6.4	5.1
Education	2,292	5	114	100.0	38	4.5–6.1	4.6
Justice system	1,119	5	76	100.0	34	3.2–5.7	3.7
<b>Germany</b>	<b>14,825</b>	<b>87</b>	<b>837</b>	<b>100.0</b>	<b>481</b>	<b>3.2–6.4</b>	<b>4.9</b>
Nursing home	4,352	45	313	99.7	127	5.0–10.5	5.9
Education	5,795	19	367	99.3	144	4.5–6.6	5.2
Health care	1,972	11	187	100.0	79	5.2–7.5	6.1
Justice system	3,250	8	212	94.3	72	5.5–7.0	5.8
<b>Finland</b>	<b>15,369</b>	<b>83</b>	<b>1,079</b>	<b>98.4</b>	<b>422</b>	<b>4.5–10.5</b>	<b>5.6</b>
Nursing home	32,053	231	1,937	98.2	1,039	4.1–10.5	5.1
Education	32,019	154	1,793	97.6	844	4.3–10.0	5.1
Health care	11,982	63	787	97.0	311	4.3–7.6	5.3
Justice system	9,919	29	618	97.0	230	3.2–7.0	5.0
<b>Total</b>	<b>85,973</b>	<b>477</b>	<b>5,134</b>	<b>97.7</b>	<b>2,425</b>	<b>3.2–10.5</b>	<b>5.1</b>

## Note 15 Equipment

## Accounting policies 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.

	Group		Parent Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Accumulated cost, opening balance	20	16	12	12
Acquisitions	3	4	2	–
<b>Total</b>	<b>23</b>	<b>20</b>	<b>14</b>	<b>12</b>
Accumulated depreciation, opening balance	-13	-11	-10	-9
Depreciation for the year	-1	-2	-1	-1
<b>Total</b>	<b>-14</b>	<b>-13</b>	<b>-11</b>	<b>-10</b>
<b>Carrying amount, closing balance</b>	<b>8</b>	<b>7</b>	<b>4</b>	<b>2</b>

## Note 16 Participations in Group companies

### Accounting policies participations in Group companies

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

The following table shows the carrying amount at period-end. Specification of the company's holding of shares and participations in Group companies.

Parent Company				Participation, %		Carrying amount	Parent Company				Participation, %		Carrying amount
Subsidiaries	Corp. Reg. No.	Reg. office	Country	Direct	Indirect	31 Dec 2024	Subsidiaries	Corp. Reg. No.	Reg. office	Country	Direct	Indirect	31 Dec 2024
Hemsö Vårdfastigheter AB	556657-9958	Stockholm	Sweden	100.0		1,265	Hemsö Nacka 1 KB	969780-4194	Stockholm	Sweden		50.0	–
Fastighets AB Fordonsskolan	556691-2654	Stockholm	Sweden	100.0		177	Hemsö Äldreboende KB	969781-6206	Stockholm	Sweden		50.0	–
Russeliana AB	556686-3733	Stockholm	Sweden	100.0		63	Hemsö Norrbottenfastigheter KB	969780-9839	Stockholm	Sweden		50.0	–
Tipton Erik AB	556617-6128	Stockholm	Sweden	100.0		13	Hemsö Kvarnberget KB	969789-1704	Stockholm	Sweden		50.0	–
Hemsö Bänken AB	556718-3396	Stockholm	Sweden	100.0		355	Hemsö Bäckagård 1:17 KB	916850-7201	Stockholm	Sweden		50.0	–
Hemsö Tavlan 08 AB	556746-9852	Stockholm	Sweden	100.0		22	Hemsö 316 Bäckagård KB	916850-7219	Stockholm	Sweden		50.0	–
Fastighets AB Beckomberga 1:12	556753-3780	Stockholm	Sweden	100.0		29	Hemsö Excellensen 5 AB	559087-5760	Stockholm	Sweden		100.0	–
Hemsö Vreten AB	556417-3952	Stockholm	Sweden	100.0		479	Hemsö Tenstafastigheter AB	559333-0573	Stockholm	Sweden		100.0	–
Hemsö Draget Fastigheter AB	556340-0869	Stockholm	Sweden	100.0		98	Hemsö Bråstaborg 1 i Sala AB	559351-4416	Stockholm	Sweden		100.0	–
Nya Vilunda Fastighets AB	556781-6789	Stockholm	Sweden	100.0		3	Hemsö Baggen AB	556709-6812	Stockholm	Sweden	100.0		343
Hemsö Köping Fastigheter AB	556845-8912	Stockholm	Sweden	100.0		11	Hemsö Vårdträdet AB	559132-9775	Stockholm	Sweden		100.0	–
Hemsö Dona Fastigheter AB	556795-8987	Stockholm	Sweden	100.0		148	Hemsö Cullberg Holding AB	556932-8080	Stockholm	Sweden		100.0	–
Hemsö Botkyrka Fastigheter AB	556786-3427	Stockholm	Sweden	100.0		13	Hemsö Båthöjden AB	559079-7642	Stockholm	Sweden		100.0	–
Hemsö Krokslätt Fastigheter AB	556259-2815	Stockholm	Sweden	100.0		18	Hemsö Bjufastigheter AB	559079-7600	Stockholm	Sweden		100.0	–
Hemsö Gransångaren Fastigheter AB	556591-2994	Stockholm	Sweden	100.0		40	Hemsö Wallander AB	559105-1296	Stockholm	Sweden		100.0	–
Hemsö Rosengård Fastigheter AB	556766-4817	Stockholm	Sweden	100.0		42	Hemsö Giffeln 1 AB	559217-4725	Stockholm	Sweden		100.0	–
Hemsö Patienthotell AB	556910-1362	Stockholm	Sweden	100.0		185	Hemsö Jungfruholmen Holding AB	556937-6493	Stockholm	Sweden	100.0		0
Hemsö Upplands Väsby Fastigheter AB	556911-7855	Stockholm	Sweden	100.0		200	Hemsö Jungfruholmen HB	916585-3921	Stockholm	Sweden		100.0	–
Hemsö Skolfastigheter AB	556537-6901	Stockholm	Sweden	100.0		641	Hemsö Kvillebäcken AB	556874-5292	Stockholm	Sweden	100.0		29
Bokbacken Fastigheter AB	556340-5538	Stockholm	Sweden	100.0		1,534	Hemsö Medicinaren AB	556822-2359	Stockholm	Sweden	100.0		435
Hemsö Öresund KB	969647-9295	Stockholm	Sweden	99.0	1.0	5	Hemsö Sandudden Fastigheter AB	556928-1958	Stockholm	Sweden	100.0		4
Förvaltningsbolaget Krokslätt KB	969601-3839	Stockholm	Sweden	10.0	90.0	-15	Hemsö Hjärup Fastigheter AB	556973-2752	Stockholm	Sweden	100.0		300
Förvaltningsbolaget Hanen 4 KB	969601-3862	Stockholm	Sweden	10.0	90.0	1	Hemsö Tegen AB	556761-8938	Stockholm	Sweden	100.0		325
Bokbacken Fastigheter Fiskebäck KB	916850-4570	Stockholm	Sweden	10.0	90.0	8	Hemsö Hälsan AB	556658-9510	Stockholm	Sweden	100.0		44
Bokbacken Fastigheter Solskiftet KB	916434-5549	Stockholm	Sweden	10.0	90.0	7	Hemsö Centrumhuset i Göteborg AB	556991-6249	Stockholm	Sweden	100.0		6
KB S:t Jörgen Äldreboende	969673-1430	Stockholm	Sweden	10.0	90.0	8	Alexander Holding 1 AB	556989-1491	Stockholm	Sweden	100.0		–
FB Fair Fyrtiotre KB	916630-7455	Stockholm	Sweden	1.0	99.0	7	Blå Kruset 1 AB	556989-0014	Stockholm	Sweden	100.0		155
Bjölhemmet KB	916849-3212	Stockholm	Sweden	1.0	99.0	24	Hemsö Gävle Norrtull AB	559085-6943	Stockholm	Sweden		100.0	–
Hemsö Britsen AB	556718-3388	Stockholm	Sweden	100.0		9	Hemsö Benzelius AB	556856-8165	Stockholm	Sweden		100.0	–
Ystad Liv 1 Fastighets AB	556640-8737	Stockholm	Sweden	100.0		104	Hemsö Svindersvik Fastigheter AB	556674-6045	Stockholm	Sweden		100.0	–
Hemsö Hissen 08 AB	556746-9837	Stockholm	Sweden	100.0		470	Hemsö Knivsta Skolfastigheter AB	559411-9892	Stockholm	Sweden		100.0	–
Hemsö Klockarkärleken AB	556750-0862	Stockholm	Sweden	100.0		78	Blå Kruset 17 AB	556992-5679	Stockholm	Sweden	100.0		114
Hemsö Valsätra AB	556761-3749	Stockholm	Sweden	100.0		5	Hemsö Mejeriet i Gävle AB	559152-5323	Stockholm	Sweden		100.0	–
Hemsö Söderport AB	556752-5554	Stockholm	Sweden	100.0		36	Hemsö Filborna Fastighets AB	559231-5609	Stockholm	Sweden		100.0	–
Hemsö Beckomberga Fastigheter AB	556617-6151	Stockholm	Sweden	100.0		1	Hemsö Nävan i Malmö AB	559073-2904	Stockholm	Sweden		100.0	–
Hemsö Development AB	556873-8529	Stockholm	Sweden	100.0		10	Hemsö Utvecklingsfastigheter 1 AB	559365-1788	Stockholm	Sweden		100.0	–
Hemsö LSS-Fastigheter Holding	556923-9527	Stockholm	Sweden	100.0		195	Hemsö Utvecklingsfastigheter 3 AB	559365-1804	Stockholm	Sweden		100.0	–
Hemsö Kadetten Ekonomisk förening	769633-2639	Stockholm	Sweden		100.0	–	Blå Kruset 9 AB	556989-0089	Stockholm	Sweden	100.0		272
Hemsö Göteborg Stampen 6:23	556693-4880	Stockholm	Sweden		100.0	–	Hemsö Verkmästaren Holding AB	559083-3926	Stockholm	Sweden		100.0	–
Hemsö Krokomb Holding AB	559384-7253	Stockholm	Sweden		100.0	–	Hemsö Verkmästaren Fastigheter AB	559042-0534	Stockholm	Sweden		100.0	–
Hemsö Krokomb Fastighets AB	559284-7965	Stockholm	Sweden		100.0	–	Hemsö Haninge Skolfastigheter AB	559110-7221	Stockholm	Sweden		100.0	–
Hemsö Hissmon 1305 Fastighets AB	559409-7973	Stockholm	Sweden		100.0	–	Hemsö Juristen 4 AB	556761-9118	Stockholm	Sweden		100.0	–
Hemsö Intende AB	556802-4789	Stockholm	Sweden	100.0		1,059	Hemsö Bråmaregården 37:1 AB	556761-9134	Stockholm	Sweden		100.0	–
Hemsö Norden KB	969769-2961	Stockholm	Sweden		50.0	–	Hemsö Notarieängen 8 AB	556802-9192	Stockholm	Sweden		100.0	–
Hemsö Komplementär AB	556951-8086	Stockholm	Sweden		50.0	–	Blå Kruset 13 AB	556989-0162	Stockholm	Sweden	100.0		195

