

HEMSÖ AND ARE HAVE ESTABLISHED A JOINT VENTURE TO DEVELOP A NEW MUNICIPAL SCHOOL IN COLOGNE, GERMANY.



Q4

**Year-end report 2024**

**HEMSÖ**

## Significant events during the fourth quarter

- » Hemsö and ARE (Austrian Real Estate) formed a joint venture to develop a new municipal school in Cologne, Germany, with places for 1,000 students. A 25-year lease agreement was signed with the City of Cologne. Hemsö's share of the investment is EUR 80 million.
  - » Hemsö and the German Red Cross, signed a 20-year lease agreement for a new nursing home in Essen with 116 beds. The investment amount is EUR 22 million.
  - » Hemsö's owners decided to inject SEK 2 billion in equity. The capital will be used for investments in new social infrastructure and provided on an ongoing basis as the capital need arises.
  - » Hemsö divested a nursing home in Enköping to Heba. The agreed property value was SEK 206 million. Hemsö also divested nine properties on Gotland to Lanthem. The agreed property value was SEK 663 million.
  - » Hemsö and Forenede Care signed a 20-year lease agreement for a new nursing home with 60 beds in Trelleborg. The investment amount is SEK 160 million.
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- » After the period-end, Moody's assigned Hemsö a credit rating of A3 with stable outlook.

## Summary, January–December 2024

- » Rental income increased 6 per cent to SEK 5,130 million (4,818).
- » Profit from property management increased 7 per cent to SEK 2,498 million (2,345).
- » Operating cash flow increased 3 per cent to SEK 2,391 million (2,329).
- » Changes in the value of properties amounted to SEK -99 million (-5,287).
- » Changes in the value of financial instruments amounted to SEK -234 million (-225).
- » Profit after tax for the year totalled SEK 1,886 million (-2,721).
- » The market value of the properties amounted to SEK 85,973 million (82,624).
- » During the year, SEK 3,490 million (2,825) was invested in the existing property portfolio.
- » During the year, 5 properties (8) were acquired for SEK 276 million (351), and 16 properties (2) were divested for SEK 1,367 million (93).

## Hemsö in summary

	Jan–Dec 2024	Jan–Dec 2023	Oct–Dec 2024	Oct–Dec 2023
Rental income, SEK million	5,130	4,818	1,290	1,220
Profit from property management, SEK million	2,498	2,345	620	560
Profit/loss after tax, SEK million	1,886	-2,721	477	-1,074
Operating cash flow, SEK million	2,391	2,329	561	616
Loan-to-value ratio at period-end, %	58.3	58.4	58.3	58.4
Interest-coverage ratio, times	3.1	3.0	3.1	2.8
Market value of properties at period-end, SEK million	85,973	82,624	85,973	82,624
NOI margin, %	74.6	74.7	75.2	72.8
Economic occupancy rate at period-end, %	97.7	97.8	97.7	97.8
Lease duration at period-end, years	9.1	9.5	9.1	9.5
Lettable area at period-end, tsqm	2,425	2,458	2,425	2,458



## CEO statement

During Hemsö's year-end closing in 2024, I celebrated my eighth year as CEO of the company. These years have been full of success, quite a few challenges, but most of all a lot of joy and pride. This description also applies to 2024. We achieved a great deal during the year, despite the uncertain macro-environment.

We have noted continued strong tenant demand, mainly in the education, nursing home and justice system segments in all of Hemsö's markets. During the year, we completed development projects that added 82 new nursing home beds and 4,700 new school places to society, and also initiated new project collaborations. Our owners will provide SEK 2 billion in equity on an ongoing

basis as opportunities for investment in new social infrastructure arise. Since the capital contribution was announced in December 2024, we have signed lease agreements for new development projects comprising 28,000 sqm with additional annual rental income of SEK 65 million. We are currently discussing additional investments in Sweden, Finland and Germany, and announcements are expected in early 2025.

I am proud of Hemsö's contributions to social development and of my colleagues who are making it possible.

### A long-term approach benefits everyone

Our long-term approach permeates everything we do and also pays off in the capital markets. In March, Fitch Ratings upgraded Hemsö's credit rating from A+ to AA-. For increased transparency and service to our investors, Hemsö has also chosen to include the credit rating agency Moody's, which has assigned Hemsö a long-term credit rating of A3 with a stable outlook.

S&P, Fitch, and Moody's all emphasize our strong liquidity and solid access to capital, which is a result of our defensive business model, low operational risk and stable ownership structure with the Third Swedish National Pension Fund.

Over the past five and ten years, we have grown our profit from property management

by 42 per cent and 200 per cent respectively. In 2024, profit from property management and operating cash flow increased 7 and 3 per cent, respectively, year-on-year.

We will continue to focus on long-term cash flow growth. This is part of our strategy to ensure stability in our offering to the public sector, and for our investors.