Note 16, cont.

Parent Company				Participation, %		Carrying amount	Parent Company				Participation, %		Carrying amount
Subsidiaries	Corp. Reg. No.	Reg. office	Country	Direct	Indirect	31 Dec 2024	Subsidiaries	Corp. Reg. No.	Reg. office	Country	Direct	Indirect	31 Dec 2024
Hemsö Solvändan 3 AB	559115-3639	Stockholm	Sweden		100.0	–	Koy Helsingin Keskiyöntie 6	2536809-8	Helsinki	Finland		100.0	–
Hemsö Lagerqvist AB	559056-1873	Stockholm	Sweden		100.0	–	Koy Kangasalan Herttuatar	2713658-1	Helsinki	Finland		100.0	–
TKV Fastighets AB	556900-1323	Stockholm	Sweden	100.0		188	Koy Tampereen Tilkonmäenkatu 2	2734576-2	Helsinki	Finland		100.0	–
TKV2 Fastighets AB	556967-4624	Stockholm	Sweden	100.0		327	Koy Klaukkalan Palvelukoti	2730171-9	Helsinki	Finland		100.0	–
Hemsö Gotland Holding Fastigheter AB	556930-2713	Stockholm	Sweden	100.0		282	Koy Lohjan Maksjoen Palvelukoti	2430602-0	Helsinki	Finland		100.0	–
Hemsö Vittran AB	559214-5675	Stockholm	Sweden		100.0	–	Koy Pälkäneen Lastenlinnantie	2751230-5	Helsinki	Finland		100.0	–
Hemsö Hjorten 14 Fastighets AB	559260-6098	Stockholm	Sweden		100.0	–	Koy Tampereen						
Hemsö Fräsen 1 AB	559255-4868	Stockholm	Sweden		100.0	–	Niemenrannan Johannes	2400537-5	Helsinki	Finland		100.0	–
Hemsö Life Holding AB	559017-8314	Stockholm	Sweden	100.0		800	Koy Hämeenlinnan Turuntie 13	2729637-4	Helsinki	Finland		100.0	–
Scandinavian Life Science Två AB	559015-3531	Stockholm	Sweden		100.0	–	Koy Espoon Kivennavantie 15	2803647-8	Helsinki	Finland		100.0	–
Hemsö Författaren AB	559014-3664	Stockholm	Sweden		100.0	–	Koy Avian Elämänaarikodit	1704871-3	Helsinki	Finland		100.0	–
Hemsö Kronåsen AB	559288-0701	Stockholm	Sweden		100.0	–	Koy Rettinginpuisto Kaarina	2839609-4	Helsinki	Finland		100.0	–
Hemsö Vitalus 5 Fastighets AB	559485-8580	Stockholm	Sweden		100.0	–	Koy Pirttipuistikko Turku	2859382-1	Helsinki	Finland		100.0	–
Hemsö Huginerva AB	559002-6570	Stockholm	Sweden	100.0		96	Koy Espoon Jänismäki	1992386-8	Helsinki	Finland		100.0	–
Hemsö Arttiv Fastigheter AB	556745-4979	Stockholm	Sweden	100.0		26	Koy Keravan Terveyslähde	1933749-8	Helsinki	Finland		100.0	–
Hemsö Skarpnäck AB	556757-1186	Stockholm	Sweden	100.0		21	Koy Oulun Mielikintie 8	2262427-9	Helsinki	Finland		100.0	–
Hemsö Ystad Tonsättaren AB	559005-5348	Stockholm	Sweden	100.0		41	Koy Espoon Suurpellon Puistokatu	2755679-7	Helsinki	Finland		100.0	–
Hemsö skolfastigheter i Järvastaden AB	559017-4354	Stockholm	Sweden	100.0		11	Koy Espoon Suotie 4	2758356-8	Helsinki	Finland		100.0	–
Hemsö Borstahusen Fastigheter AB	559017-4586	Stockholm	Sweden	100.0		191	Turun seudun sosiaali- ja terveyspalvelukiinteistöt Oy	2718451-6	Turku	Finland		100.0	–
Hemsö Kungshamn Fastigheter AB	556805-3085	Stockholm	Sweden	100.0		25	Koy Mäntsälän Kaakkumäentie 6	3127144-4	Helsinki	Finland		100.0	–
Hemsö Lindholmen AB	559011-5233	Stockholm	Sweden	100.0		171	Tapaninkylän Liikekeskus Oy	0757940-6	Helsinki	Finland		100.0	–
Hemsö Sandarna 26:2 AB	556750-6547	Stockholm	Sweden	100.0		432	Koy Nurmijärven Vehnäpellontie 6	3104958-7	Helsinki	Finland		100.0	–
Hemsö Stafvre AB	559021-5660	Stockholm	Sweden	100.0		161	Koy Espoon Solisevantie 2	3282016-9	Helsinki	Finland		100.0	–
Hemsö Kopparormen AB	556762-2195	Stockholm	Sweden	100.0		14	Koy Kuopion Rahkakatu 34	3282091-9	Helsinki	Finland		100.0	–
Hemsö Hantverkaren 2 AB	556929-7889	Stockholm	Sweden	100.0		187	Koy Kellokosken Höyläjänkujan Hoiva	3277459-6	Helsinki	Finland		100.0	–
Hemsö Holding AB	556920-8050	Stockholm	Sweden	100.0		342	Koy Karkkilän Nyhkäläntien Hoiva	3289201-5	Helsinki	Finland		100.0	–
Hemsö Höbälen 1 AB	556673-5188	Stockholm	Sweden		100.0	–	Koy Sipoon Söderkullan Hoiva Oy	3310103-5	Helsinki	Finland		100.0	–
Hemsö 769 Holding AB	559070-4358	Stockholm	Sweden	100.0		546	Koy Tampereen Lääkärikallionkatu 6	3283679-3	Helsinki	Finland		100.0	–
Hemsö Gyllehemmet Holding AB	556787-5694	Stockholm	Sweden		100.0	–	Koy Tampereen Romsinpolku 6	3283680-6	Helsinki	Finland		100.0	–
Hemsö Gyllehemmet Fastigheter AB	559136-8039	Stockholm	Sweden		100.0	–	Koy Tampereen Taavankuja 1	3283681-4	Helsinki	Finland		100.0	–
Hemsö Odensala Holding AB	559175-4808	Stockholm	Sweden		100.0	–	Koy Siuntion Linnoitustien Hoiva	3316253-2	Helsinki	Finland		100.0	–
Hemsö Odensala Fastighets AB	559175-4816	Stockholm	Sweden		100.0	–	Koy Lahden Kilpiäistentien Hoiva	3339832-6	Helsinki	Finland		100.0	–
Hemsö Treasury Oyj	3166158-1	Helsinki	Finland	100.0		1	Koy Nummelan Nummenjuohon Hoiva	3283761-4	Helsinki	Finland		100.0	–
Hemsö Finland AB	556948-0139	Stockholm	Sweden	100.0		5,513	Hemsö Suomi Oy	2699026-8	Helsinki	Finland		100.0	–
Hemsö Yhteiskuntakiinteistöt Oy	2601763-6	Helsinki	Finland		100.0	–	Koy Porin Asema-aukio	0165693-3	Helsinki	Finland		100.0	–
Koy Hemsö Care I Holding 9	2552093-4	Helsinki	Finland		100.0	–	Fastighets Ab Academill	1508596-7	Helsinki	Finland		100.0	–
Koy Louhelan Hoivakodit	2552379-9	Helsinki	Finland		100.0	–	Koy Arkadiankatu 24	1487244-0	Helsinki	Finland		100.0	–
Koy Kuparitie 2	2552080-3	Helsinki	Finland		100.0	–	Koy Haapaniemenkatu 6	0117833-7	Helsinki	Finland		100.0	–
Koy Espoon Kiltakallionrinne 1	2552077-4	Helsinki	Finland		100.0	–	Koy Nervanderinkatu 13	2871086-4	Helsinki	Finland		100.0	–
Koy Kuopion Koiravedenkatu 10	2552078-2	Helsinki	Finland		100.0	–	Koy Pohjoisen Rautatiekatu 9	2871081-3	Helsinki	Finland		100.0	–
Koy Espoon Kattilatanhua 6	2552076-6	Helsinki	Finland		100.0	–	Koy Joensuun Yliopistokatu 4	3007061-6	Helsinki	Finland		100.0	–
Koy Vaasan Huvilatie 2	2552091-8	Helsinki	Finland		100.0	–	Koy Elektroniikkatie 1	3007058-7	Helsinki	Finland		100.0	–
Koy Pitkäniemen R15	2552085-4	Helsinki	Finland		100.0	–	Fastighets Ab Helsingfors						
Koy Arppentie 6 B	2552075-8	Helsinki	Finland		100.0	–	Arkadiagatan 28	2870911-8	Helsinki	Finland		100.0	–
Koy Kontinkankaan Kuntoutussairaala	2552100-5	Helsinki	Finland		100.0	–	Koy Jyväskylän Wilhelm Schildtin katu 2	3118934-4	Helsinki	Finland		100.0	–
Koy Hoivakoti Villa Olavi	2552096-9	Helsinki	Finland		100.0	–	Koy Ylöjärven Hiitentie	3139992-3	Helsinki	Finland		100.0	–
Koy Kuninkaanlaakson Hoivakoti	2552099-3	Helsinki	Finland		100.0	–	Koy Liedon Paloasema	2385041-1	Helsinki	Finland		100.0	–
Koy Palvelutalo Untuva	2552094-2	Helsinki	Finland		100.0	–	Koy Kannaksenkatu 20	3177213-4	Helsinki	Finland		100.0	–
Koy Hyvinkään Haavantie 4	2552097-7	Helsinki	Finland		100.0	–	Koy Kannaksenkatu 22	3177216-9	Helsinki	Finland		100.0	–
Koy Jämsän Hotellitie 1	2552098-5	Helsinki	Finland		100.0	–	Koy Kirkkokatu 16	3177212-6	Helsinki	Finland		100.0	–
Koy Laihian Vallinmäentie 47	3007065-9	Helsinki	Finland		100.0	–	Koy Laaksokatu 6	3177211-8	Helsinki	Finland		100.0	–

Note 16, cont.

Parent Company Subsidiaries	Corp. Reg. No.	Reg. office	Country	Participation, %		Carrying amount
				Direct	Indirect	31 Dec 2024
Koy Turun Lemminkäisenkatu 30	1879924-4	Helsinki	Finland		100.0	–
Karistonkulma Oy	0507064-9	Helsinki	Finland		100.0	–
Koy Helsingin Salmisaarentalo	2696431-8	Helsinki	Finland		100.0	–
Koy Teuvo Pakkalankatu 7	3222841-3	Helsinki	Finland		100.0	–
Koy Espoon Asemakulma	1638223-4	Helsinki	Finland		100.0	–
Koy Siltavuorenpenger 10	3202323-1	Helsinki	Finland		100.0	–
Lappeenrannan Tieto-Sähköotalo Oy	1536976-7	Helsinki	Finland		100.0	–
Koy Kangasalan Hampuntie 25	3215828-3	Helsinki	Finland		100.0	–
Koy Lauritsalantie 9	3214148-1	Helsinki	Finland		100.0	–
Koy Kuopion Teletie 4-6	3146859-7	Helsinki	Finland		100.0	–
Koy Kouvolan Tehtaakaari 9	3315153-4	Helsinki	Finland		100.0	–
Koy Kouvolan Kauppalankatu 45	3315160-6	Helsinki	Finland		100.0	–
Koy Kouvolan Uimahallintie 2	3315161-4	Helsinki	Finland		100.0	–
Koy Kouvolan Varuskuntakatu 11	3315159-3	Helsinki	Finland		100.0	–
Koy Kouvolan Toukotie 11	3315162-2	Helsinki	Finland		100.0	–
Koy Kouvolan Huovihongantie 3	3315164-9	Helsinki	Finland		100.0	–
Koy Kouvolan Utinkatu 85	3315165-7	Helsinki	Finland		100.0	–
Koy Helsingin Hämeentie 80	3315154-2	Helsinki	Finland		100.0	–
Koy Kouvolan Sairaalanukuja 3 D	3315153-4	Helsinki	Finland		100.0	–
Koy Helsingin Abraham Wetterin tie 15	3339395-5	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 Tyskland Fastigheter AB	556843-9771	Stockholm	Sweden	100.0		553
Hemsö Steglitz GmbH	HRB 201253	Munich	Germany		100.0	–
Hemsö Germany Invest 21 GmbH	HRB 264722	Munich	Germany		100.0	–
Hemsö Offenbach GmbH	HRB 205413	Munich	Germany		100.0	–
Hemsö Dresden GmbH	HRB 212253	Munich	Germany		100.0	–
Hemsö GmbH	HRB 169543	Munich	Germany		100.0	–
Schulbau Dabendorf GmbH	HRB 31752 P	Potsdam	Germany		89.9	–
Hemsö Asset Management 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	–
Grenbell & Hemsö Invest I GmbH & Co. KG KG	HRA 118073	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 Bocholt GmbH	HRB 172025	Munich	Germany		100.0	–
Hemsö Lauterbach GmbH	HRB 183667	Munich	Germany		100.0	–
Grenbell & Hemsö Invest II GmbH & Co. KG KG	HRA 117843	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 Education 15 GmbH	HRB 234193	Munich	Germany		100.0	–
Hemsö Germany Invest Duisburg 16 GmbH	HRB 234192	Munich	Germany		100.0	–
Hemsö Germany Invest Duisburg 17 GmbH	HRB 234213	Munich	Germany		100.0	–
Hemsö Asset Management Duisburg GmbH	HRB 234212	Munich	Germany		100.0	–
Hemsö Germany Invest 20 GmbH	HRB 239156	Munich	Germany		100.0	–
Sozialzentrum Büttelborn GmbH	HRB 240798	Munich	Germany		100.0	–
Hemsö Germany Invest 13 GmbH	HRB 235714	Munich	Germany		100.0	–
Hemsö Germany Invest 14 GmbH	HRB 248303	Munich	Germany		100.0	–
Hemsö Germany Invest 22 GmbH	HRB 259952	Munich	Germany		100.0	–
Hemsö Germany Invest 23 GmbH	HRB 259953	Munich	Germany		100.0	–
Hemsö Germany Invest 24 GmbH	HRB 280097	Munich	Germany		100.0	–
<b>Total</b>						<b>19,498</b>

Parent Company	31 Dec 2024	31 Dec 2023
Accumulated cost, opening balance	18,693	18,307
Acquisitions	–	–
Loss from participations in limited partnerships after dividend	-13	-28
Shareholder contributions	2,590	414
Divestments	-45	–
<b>Total</b>	<b>21,225</b>	<b>18,693</b>
Accumulated impairment, opening balance	-1,725	-1,725
Impairment for the year	-2	–
<b>Total</b>	<b>-1,727</b>	<b>-1,725</b>
<b>Total</b>	<b>19,498</b>	<b>16,968</b>

Hemsö tests participations in subsidiaries for impairment on a regular basis. Should the value of the participations be less than their market value, the Parent Company recognises an impairment loss.