### Partner of choice for the public sector

In 2024, Hemsö signed lease agreements for new and re-development projects corresponding to 70,000 sqm and SEK 190 million in annual rent. The year was characterised by expanded collaboration with the public sector in Finland and Germany. With the upcoming development of a new health-care building in Turku and new municipal schools in Cologne, Berlin and Helsinki, we are further strengthening Hemsö's position in these international markets.

The Swedish market also offered several new collaborations during the year. Capella, our development project in Gothenburg, became fully let when we entered into an agreement with Academedia during the summer. Campus Tensta in Stockholm has been filled with activity since the tenant, Järva Gymnasium, opened its new school in August. At the beginning of the year, the Swedish Museum of Science and Technology will open a branch on the campus. I am really looking forward to that.

### Specialist skills in demand

We are specialists in the development and management of social infrastructure. We also strive to stay at the forefront of digitisation. In recent years, we have invested in real estate technology in order to improve the indoor climate for the users of our buildings. These investments are also creating good conditions for further reducing energy use. Since 2019, we have reduced our energy use by 30 per cent. In November 2024, we achieved our target of energy use below 100 kWh per sqm in our property portfolio in Sweden.

Our specialist skills include the re-development and refurbishment of historical buildings. Hemsö's team in Finland is particularly experienced in this area. Vallila elementary school, with the City of Helsinki as tenant, will undergo an extensive re-development. The cultural heritage values will be preserved, while a modern school takes shape. We have completed several similar development projects in collaboration with Finnish municipalities and are looking forward to taking on Vallila.

We can offer clear concepts that municipalities are unable to implement themselves for various reasons, and therefore need, and want, our help. I am looking forward to an exciting 2025 with new and expanded existing partnerships.

Nils Styf, CEO

## This is Hemsö

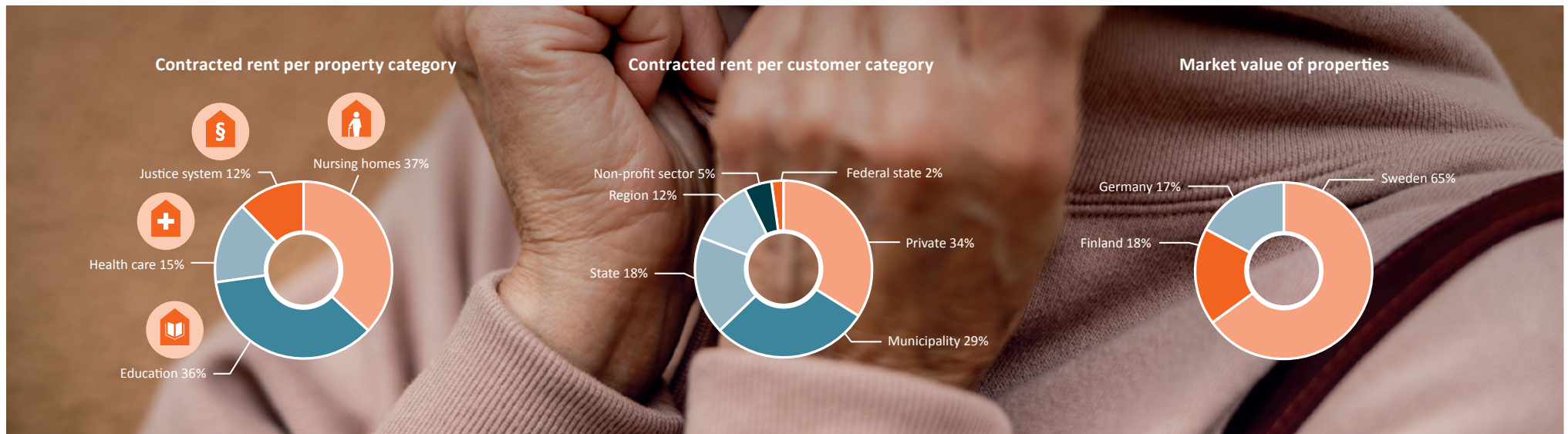
- Hemsö is Sweden’s leading owner of public properties.
- The business is based on sustainably owning, managing and developing properties for nursing homes, education, health care and the justice system.
- Hemsö owns properties in Sweden, Germany and Finland.
- Our vision is to strengthen the backbone of society. We are achieving this through sustainable development, ownership and management of social infrastructure.
- The operations are characterised by long-term lease agreements and stable tenants.
- The Third Swedish National Pension Fund is our majority owner.
- The total value of Hemsö’s property portfolio is SEK 86 billion.
- Hemsö has a credit rating of AA- from Fitch Ratings, A- from Standard & Poor’s and A3 from Moody’s. All with stable outlook.

### Vision

We strengthen the backbone of society

### Business concept

To sustainably own, manage and develop social infrastructure



## Income, costs and profit

Profit/loss and cash flow items refer to the January–December period of 2024, and are compared with the year-earlier period. Balance sheet items relate to the period-end position, and are compared with the corresponding period-end of the preceding year. Key ratio calculations are defined on pages 27–28.