## Note 17 Participations in joint ventures

### Accounting policies joint ventures

Hemsö recognises participations in three companies as holdings of shares and participations in joint ventures since the company does not have a controlling interest in these companies but operates them as a joint venture together with other partners. The company therefore does not consolidate the participations in the consolidated financial statements. Holdings in joint ventures 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 net profit from the joint venture company.

Carrying amount at period-end. Specification of the company's holdings of shares and participations in joint ventures.

Group	Corp. Reg. No.	Reg. office	Country	Participation, %		Carrying amount 31 Dec 2024
				Direct	Indirect	
Joint ventures						
Lanthen Samhällsfastigheter AB	559000-6036	Stockholm	Sweden	–	50.0	366
HemTag Fastigheter AB	559309-2686	Stockholm	Sweden	–	50.0	54
Turun Teknologiaikinteistö Oy	2349955-3	Turku	Finland	–	52.1	1,556
<b>Total</b>						<b>1,977</b>

Summarised income statement and balance sheet	Turun Teknologiaikinteistö Group	
	2024	2023
Profit from property management	97	118
Value changes, properties	265	-151
Value changes, financial instruments	-40	–
Tax	-80	21
<b>Total comprehensive income</b>	<b>241</b>	<b>-12</b>
Investment properties	6,207	5,427
Other non-current assets	88	52
Current assets	64	19
<b>Total assets</b>	<b>6,359</b>	<b>5,498</b>
Equity	2,651	2,392
Interest-bearing liabilities	3,295	2,866
Other liabilities	414	240
<b>Liabilities and equity</b>	<b>6,359</b>	<b>5,498</b>

Group	Group		Parent Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Opening balance	1,636	1,655	–	–
Settlement of share of profit/loss	157	-14	–	–
Currency translation	50	-3	–	–
Capital contribution	162	42	–	–
Dividends	-28	-45	–	–
<b>Closing balance</b>	<b>1,977</b>	<b>1,636</b>	<b>–</b>	<b>–</b>

Summarised income statement and balance sheet	Lanthen	
	2024	2023
Profit from property management	22	11
Value changes, properties	31	-26
Value changes, financial instruments	-1	–
Tax	-18	4
<b>Total comprehensive income</b>	<b>34</b>	<b>-10</b>
Investment properties	1,562	858
Other non-current assets	–	–
Current assets	71	29
<b>Total assets</b>	<b>1,634</b>	<b>887</b>
Equity	733	424
Interest-bearing liabilities	798	400
Other liabilities	103	63
<b>Liabilities and equity</b>	<b>1,634</b>	<b>887</b>

## Note 18 Accounts receivable

### Accounting policies accounts receivable

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 essentially invoiced in advance, which means that most of the total rent receivable has 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.

Group	Group		Parent Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Rent receivable	78	72	–	–
Accounts receivable	10	20	0	0
Reserve for doubtful receivables	-31	-24	–	–
<b>Total</b>	<b>58</b>	<b>68</b>	<b>0</b>	<b>0</b>

An individual assessment of all accounts and rent receivable is made on a quarterly basis to identify any need for provision.

Provision for doubtful accounts and rent receivable amounted to SEK 31 million (24), corresponding to 35 per cent (26) of the total rent and accounts receivable balance.

### Maturity analysis

Group	Not due		Due 1–30 days		Due 31–60 days		Due 61–90 days		Due >90 days		Total	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Rent receivable	12	16	48	37	2	1	5	–	11	17	78	72
Accounts receivable	9	19	1	1	0	0	0	–	1	0	10	20
<b>Total</b>	<b>21</b>	<b>35</b>	<b>49</b>	<b>38</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>–</b>	<b>12</b>	<b>18</b>	<b>89</b>	<b>93</b>
<b>Parent Company</b>												
Accounts receivable	0	0	–	–	–	–	–	–	–	–	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0</b>	<b>0</b>

### Note 19 Guidelines for management of capital

The Group's capital structure consists of equity, interest-bearing liabilities, deferred tax liabilities and other liabilities. Hemsö's overarching target is average return on equity of 15 per cent over a five-year period. At the end of 2024, average return on equity over a five-year period was 11.6 per cent.

Equity consists of share capital, other capital contributions, retained earnings and non-controlling interests. At 31 December 2024, the share capital was divided between 100,001,000 shares with a par value of SEK 0.01 per share.

There was no change in the Group's capital management during the year.

Neither the Parent Company nor any of the subsidiaries are subject to external capital requirements. Hemsö's Financial Policy sets out objectives and guidelines for Hemsö's financing activities. The financial risk profile has been designed to maintain a stable and high credit rating.

#### Summary of Financial Policy

Financing risk		Outcome, 31 December 2024
Loan-to-value ratio	Max. 60%	58.3%
Net debt/EBITDA	Max. 15 times	14.1 times
Loan maturity	At least 3 years	5.0 years
Loan maturity structure	Max. 25% within 12 months, thereafter max. 20% per year	Fulfilled %
Debt-coverage ratio	At least 125%	157%
Share of secured debt	Max. 20%	1.2%
<b>Interest-rate risk</b>		
Interest-coverage ratio	At least 2.5 times (rolling 12-month period)	3.1 times
Fixed-rate period	Average fixed-rate period, 3–8 years	4.8 years
Fixed-rate maturity	Max. 35% within 12 months, thereafter max. 20% per year	Fulfilled %
<b>Counterparty risk</b>		
Financial instruments	A- (S&P)	Fulfilled
<b>Currency risk</b>		
Currency exposure relative to equity	Max. 35%	4.7%
Currency exposure relative to assets in EUR	5–30% <sup>1)</sup>	4.4%

<sup>1)</sup>The risk measure must be met by the end of 2025

The Group's capital structure consists of interest-bearing net debt and equity attributable to Parent Company shareholders. Equity consists of share capital, other capital contributions as well as retained earnings. At 31 December 2024, the share capital was divided between 100,001,000 shares with a par value of SEK 0.01 per share.

#### Dividend Policy

According to Hemsö's Dividend Policy, dividends should amount to half of 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 20 Financial assets and liabilities

#### Group Accounting policies financial instruments

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

#### Classification and measurement

##### Financial assets

The Group's financial assets are measured at amortised cost. Accounts and rent receivable are initially measured at invoiced value. The assets are covered by a loss allowance for expected credit losses. Derivatives: are classified and measured at fair value through profit or loss unless they are classified as hedging instruments and the effective portion of the hedge is recognised in "Other comprehensive income." Fair value is determined according to the following description.

##### Classification and measurement of financial liabilities

Financial liabilities are measured at amortised cost except for derivatives.

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

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

##### Impairment of financial assets

The Group's financial assets, except those measured at fair value through profit or loss or equity instruments not measured at fair value through other comprehensive income, are subject to impairment on expected credit losses.

The calculations of expected credit losses at 31 December 2024 did not add up to any material amounts for the Group. The Group has not therefore recognised any provisions for expected credit losses.

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.