### Rental income

Rental income increased 6 per cent to SEK 5,130 million (4,818), attributable to completed development projects and indexation. Rental income rose 8 per cent in Sweden, 3 per cent in Germany and 5 per cent in Finland. Rental income in the comparable portfolio rose SEK 215 million, or 5 per cent. Exchange rate changes had a negative impact of SEK 7 million on rental income.

At period-end, contracted annual rent increased to SEK 5,100 million (4,996) before rent reductions of SEK 48 million (43).

Economic vacancies amounted to SEK 123 million (112). At period-end, the economic occupancy rate was 97.7 per cent (97.8).

Hemsö's contracted rental income. The lease duration was 9.1 years (9.5).

### Property costs

Property costs amounted to SEK 1,305 million (1,228), up SEK 78 million. The higher costs were mainly due to a year-on-year increase of SEK 49 million in maintenance costs.

In the comparable portfolio, property costs rose SEK 61 million, or 6 per cent.

### Vacancy changes

SEK million	Jan–Dec 2024
Opening vacancy	112
Terminated lease agreements	52
Adjusted for vacancy rents	-15
New lease agreements	-26
Acquired	0
Divested	-1
Exchange rate changes	1
<b>Closing vacancy</b>	<b>123</b>

## SEK 5,130 million

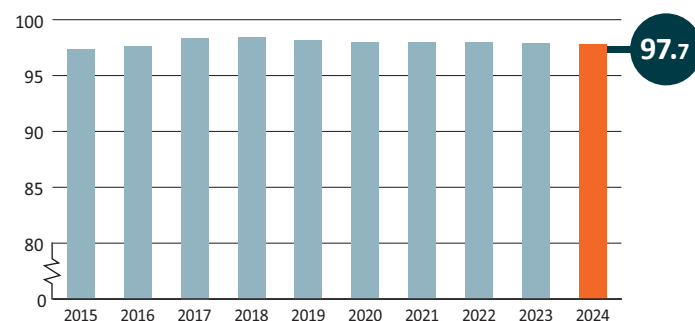
### Rental income

Lease agreements amounting to annual rent of SEK 296 million will be subject to renegotiation in 2025, corresponding to 6 per cent of

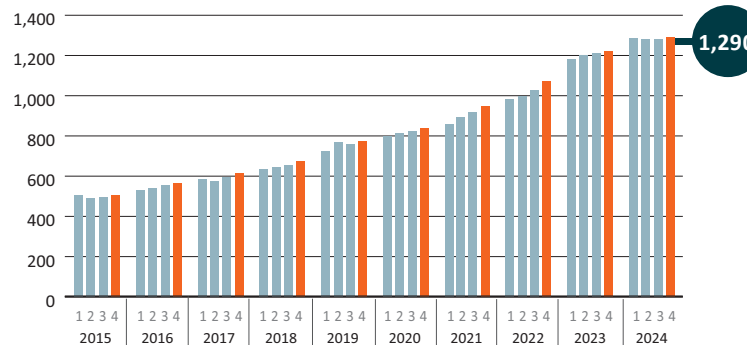
### Lease maturity

Year	Annual rent, SEK million	Share, %
2025	296	6
2026	338	7
2027	390	8
2028	417	8
2029	242	5
2030	374	7
2031	293	6
2032	194	4
2033	262	5
2034	250	5
>2034	2,044	40
<b>Total</b>	<b>5,100</b>	<b>100</b>

### Economic occupancy rate, %



### Rental income per quarter, SEK million



## Net operating income

Net operating income rose 6 per cent to SEK 3,833 million (3,631). The increase was mainly attributable to completed development projects and indexation. Increased maintenance reduced the NOI margin to 74.6 per cent (74.7). 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 attributable to rising rental income due to indexation.

## Administration

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

# SEK 3,833 million

## Net operating income

## Net interest expense

Despite higher interest-bearing liabilities, interest expense is in line with the preceding year. Net interest expense for the period increased to SEK -1,177 million (-1,154), due to non-recurring items.

The average interest rate at the closing date decreased 2.2 per cent (2.3). Interest-bearing liabilities rose to SEK 52,185 million (50,823).

## Net interest expense

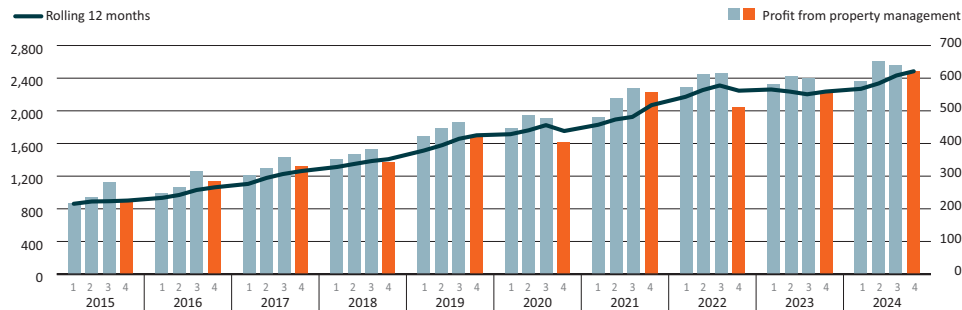
SEK million	Jan–Dec 2024	Jan–Dec 2023
Interest income	50	36
Interest expense	-1,091	-1,093
Other financial expenses	-95	-59
Ground leases and leasehold fees	-41	-39
<b>Net interest expense</b>	<b>-1,177</b>	<b>-1,154</b>

## Comparable portfolio

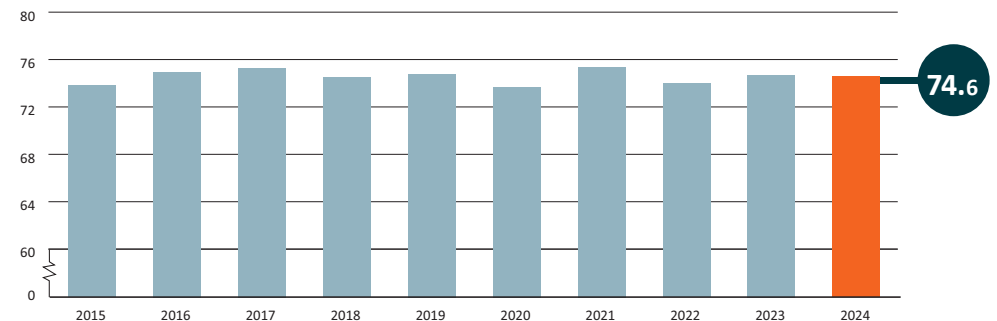
	31 Dec 2024	31 Dec 2023	Change
No. of properties	389	389	–
Market value of properties, SEK million	73,991	72,169	3%
Property yield, %	4.8	4.6	0.2

SEK million	Jan–Dec 2024	Jan–Dec 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 property costs	-94	-84	11.8
<b>Net operating income</b>	<b>3,521</b>	<b>3,396</b>	<b>3.7</b>

## Profit from property management, SEK million



## NOI margin, rolling 12-month period, %



### Profit from property management

Profit from property management rose 7 per cent to SEK 2,498 million (2,345), mainly due to an increase in net operating income.

### Change in value of investment properties

Change in the value of investment properties was SEK -99 million (-5,287) for the year. Unrealised value changes amounted to SEK -60 million (-5,270), corresponding to a value change of -0.1 per cent (-6.2). Realised changes in value amounted to SEK -39 million.

Value change attributable to property management and development projects was SEK 225 million (3,936), or 0.3 per cent (4.6). Value change related to market factors amounted to SEK -286 million (-9,205) corresponding to a change of -0.3 per cent (-10.8) due to an upward adjustment of the valuation yield in Germany.

In 2024, transaction volumes in the property markets in Sweden, Germany and Finland remained low although increased activity and rising optimism were noted in Sweden towards the middle of the year. While there are still companies with a need to divest properties, lower interest rates, higher stock market valuations and better bond market terms, in particular, have all increased the number of potential buyers.

In Sweden, the fourth quarter of 2024 was characterized by clearly higher transaction activity in the public properties segment compared with recent quarters. This was particularly evident in the Nursing home category, where a number of closings with an initial return of 4.50–4.75 per cent were noted during the year. These transactions confirm the demand for well-located and modern nursing homes, preferably with longer lease

agreements. This also benefitted properties in the Justice system category, due to the major need for premises that now exists for police and correctional facilities.

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 Sweden and Finland, market value is reported without taking transaction costs into consideration. In Germany, market value is reported after the deduction of 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. The total return was 4.4 per cent (-1.9).

### Property valuation

At period-end, the fair value of properties was SEK 85,973 million (82,624). Hemsö measures the fair value of its investment properties in accordance with IAS 40. The measurements are categorised within Level 3 of the fair value hierarchy in IFRS 13. The market value of all properties is determined by an independent valuation institute at least once per year. The market value of all properties is determined quarterly by Hemsö with guidance from external valuations. In 2024, the property portfolio was externally valued by Cushman & Wakefield, CBRE and JLL.