## Note 20, cont.

## Measurement of financial assets and liabilities at 31 Dec 2024

	Financial assets/ liabilities measured at fair value through profit or loss	Financial assets/ liabilities measured at amortised cost	Total carrying amount	Total fair value
<b>Financial assets</b>				
Non-current receivables in joint ventures	–	–	–	–
Other non-current receivables	–	125	125	125
Rent and accounts receivable	–	58	58	58
Derivative instruments	201	–	201	201
Other current receivables	–	552	552	552
Accrued income	–	2	2	2
Cash and cash equivalents	–	866	866	866
<b>Total</b>	<b>201</b>	<b>1,603</b>	<b>1,804</b>	<b>1,804</b>
<b>Financial liabilities</b>				
Bond loans	–	39,205	39,205	37,662
Schuldschein (NSV)	–	861	861	861
Bank loans	–	6,288	6,288	6,288
Commercial papers	–	5,831	5,831	5,831
Derivative instruments	805	–	805	805
Accounts payable	–	495	495	495
Other liabilities	–	43	43	43
Accrued expenses	–	418	418	418
<b>Total</b>	<b>805</b>	<b>53,141</b>	<b>53,946</b>	<b>52,404</b>

## Measurement of financial assets and liabilities at 31 Dec 2023

	Financial assets/ liabilities measured at fair value through profit or loss	Financial assets/ liabilities measured at amortised cost	Total carrying amount	Total fair value
<b>Financial assets</b>				
Non-current receivables in joint ventures	–	–	–	–
Other non-current receivables	–	107	107	107
Rent and accounts receivable	–	68	68	68
Derivative instruments	136	–	136	136
Other current receivables	–	1,696	1,696	1,696
Accrued income	–	1	1	1
Cash and cash equivalents	–	1,593	1,593	1,593
<b>Total</b>	<b>136</b>	<b>3,465</b>	<b>3,601</b>	<b>3,601</b>
<b>Financial liabilities</b>				
Bond loans	–	39,203	39,203	35,701
Schuldschein (NSV)	–	832	832	832
Bank loans	–	6,037	6,037	6,037
Commercial papers	–	4,751	4,751	4,751
Derivative instruments	323	–	323	323
Accounts payable	–	554	554	554
Other liabilities	–	1,382	1,382	1,382
Accrued expenses	–	463	463	463
<b>Total</b>	<b>323</b>	<b>53,222</b>	<b>53,545</b>	<b>50,043</b>

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.

## Derivative instruments on the Group's balance sheet

Derivative instruments are mainly used to achieve the desired fixed-rate period in the loan portfolio. In addition, foreign exchange swaps are used to eliminate all currency exposure on foreign currency loans.

Recognised as financial assets	2024	2023
Interest-rate derivatives	39	1
Cross currency swaps	162	135
<b>Total</b>	<b>201</b>	<b>136</b>
<b>Recognised as financial liabilities</b>		
		<b>2023</b>
Interest-rate derivatives	32	40
Cross currency swaps	773	284
<b>Total</b>	<b>805</b>	<b>323</b>
<b>Net derivative instruments</b>	<b>604</b>	<b>187</b>

## Financial liabilities

Group	Carrying amount 31 Dec 2024	Market value 31 Dec 2023
<b>Statement of financial position</b>		
<i>Interest-bearing liabilities</i>		
Bond loans	39,205	39,203
Schuldschein (NSV)	861	832
Commercial papers	5,831	4,751
Bank loans	6,288	6,037
<b>Total</b>	<b>52,185</b>	<b>50,823</b>
Amount, opening balance	50,823	49,567
Borrowings	6,872	5,907
Loan repayment	-7,465	-4,055
Commercial papers	1,080	-245
Exchange-rate differences	871	-385
Discounts/premiums	3	36
<b>Liabilities, closing balance</b>	<b>52,185</b>	<b>50,823</b>

At period-end, Hemsö's interest-bearing liabilities amounted to SEK 52,185 million (50,823). The debt portfolio comprised uncovered bonds of SEK 39,205 million (39,203), commercial papers of SEK 5,831 million (4,751), unsecured bank loans of SEK 5,288 million (5,037), secured bank loans of SEK 1,000 million (1,000) and unsecured Schuldschein (NSV) loans of SEK 861 million (832). Available liquidity amounted to SEK 14,366 million (15,216), of which bank deposits accounted for SEK 866 million (1,593), and undrawn credit facilities for SEK 13,500 million (13,623). At the closing date, Hemsö's average interest rate was 2.2 per cent (2.3).

Note 20, cont.

Maturity structure, financial liabilities – undiscounted cash flows	Group	
	2024	2023
Interest-bearing liabilities due within 1 year of the closing date	10,220	10,270
Other non-interest-bearing liabilities due within 1 year of the closing date	956	2,399
Interest-bearing liabilities due within 1–5 years of the closing date	28,789	25,492
Interest-bearing liabilities due later than 5 years after the closing date	18,391	20,340
<b>Total excluding deferred tax liabilities and interest-rate derivatives</b>	<b>58,356</b>	<b>58,501</b>

The table includes the undiscounted values of future interest payments.

Loan maturity and fixed-rate period

Maturity year	Loan maturity			Fixed-rate period	
	Credit agreements, SEK million	Drawn, SEK million	Share, %	SEK million	Share, %
2025	3,335	3,335	6	9,977	19
2026	18,396	7,396	14	6,646	13
2027	5,751	4,751	9	2,200	4
2028	7,524	7,524	14	8,749	17
2029	8,052	6,552	13	6,649	13
2030	3,729	3,729	7	3,979	8
2031	2,029	2,029	4	1,947	4
2032	1,327	1,327	3	2,327	5
2033	2,037	2,037	4	2,037	4
2034	1,149	1,149	2	1,149	2
2035	1,538	1,538	3	1,538	3
2036	0	0	0	0	0
2037	1,086	1,086	2	1,086	2
2038	987	987	2	987	2
2039-	2,912	2,912	6	2,912	6
<b>Total</b>	<b>59,854</b>	<b>46,354</b>	<b>89</b>	<b>52,185</b>	<b>100</b>
Commercial papers		5,831	11		
<b>Total</b>		<b>52,185</b>	<b>100</b>		

Sensitivity analysis, interest-rate fluctuations	Effect on net interest income (12 months) SEK million
+/-1 percentage point change in the loan portfolio's average interest rate	+/- 513
-1 percentage point change in the short-term market rate (≤ 3 months)	62
+1 percentage point change in the short-term market rate (≤ 3 months)	-62

Financial risks and risk management

Hemsö's financing activities are conducted in accordance with the Financial Policy established by the Board, which regulates the frameworks and guidelines for Hemsö's financing and treasury management. The Group's financial transactions and risks are managed centrally by the Group's Treasury Unit. The Financial Policy

outlines the overall delegation of responsibilities for financing activities, and the relevant mandates and limits for Hemsö's financial risk management.

Financing risk

Financing risk is the risk of not being able to access the capital required by Hemsö's operations, or that financing can only be obtained at a significantly higher cost. Much of Hemsö's supply of capital is secured through external borrowing. As these loans mature, they must be repaid or renewed. The conditions for Hemsö to refinance the credit 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.

Covenants

In its loan documentation, Hemsö has committed to adhering to a number of financial covenants. For bank loans, Hemsö must have an interest-coverage ratio above 1.50 times. For the EMTN programme, the share of secured debt must not exceed 40 per cent of the company's total assets. There are also covenants with a maximum loan-to-value ratio of 65 per cent in relation to pledged properties when using some credit facilities. All covenants are of a 'maintenance' nature, which means they are tested on a regular basis. Since Hemsö currently has a good margin with all covenants, there does not appear to be any significant risk of the company breaching any of these covenants in the coming year.

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 in order to extend the loan portfolio's fixed-rate period and thereby achieve stable and more predictable net interest income. 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 83 properties (83) in Finland and 87 properties (87) in Germany, entailing EUR exposure. The properties are financed with equity, intra-Group loans and external loans. At 31 December 2024, external interest-bearing liabilities in EUR corresponded to SEK 30,459 million (30,269). At the same date, the market value of property assets in Finland and Germany corresponded to SEK 30,194 million (28,671), plus additional assets in joint ventures in EUR corresponding to SEK 1,556 million (1,409). Hemsö's bank deposits in EUR corresponded to SEK 101 million (613). At the closing date, the hedged amount in EUR corresponded to SEK 0 million (0). At 31 December 2024, net exposure, defined as property assets, cash and currency hedges less interest-bearing liabilities in EUR, corresponded to SEK 1,392 million (423). Hemsö also has bonds in NOK, AUD, JPY and USD where the currency risk has been eliminated by cross currency swaps. Since Hemsö applies IAS 21, most of the company's exchange rate effects are recognised directly in equity. Hemsö's EUR bonds corresponding to SEK 19,163 million

in the EMTN programme, loans of EUR equivalent SEK 3,558 million from the EIB and CEB, Schuldschein in EUR equivalent SEK 861 million and cross currency swaps of SEK 6,877 million are hedged against net investments in foreign subsidiaries. Only a minor portion of the exchange rate effects 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.