### Change in value of property portfolio

	SEK million	No. of
Market value, opening balance	82,624	488
Acquisitions	276	5
Investments in new construction, extension and re-development	3,490	
Divestments	-1,367	-16
Disposals	-2	
Exchange rate changes	1,011	
Unrealised value changes	-60	
<b>Market value, closing balance</b>	<b>85,973</b>	<b>477</b>

### Unrealised value changes, properties, Jan–Dec 2024

SEK million	Sweden	Germany	Finland	Total
Attributable to				
– Property management and project-related	-119	86	258	<b>225</b>
– Market factors	-25	-231	-30	<b>-286</b>
<b>Total unrealised value changes</b>	<b>-144</b>	<b>-144</b>	<b>229</b>	<b>-60</b>

### Sensitivity analysis, property valuation

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

## Change in value of financial instruments

Changes in the value of financial instruments had a negative impact of SEK -234 million (-225) on profit. Changes in the value of interest-rate derivatives had a positive impact of SEK 45 million (-38) on profit. Derivatives attributable to currency risk management had a negative 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). Deferred tax mainly consisted of changes in the temporary difference between the market and taxable value of investment properties. Deferred tax assets were netted against deferred tax liabilities on the balance sheet. At period-end, deferred tax liabilities amounted to SEK 6,558 million (6,197).

## Earnings

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

## Cash flow

Hemsö's operating cash flow rose 3 per cent to SEK 2,391 million (2,329). The increase was mainly attributable to higher 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 -314 million (-381). Investing activities had a negative impact of SEK -2,631 million (-3,222) on cash flow, while borrowings, loan repayments and dividends had a negative impact of SEK -184 million (2,349) on cash flow from financing activities. The overall change in cash and cash equivalents during the period was SEK -738 million (1,076).

## Parent Company

The operations of the Parent Company, Hemsö Fastighets AB, mainly consist of managing the Group's properties in the property-owning subsidiaries. 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 due to an increase in the number of employees but also to higher costs for digitisation projects. Financial

**SEK 1,886 million**  
Profit after tax

items amounted to income of 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 on sale of shares in subsidiaries SEK 377 million (0), profit of SEK 211 million (321) from participations in Group companies, and exchange rate effects of SEK -293 million (358). Changes in the value of derivatives amounted to SEK -482 million (-156), and profit for the period totalled SEK 416 million (103).

Properties  
**477**

Market value of properties  
**SEK 86.0 billion**

## Segment information

Amounts in SEK million	Profit/loss items per segment				Asset items per segment	
	Rental income		Net operating income		Market value of properties	
	Jan–Dec 2024	Jan–Dec 2023	Jan–Dec 2024	Jan–Dec 2023	31 Dec 2024	31 Dec 2023
Sweden East	1,206	1,128	925	859	22,912	22,444
Sweden Central	670	596	481	405	10,471	9,546
Sweden North	825	759	585	556	13,523	13,675
Sweden South	518	500	359	344	8,873	8,289
Germany	836	808	676	689	14,825	14,396
Finland	1,074	1,027	806	778	15,369	14,274
<b>Total</b>	<b>5,130</b>	<b>4,818</b>	<b>3,833</b>	<b>3,631</b>	<b>85,973</b>	<b>82,624</b>

Segment identification 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.

## Property portfolio

Of the market value of properties of SEK 85,973 million (82,624), 65 per cent (65) was attributable to Sweden, 18 per cent (17) to Finland and 17 per cent (18) to Germany. The largest share of the market value of the properties, 83 per cent, was attributable to properties located in metropolitan areas and large cities in Sweden, Germany and Finland.

Hemsö divides the property portfolio into four categories. Nursing homes is the largest category and accounts for 37 per cent of the market value of properties, followed closely by Education at 37 per cent. Health care accounts for 14 per cent and the Justice system for 12 per cent. At 31 December 2024, Hemsö's property portfolio comprised 477 properties (488) with a total lettable area of 2,425 tsqm (2,458).

### Investments

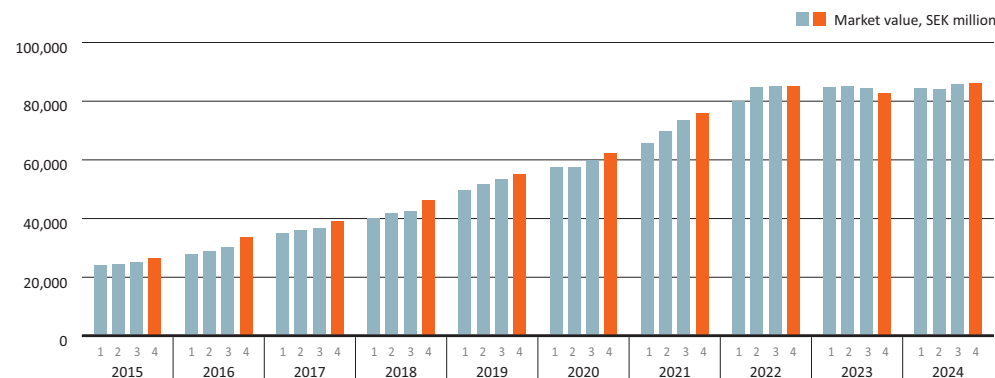
Investments pertain to new development and investments in existing properties. Invest-

ments 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 period, SEK 3,490 million (2,825) was invested, of which SEK 2,526 million (1,933) pertained to new construction, extension and re-development and SEK 964 million (892) to improvements and new lettings.

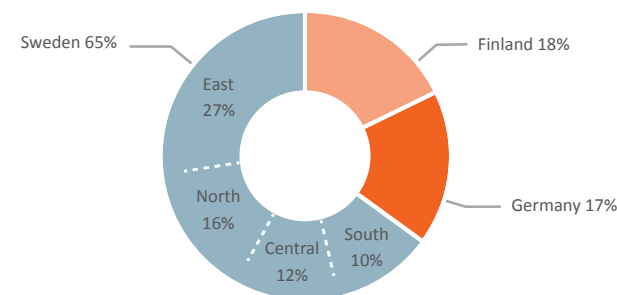
### Transactions

During the year, 5 properties (8) were acquired for SEK 276 million (351), and 16 properties (2) were divested for SEK 1,367 million (93). The divestments had a positive impact of SEK 79 million after tax. The properties were divested at an agreed property value of SEK 1,358 million, compared with their market value of SEK 1,350 million at 31 December 2023.

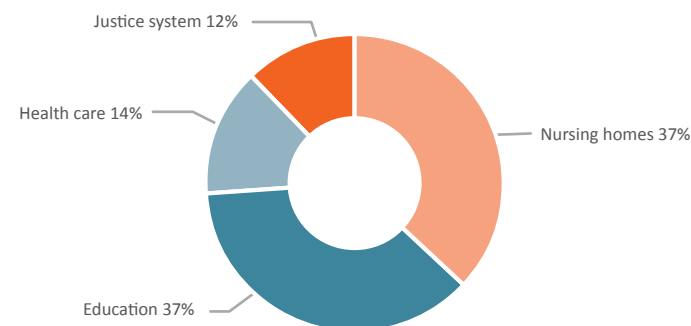
### Market value of properties, SEK million



### Market value of properties per segment



### Market value of properties per property category



### Hemsö's property categories

	Nursing homes	Education	Health care	Justice system	Total
No. of properties	231	154	63	29	477
Lettable area, tsqm	1,039	844	311	230	2,425
Lease duration, year	8.7	11.0	6.7	7.9	9.1
Market value of properties, SEK million	32,053	32,019	11,982	9,919	85,973
Rental income, SEK million	1,939	1,791	786	615	5,130
Net operating income, SEK million	1,423	1,380	562	469	3,833
Economic occupancy rate, %	98.2	97.6	97.0	97.0	97.7
Property yield, %	4.5	4.8	5.0	5.0	4.8

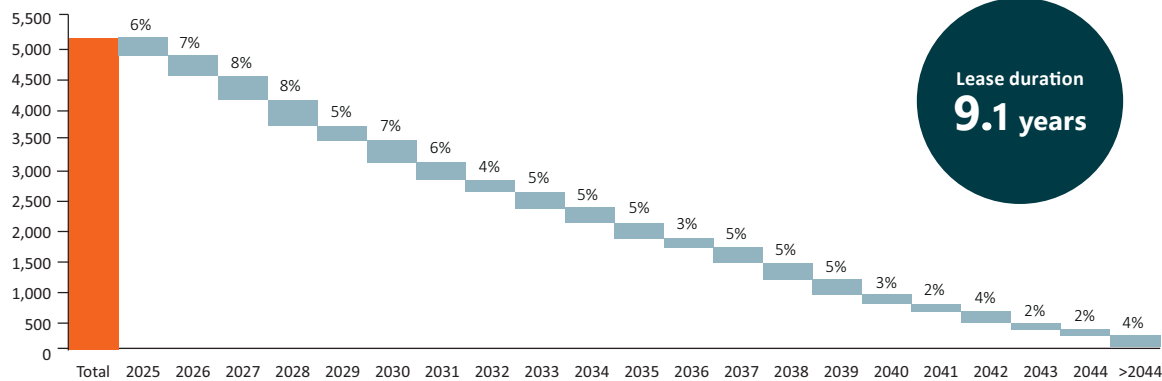
## Tenants

Hemsö's business model is based on long-term lease agreements with public-sector tenants, or with private operators that are taxpayer-funded. In Sweden, rents are adjusted annually in January, based on the Consumer Price Index (CPI) in October of the preceding year. In Finland and Germany, rents are adjusted on an ongoing basis in accordance with applicable lease agreements. The indexation rate in Hemsö's property portfolio was 93 per cent in Sweden, 80 per cent in Germany and 100 per cent in Finland.

95 per cent of Hemsö's rental income was derived from taxpayer-funded services. The proportion of contracted annual rent with public-sector tenants was 61 per cent. Contracted annual rent was 29 per cent with municipal operators, 18 per cent with state operators, 12 per cent with federal state operators and 2 per cent with regional operators. Private operators accounted for 34 per cent of the annual rent, and non-profit organisations for 5 per cent.