Hedge accounting

Accounting policies hedge accounting

The Group applies hedge accounting according to IAS 39 for loans intended to hedge currency risk in 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 as well as NOK, AUD, JPY and USD. The loans in NOK, AUD, JPY and USD have been swapped into either EUR or SEK loans. The loans are measured at the closing rate. Derivatives are also used to manage currency risk. Derivatives attributable to currency risk management comprises two instruments, cross currency swaps and foreign exchange swaps. To the extent an effective hedging relationship exists, the exchange rate change on loans is recognised in other comprehensive income, and thereby offsets exchange-rate changes in net investments in foreign operations. Exchange-rate changes in the ineffective portion of a hedging relationship are recognised immediately in net interest income on the income statement. Hedges are designed so that they can be expected to be effective – a financial connection is expected because the hedging instrument offsets changes in the fair value of exchange rates in the hedged item. The financial connection is preferably determined by a high-quality analysis of the critical terms of the hedging relationship. Sources of hedge 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.

At 31 December 2024, the Group's holdings of debt in foreign currency were allocated between the following underlying amounts and maturities.

Maturity analysis, hedging instruments

Hedging instruments identified in hedging relationships at 31 December 2024.

Hedging instrument – hedge accounting applied, SEK million	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*	18,724	6,769	6,262	31,755

\*Translated to SEK million at the closing rate.

Net investments in foreign operations – hedged item

	2024	2023
Hedged amount, net investments in foreign operations	34,919	34,121

## Note 20, cont.

Effects of hedge accounting on financial position and results – Reconciliation of translation reserve	Translation reserve	
	2024	2023
Opening carrying amount	392	388
Currency translation effects from net investments in foreign operations	767	-72
Revaluation of foreign currency debt designated as a hedging instrument	-880	96
<b>Total additional items recognised in other comprehensive income</b>	<b>-113</b>	<b>24</b>
Tax effect recognised in other comprehensive income	181	-20
<b>Closing carrying amount, entirely attributable to continuous hedging</b>	<b>461</b>	<b>392</b>

Effects of hedge accounting on financial position and results – Current hedging relationships	Hedging instruments identified in hedging relationships at 31 December 2024			The period – change in fair value, for measurement of ineffectiveness		
	SEK million	Nominal amount	Carrying amount	Balance sheet item	Hedging instrument	Hedged item
<i>Currency hedging of net investments in foreign operations</i>						
Foreign currency debt*	31,755	31,714	Interest-bearing liabilities	-880	-880	

\*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	Hedging instruments identified in hedging relationships at 31 December 2023			The period – change in fair value, for measurement of ineffectiveness		
	SEK million	Nominal amount	Carrying amount	Balance sheet item	Hedging instrument	Hedged item
<i>Currency hedging of net investments in foreign operations</i>						
Foreign currency debt*	30,651	30,534	Interest-bearing liabilities	96	96	

\*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.

## Parent Company

## Accounting policies 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.

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 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.

## Other non-current receivables from Group companies

	Carrying amount 31 Dec 2024	Carrying amount 31 Dec 2023
Opening carrying amount	23,035	16,527
Additional receivables	9,307	12,539
Deductible receivables	-11,547	-11,097
Exchange-rate differences	-796	771
Reclassifications	11,614	4,295
<b>Closing carrying amount</b>	<b>31,613</b>	<b>23,035</b>

## Note 21 Pledged assets

	Group		Parent Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Property mortgages	6,844	6,977	–	–
Receivables from subsidiaries	–	–	6,844	6,977
<b>Total</b>	<b>6,844</b>	<b>6,977</b>	<b>6,844</b>	<b>6,977</b>

The assets are mainly pledged for revolving credit facilities. Loan agreements usually include obligations related to the interest-coverage ratio and loan volume in relation to the fair value of the properties.

## Note 22 Contingent liabilities

	Group		Parent Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Liability as partner in unlimited/limited partnerships	–	–	9	10
Guarantees on behalf of Group companies	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>9</b>	<b>10</b>

Commitments leading to expenses for restoring contaminated soil or other environmental obligations for owned properties may arise in the future. Expenses may arise, for example, in the form of additional costs in connection with new construction or extensions, or price discounting on the sale of a property. The assessment of any future amounts is not possible at this stage.

Hemsö is involved in a number of minor disputes with tenants, mainly regarding ongoing management issues, which may result in future obligations. Costs may, for example, take the form of fees for advisory services in connection with negotiations. The assessment of any future amounts in relation to these disputes is not possible at present.

## Note 23 Supplemental disclosures of cash flow information

### Accounting policies 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.

Group	2024	2023
Only cash and bank balances are included in cash and cash equivalents		
<b>Cash flows</b>		
Interest received	50	35
Interest paid	-1,118	-979
<b>Acquisition of subsidiaries</b>		
<i>Acquired assets and liabilities</i>		
Investment properties	165	153
Operating receivables	0	0
<b>Total assets</b>	<b>165</b>	<b>154</b>
Deferred tax liabilities	0	–
Operating liabilities	1	3
<b>Total liabilities</b>	<b>1</b>	<b>3</b>
Proceeds paid, shares	-167	-12
Proceeds paid, repayment of loans	0	-155
Additional: Cash and cash equivalents in the acquired operations	3	16
<b>Effect on cash and cash equivalents – acquisition of properties via companies</b>	<b>-163</b>	<b>-151</b>
Effect on cash and cash equivalents – direct acquisition of properties	-113	-200
<b>Acquisition of properties</b>	<b>-276</b>	<b>-351</b>
<b>Divestment of subsidiaries</b>		
<i>Divested assets and liabilities</i>		
Investment properties	1,233	93
Operating receivables	2	2
<b>Total assets</b>	<b>1,235</b>	<b>95</b>
Deferred tax liabilities	7	0
Operating liabilities	16	2
<b>Total liabilities</b>	<b>23</b>	<b>2</b>
Purchase price received, shares	694	62
Proceeds received, repayment of loans	475	27
<b>Effect on cash and cash equivalents – divestment of properties via companies</b>	<b>1,169</b>	<b>90</b>
Effect on cash and cash equivalents – direct divestment of properties	141	0
<b>Divestment of properties</b>	<b>1,310</b>	<b>90</b>

Group	2024	2023
<b>Adjustment for non-cash items</b>		
Depreciation/amortisation and impairment	16	20
Exchange differences, unrealised	1	1
Share of loss from joint ventures, loss from property management	-59	-65
<b>Total</b>	<b>-41</b>	<b>-44</b>

Group	Specification of changes in liabilities attributable to financing activities	31 Dec 2023	Items affecting cash flow		Items not affecting cash flow			31 Dec 2024
			New loans	Loan repayment	Exchange-rate fluctuations	Discounts/premiums	Leases	
	Non-current interest-bearing liabilities	41,608	3,113	-2,580	876	2	–	43,019
	Current interest-bearing liabilities	9,216	5,643	-5,692	–	–	–	9,166
	Lease liabilities	988	–	–	26	–	71	1,084
	<b>Total interest-bearing liabilities</b>	<b>51,811</b>	<b>8,756</b>	<b>-8,272</b>	<b>902</b>	<b>2</b>	<b>71</b>	<b>53,270</b>

Group	Specification of changes in liabilities attributable to financing activities	31 Dec 2022	Items affecting cash flow		Items not affecting cash flow			31 Dec 2023
			New loans	Loan repayment	Exchange-rate fluctuations	Discounts/premiums	Leases	
	Non-current interest-bearing liabilities	41,064	942	-47	-392	41	–	41,608
	Current interest-bearing liabilities	8,503	6,009	-5,296	–	–	–	9,216
	Lease liabilities	932	–	–	-3	–	59	988
	<b>Total interest-bearing liabilities</b>	<b>50,499</b>	<b>6,951</b>	<b>-5,343</b>	<b>-395</b>	<b>41</b>	<b>59</b>	<b>51,811</b>

Parent Company	2024	2023	Parent Company	2024	2023
Only cash and bank balances are included in cash and cash equivalents			<b>Adjustment for non-cash items</b>		
			Depreciation/amortisation and impairment	3	1
			Profit/loss from divestment of participations	-377	0
			Share of loss from Unlimited/Limited partnerships	-16	-10
			Exchange-rate differences	287	-358
			Change in value of derivatives	482	156
			<b>Total</b>	<b>380</b>	<b>-211</b>

Parent Company	Specification of changes in liabilities attributable to financing activities	31 Dec 2023	Items affecting cash flow		Items not affecting cash flow			31 Dec 2024
			New loans	Loan repayment	Exchange-rate fluctuations	Discounts/premiums		
	Non-current interest-bearing liabilities	41,572	3,113	-2,095	390	51	43,031	
	Current interest-bearing liabilities	9,216	5,643	-5,692	–	–	9,166	
	<b>Total interest-bearing liabilities</b>	<b>50,787</b>	<b>8,756</b>	<b>-7,787</b>	<b>390</b>	<b>51</b>	<b>52,198</b>	

Parent Company	Specification of changes in liabilities attributable to financing activities	31 Dec 2022	Items affecting cash flow		Items not affecting cash flow			31 Dec 2023
			New loans	Loan repayment	Exchange-rate fluctuations	Discounts/premiums		
	Non-current interest-bearing liabilities	41,034	942	-47	-392	34	41,572	
	Current interest-bearing liabilities	8,503	6,009	-5,296	0	–	9,216	
	<b>Total interest-bearing liabilities</b>	<b>49,538</b>	<b>6,951</b>	<b>-5,343</b>	<b>-392</b>	<b>34</b>	<b>50,787</b>	

## Note 24 Related-party transactions

### Accounting policies related-party transactions

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

#### Parent Company

During the year, dividends totalling SEK 197 million (311) 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 2024, dividends totalling SEK 1,173 million were paid to the Parent Company's owners, the Third Swedish National Pension Fund and AB Sagax. The Third Swedish National Pension Fund provided shareholder contributions of SEK 425 million and AB Sagax provided shareholder contributions of SEK 75 million to Hemsö Fastighets AB. Hemsö has an underwriting guarantee of SEK 6,000 million from the Third Swedish National Pension Fund.

#### Board of Directors

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 84.

#### 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 page 85.

#### Subsidiaries

Holdings are presented in Note 16.

#### Joint ventures

Holdings are presented in Note 17. The Group's share of profit from joint ventures amounted to SEK 157 million (-14).

## Note 25 Accrued expenses and deferred income

	Group		Parent Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Prepaid rental income	714	699	–	–
Accrued interest expense	328	358	328	358
Accrued personnel costs	26	26	19	19
Other items	198	136	108	34
<b>Total</b>	<b>1,267</b>	<b>1,218</b>	<b>456</b>	<b>410</b>

## Note 26 Events after the closing date

Moody's assigned Hemsö a long-term credit rating of A3 with a stable outlook.

Hemsö signed a ten-year loan agreement for SEK 700 million with the Nordic Investment Bank (NIB). Hemsö and Bjuv Municipality signed a lease agreement for a new nursing home and sports centre.

## Note 27 Proposed appropriation of profits

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

The proposed dividend of SEK 12.49 per share is based on the annual accounts for 2024, which will be presented to the Annual General Meeting for adoption on 25 April 2025, 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 Chapter 17, Paragraph 3, Sections 2–3 of the Swedish Companies Act (the prudence concept).

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

Retained earnings	3,717,846,270
Share premium reserve	1,000,000,000
Profit for the year	416,433,435
<b>Total</b>	<b>5,134,279,705</b>

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

To shareholders	1,249,000,000
<b>To be carried forward:</b>	
Share premium reserve	1,000,000,000
Retained earnings	2,885,279,705
<b>Total</b>	<b>5,134,279,705</b>

## Signing of the annual accounts

The undersigned assure that the annual accounts of the Group and the Parent Company 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 accounts also contain the Group's and the Parent Company's Sustainability Report and information about the central components for understanding the company's performance, position and results as well as the impact of operations, including disclosures on matters relating to environment, social conditions, employees, respect for human rights and combatting corruption.

The Board of Directors confirms that, to the best of its knowledge and belief, the Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act and contains no material misstatements and that no material information has been omitted.

This annual report has been signed with an electronic signature.

The date of signing is shown in the electronic signature.

**Kerstin Hessius**  
Chair of the Board

**Staffan Hansén**  
Board member

**David Mindus**  
Board member

**Johanna Skogestig**  
Board member

**Johan Thorell**  
Board member

**Nils Styf**  
Chief Executive Officer

Our audit report was submitted on the date of our electronic signature.  
KPMG AB

**Peter Dahllöf**  
Authorised Public Accountant



Folkuniversitetet, Gothenburg – Lindholmen 1:12

# Auditor's report

To the general meeting of the shareholders of Hemsö Fastighets AB, corp. id 556779-8169

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Hemsö Fastighets AB for the year 2024, except for the corporate governance statement on pages 80-83.

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 2024 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 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 80-83. 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 statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the 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.

### Valuation of investment properties

See disclosure 2 and 14 and accounting principles on page 93 and page 99 in the annual account and consolidated accounts for detailed information and description of the matter.

### Description of key audit matter

- Investment properties are reported in the consolidated accounts at fair value.
- The fair value of the properties has been determined based on valuations performed by independent external valuers.
- Given the investment properties' significant share of the Group's total assets and the element of assessments included in the valuation process, this constitutes a key audit matter in our audit.
- The risk is that the book value of investment properties may be overestimated or underestimated and that any adjustment of the value directly affects the profit for the period.

### Response in the audit

- We have considered whether the applied valuation methodology is reasonable by comparing it with our experience of how other real estate companies and valuers work and what assumptions are normal when valuing comparable objects.

- We have assessed the competence and independence of the external valuers and we have reviewed the valuers' assignment agreements in order to assess whether there are contractual terms that may affect the scope or direction of the external valuers' assignments.
- We have randomly tested the established property valuations. In doing so, we have used current market data from external sources, especially regarding assumptions about yield requirements, discount rates, rental levels and vacancies.
- We have checked the accuracy of the information about the investment properties that the company provides in the annual report, especially with regard to elements of assessments and applied key assumptions.
- We have particularly taken into account effects on both cash flows and yield in relation to the macroeconomic situation.

### Other Information than the annual accounts and consolidated accounts

The other information can be found on pages 1-65 and 115-116, which we obtained prior to the date of this auditor's report. 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 Accounting Standards 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 intend 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 audi-

tor'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.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, measures that have been taken to eliminate the threats or 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 for the year 2024 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 Direc-

tors' 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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess 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 80-83 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 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 Standards 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.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Hemsö Fastighets AB by the general meeting of the shareholders on the 24th of april 2024. KPMG AB or auditors operating at KPMG AB have been the company's auditor since the 28th of april 2022.

Stockholm, on the date indicated by our electronic signature.

KPMG AB

**Peter Dahllöf**

*Authorised Public Accountant*

## 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.

### Hemsö's list of properties



Return on equity	Jan–Dec 2024	Jan–Dec 2023
Profit/loss for the year	1,886	-2,721
Average equity	28,796	29,092
<b>Return on equity, %</b>	<b>6.5</b>	<b>-9.4</b>

Property yield	31 Dec 2024	31 Dec 2023
Net operating income in profit or loss	3,833	3,631
Adjustment for 12-month holdings and currency	-43	-45
Adjustment development properties	-101	-100
<b>Adjusted net operating income</b>	<b>3,689</b>	<b>3,486</b>
Investment properties	85,973	82,624
Adjustment development properties	-8,342	-7,871
<b>Adjusted market value of properties</b>	<b>77,631</b>	<b>74,753</b>
<b>Property yield, %</b>	<b>4.8</b>	<b>4.7</b>

Total yield	Jan–Dec 2024	Jan–Dec 2023
Net operating income	3,833	3,631
Value change, investment properties	-99	-5,287
<b>Total</b>	<b>3,734</b>	<b>-1,656</b>
Opening value investment properties	82,624	84,879
Closing value investment properties	85,973	82,624
Adjustment to year's changes in value	99	5,287
<b>Adjusted average market value of properties</b>	<b>84,348</b>	<b>86,395</b>
<b>Total yield, %</b>	<b>4.4</b>	<b>-1.9</b>

Profit from property management	Jan–Dec 2024	Jan–Dec 2023
Profit after net interest income	2,597	2,267
Reversal		
<i>Changes in value, joint ventures</i>	-154	91
<i>Tax, joint ventures</i>	55	-13
<b>Profit from property management</b>	<b>2,498</b>	<b>2,345</b>