The largest tenants were the Swedish Police, Region Stockholm, Academedia, the Wellbeing Services County of Southwest Finland and Attendo, which jointly accounted for 21 per cent of rental income. Of Hemsö's 20 largest tenants, 13 were public-sector operators. In Sweden, most privately run education, health care and elderly care operations are taxpayer-funded via school, health care and care voucher schemes. In Finland, private operators receive funding through a system similar to Swedish schemes. In Germany, nursing home operations are funded through the public health insurance scheme and fees paid by the residents. When the residents are unable to pay their own expenses, funding is provided through municipal contributions.

Lease maturity, annual rent, SEK million



Lease duration  
**9.1 years**

## Hemsö's 20 largest tenants

Tenant	Category	Annual rent, SEK million	Share, %	No. of lease agreements
Swedish Police	State	245	4.8	36
Region Stockholm	Region	240	4.8	66
Academedia	Private	219	4.3	23
Wellbeing Services County of Southwest Finland (FIN)	Region	173	3.4	17
Attendo	Private	167	3.3	63
Ministry of Justice (FIN)	State	146	2.9	12
City of Västerås	Municipality	129	2.6	22
Mälardalen University	State	126	2.5	3
AWO (GER)	Non-profit	115	2.3	12
Mehiläinen (FIN)	Private	96	1.9	18
City of Lahti (FIN)	Municipality	91	1.8	4
Alloheim (GER)	Private	91	1.8	10
International English School	Private	91	1.8	8
Norrköping Municipality	Municipality	86	1.7	15
Uppsala Municipality	Municipality	80	1.6	16
Karolinska Institute	State	77	1.5	4
North Rhine-Westphalia (GER)	Federal state	72	1.4	1
Västra Götaland Region	Region	71	1.4	62
HEWAG (GER)	Private	68	1.3	9
City of Gothenburg	Municipality	66	1.3	12
<b>Total</b>		<b>2,450</b>	<b>48.5</b>	<b>413</b>

## Rental value – public-sector tenants

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

Public-sector tenant  
Private-sector tenant

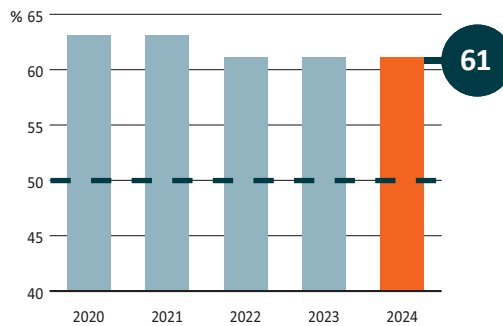
(FIN) = Finland  
(GER) = Germany

## Property frameworks

Hemsö has four property frameworks in order to clarify the company’s strategy. The aim of these frameworks is to ensure a low level of risk in the property portfolio and that Hemsö’s cash flow remains stable over time.

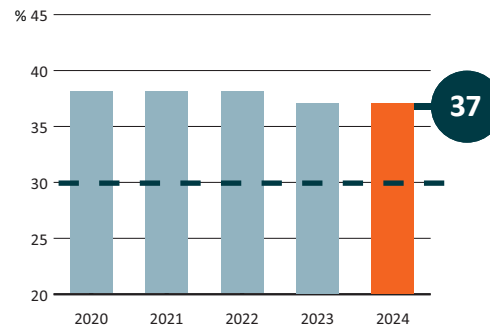
### Public-sector tenants

– At least 50 per cent of rental income



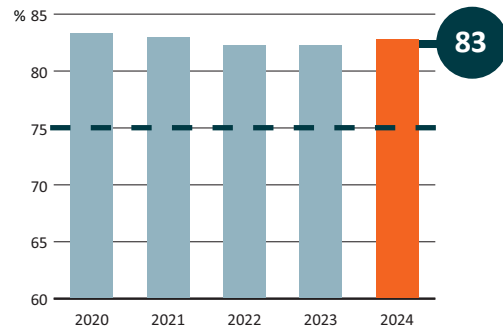
### Nursing homes

– At least 30 per cent of rental income



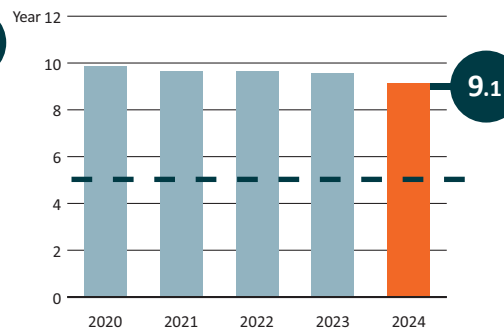
### Metropolitan areas and large cities

– At least 75 per cent of rental income



### Lease duration

– At least 5 years



## Earnings capacity

The table reflects Hemsö’s earnings capacity on a 12-month basis. It is important to note that this should not be compared with a forecast for the next 12 months as this does not include, for example, any assessments regarding future vacancies, rental trends, changes in property costs or future property transfers/exits. Rental income is based on annual rental value less vacant premises and rent reductions. Other income and property costs are based on the actual outcome over the past 12 months, adjusted for the holding period. Administrative expenses are based on the actual outcome over the past 12 months.