Return on profit from property management	Jan–Dec 2024	Jan–Dec 2023
Profit from property management x 90%	2,248	2,111
Average equity	28,796	29,092
<b>Return on profit from property management, %</b>	<b>7.8</b>	<b>7.3</b>

Interest-coverage ratio	Jan–Dec 2024	Jan–Dec 2023
Net operating income	3,833	3,631
Central administrative expenses	-216	-196
Dividends from joint ventures	28	45
<b>Total</b>	<b>3,645</b>	<b>3,480</b>
Net interest expense	-1,177	-1,154
<b>Interest-coverage ratio, times</b>	<b>3.1</b>	<b>3.0</b>

Operating cash flow	Jan–Dec 2024	Jan–Dec 2023
Profit from property management	2,498	2,345
Dividends from joint ventures	28	45
Tax paid	-93	-17
<i>Reversal:</i>		
<i>Loss from property management, participations in joint ventures</i>	-59	-65
<i>Depreciation</i>	16	20
<b>Operating cash flow</b>	<b>2,391</b>	<b>2,329</b>

Loan-to-value ratio	31 Dec 2024	31 Dec 2023
Interest-bearing debt	52,185	50,823
Less cash and cash equivalents	-866	-1,593
<b>Net debt</b>	<b>51,319</b>	<b>49,230</b>
Investment properties	85,973	82,624
Investments in joint ventures	1,981	1,631
<b>Total</b>	<b>87,954</b>	<b>84,255</b>
<b>Loan-to-value ratio, %</b>	<b>58.3</b>	<b>58.4</b>

Net debt/EBITDA	31 Dec 2024	31 Dec 2023
Net debt	51,319	49,230
Net operating income	3,833	3,631
Central administrative expenses	-216	-196
Dividends from joint ventures	28	45
<b>Adjusted operating profit</b>	<b>3,645</b>	<b>3,480</b>
<b>Net debt/EBITDA, times</b>	<b>14.1</b>	<b>14.1</b>

Debt-coverage ratio	31 Dec 2024	31 Dec 2023
Cash and cash equivalents	866	1,593
Undrawn committed credit facilities	13,500	13,623
<b>Available liquidity</b>	<b>14,366</b>	<b>15,216</b>
Short-term borrowings	9,166	9,216
<b>Debt-coverage ratio, %</b>	<b>157</b>	<b>165</b>

Share of secured debt	31 Dec 2024	31 Dec 2023
Secured debt outstanding	1,000	1,000
Investment properties	85,973	82,624
<b>Secured debt, %</b>	<b>1.2</b>	<b>1.2</b>

Operating margin	Jan–Dec 2024	Jan–Dec 2023
Operating profit	3,775	3,421
Property income	5,138	4,859
<b>Operating margin, %</b>	<b>73.5</b>	<b>70.4</b>

Equity/assets ratio	31 Dec 2024	31 Dec 2023
Equity	29,436	28,156
Total assets	91,253	89,231
<b>Equity/assets ratio, %</b>	<b>32.3</b>	<b>31.6</b>

Net asset value	31 Dec 2024	31 Dec 2023
Equity	29,436	28,156
Interest-rate derivatives	-7	38
Deferred tax	6,197	5,954
<b>Net asset value</b>	<b>35,626</b>	<b>34,149</b>

Adjusted equity/assets ratio	31 Dec 2024	31 Dec 2023
Equity	29,436	28,156
Interest-rate derivatives	-7	38
Deferred tax	6,197	5,954
<b>Net asset value</b>	<b>35,626</b>	<b>34,149</b>
Assets	91,253	89,231
<b>Adjusted equity/assets ratio, %</b>	<b>39.0</b>	<b>38.3</b>

# Definitions

## Financial definitions

### Share of secured debt

Interest-bearing secured debt in relation to investment properties.

### Return on profit from property management

Profit from property management after 10 per cent standard tax in relation to average equity. Average equity calculated as the total of the opening and closing balance, divided by two.

### Return on equity

Profit/loss for the year relative to average equity.

### Loan-to-value ratio

Net debt in relation to investment properties and investments in joint ventures.

### Property yield

Net operating income over the past 12 months, adjusted for the holding period and currency of the properties during the period, in relation to market value of properties at period-end, excluding development properties.

### Available liquidity

Cash and cash equivalents and short-term investments plus undrawn committed credit facilities.

## Property-related definitions

### Net operating income

Rental income less operating and maintenance costs and property tax, ground rent not included in net operating income.

### Economic occupancy rate

Contracted annual rental income in relation to rental value.

### Rental income

Rental income for the period less vacancies, rent reductions and rental losses.

### Lease duration

The weighted average remaining lease duration, excluding garage/parking storage and housing let to private individuals.

### Rental value

Contracted annual rental income plus vacancy rent.

### Profit from property management

Profit or loss after net interest income after reversal of changes in value and tax from participations in joint ventures.

### Average interest rate

The weighted interest rate on interest-bearing liabilities with consideration for interest-rate derivatives and committed credit facilities on the closing date.

### Investments in joint ventures

Share of equity in joint ventures and lending to joint ventures.

### Adjusted equity/assets ratio

Net asset value in relation to total assets.

### Loan maturity

The average of the remaining term of interest-bearing liabilities, including the duration of undrawn committed credit facilities.

### Short-term borrowings

Loan maturities within 12 months (current interest-bearing liabilities).

### EMTN programme

European bond programme.

### Comparable portfolio

The properties owned throughout the entire period and entire comparative period and not classified as development properties during these periods.

### Contracted annual rent

Contracted annual rental income less rent reductions and rental losses.

### Net investments

Total of purchasing, including stamp duty and other direct transaction costs and investments in development projects, less the selling price of properties sold and the selling price of properties sold via companies and direct transaction costs.

### Development property

Properties under construction and development rights. Development properties also include properties where a significant part of the space has been vacated in order to convert and develop the property.

### Net debt

Interest-bearing liabilities less cash and cash equivalents and current investments.

### Operating cash flow

Profit from property management after reversal of depreciation and amortisation and profit from property management in joint ventures less tax paid plus dividends from joint ventures.

### Interest-coverage ratio

Net operating income less central administrative expenses plus dividends from joint ventures in relation to net interest expense.

### 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/loss

Net operating income plus share of profit of joint ventures and administrative expenses.

### Public property

A property that is predominantly used for taxpayer-funded operations and is purpose-built for public services. Assisted living is also included in the public properties concept.

### Large cities

The definition of large cities in Sweden, Finland and Germany according to Statistics Sweden and the OECD: In Sweden and Finland, municipalities with a population of 100,000 or more, and in Germany, with a population of 200,000 or more.

### Lettable area

The areas of the properties for which tenants can be debited rent at period-end.

### Rent based on vacancy rate

Rental value of vacancy rent as a percentage of total rental value.

### Net debt/EBITDA

Net debt in relation to adjusted operating profit over the past 12 months. Net debt/EBITDA is used to measure debt in relation to earnings and thereby evaluate the company's capital structure based on the company's cash flow.

### Debt-coverage ratio

Available liquidity in relation to short-term borrowings.

### Equity/assets ratio

Equity in relation to total assets.

### Net asset value

Equity plus deferred tax and interest-rate derivatives.

### Total yield

The sum of net operating income and changes in value in relation to the average market value of properties, adjusted for changes in value over a rolling 12-month period.

### Currency exposure

Net of properties, joint ventures, cash and foreign currency liabilities less currency hedging as a percentage of equity.

### 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 income.

**Production and graphics:** Hallvarsson & Halvarsson

**Text:** Hemsö

**Photos:** Dan Coleman, Johan Eldrot, Måns Berg, Torbjörn Bergkvist, Sten Jansin, Nicklas Dahlgren, Dana Luig, Henrik Mill, Kuvatoimisto Kuvio Oy, Anders Portman, Bert Leandersson, Gustav Davidsson, Janki Ferlic, Alexander Jedermann, Annie Spratt, Askar Abayev, Daiga Ellaby, Stephanie Klepacki, Sareh Askarzadeh, Johnny Cohen, Clay Banks, Christian Ferm, Raymond Petric, Nathan Dumlao, Mauro Rongione, Austin Pacheco, Katherine Hanlon, Ekaterina Shakharova, Hans Nordlander, Tuomo Repo, Jeskanen-Repo-Teränne Arkkitehdit Oy, Hausmann Architektur, Visulent AB, Tengbom Arkitekter, Stefan Krüger Computergrafik, All the way José, Pixprovider, Nrs studios, Johnér bildbyrå, Unsplash, Pexels.

**Print:** Prinfo Welins



**HEMSÖ**

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