Net interest income/expense has been calculated on the basis of interest-bearing assets and liabilities at the closing date. Interest expenses are based on the Group’s average interest rate plus amortised origination fees and other estimated financial income and expenses. Share of profit from participations in joint ventures does not include changes in value and tax, i.e. profit from property management, and is calculated using the same assumptions as for Hemsö with consideration for the size of the share. For the calculation of earnings capacity, an exchange rate of 11.49 (11.10) has been used for EUR.

### Earnings capacity

SEK million	1 Jan 2025	1 Jan 2024	Change, %
Rental income	5,071	4,952	2
Other income	8	40	-79
Property costs	-1,299	-1,204	8
<b>Net operating income</b>	<b>3,780</b>	<b>3,789</b>	<b>0</b>
Central administrative expenses	-216	-194	11
Profit from property management, joint ventures	81	58	40
Net interest expense	-1,179	-1,218	-3
<b>Profit from property management</b>	<b>2,466</b>	<b>2,435</b>	<b>1</b>

# Development projects

## Ongoing development projects

Hemsö has many ongoing development projects, mainly related to the construction of new schools and nursing homes. Hemsö's ongoing development projects exceeding SEK 100 million comprised a total investment of SEK 5,335 million, of which the remaining investment amount was 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 2,849 million.



Hemsö is developing a new nursing home in Essen in Germany

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

Development projects	Municipality	Category	Lease duration, years	Area, sqm	Total Investment, SEK million	Remaining investment, SEK million	Rental value increase, SEK million	Occupancy rate, %	Completion, year
Police headquarters	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	Vänersborg	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	12	100	2025
<b>Total</b>				<b>163,500</b>	<b>5,335</b>	<b>2,665</b>	<b>305</b>		

Public-sector tenant  Private-sector tenant <sup>1)</sup> Re-development. <sup>2)</sup> Investment in maintenance, modernisation and energy efficiency of the property.

## Major completed development projects, 2024

Completed	Development projects	Municipality	Category	Certification	Area, sqm	Investment, SEK million	Lease duration, years	Rental value increase, SEK million	Occupancy rate <sup>1)</sup> , %
Q1	Hoivamme K3	Lahti	Nursing home	BREEAM	1,200	60	13	3	100
Q1	Hoivamme N1	Vichtis	Nursing home	BREEAM	1,200	59	15	3	100
Q2	Campus Polacksbacken	Uppsala	Education	n/a	16,200	323	10	36	100
Q2	Kristiansborg, Ryttersborgsskolan	Västerås	Education	Miljöbyggnad	6,700	310	15	17	100
Q2	Kristiansborg, housing <sup>2)</sup>	Västerås	Education	Svanen	3,300	165	n/a	9	98
Q4	Campus Polacksbacken, buildings 38 & 29	Uppsala	Education	n/a	1,900	84	12	5	100
Q4	Råssbyn preschool	Uddevalla	Education	Svanen	1,600	76	20	5	100
Q4	Odinskolan	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>	

Public-sector tenant  Private-sector tenant <sup>1)</sup> Occupancy rate at completion. <sup>2)</sup> The vacancy is attributable to housing. The occupancy rate is reported for Q4, not at completion.

## Sustainability

Hemsö contributes to social value by creating new and managing existing school places and nursing home beds in environments that are customised for the activities that take place in the buildings. We also help Swedish pension funds to grow since most of our profits are returned to Swedish pensioners through our majority owner, the Third Swedish National Pension Fund. Hemsö's Board has formed a Sustainability Committee to further advance the company's sustainability initiatives, and to ensure the quality of the company's sustainability reporting.

### Climate and environment

Hemsö's target is net zero value chain emissions (Scopes 1, 2 and 3) by 2040. We work continuously with energy efficiencies in the existing portfolio. Hemsö's target of energy use below 100 kWh per sqm in the Swedish

property portfolio was achieved in December 2024. Our property management has worked together with our operational maintenance to continuously replace old technical equipment and optimise energy use based on our tenants' operating hours.

Our target is environmental certification for all new developments. At the end of the fourth quarter, 100 per cent of all completed new developments were certified.

### Energy use analysis

Energy use in the comparable portfolio in 2024 compared with 2023 shows a reduction of 7.7 per cent. Energy use per square metre Atemp for properties in Sweden has been calculated for 2024 on measured areas for 90 per cent of the portfolio. In previous years, only standardised areas from energy declarations have been used for all properties.

### Analysis of carbon footprint of construction

In 2024, the average value for the carbon footprint of construction was lower than in 2023. This was mainly because re-developments accounted for a higher share of the completed development projects, with a considerably lower carbon footprint than new developments.

### Hemsö's role in society

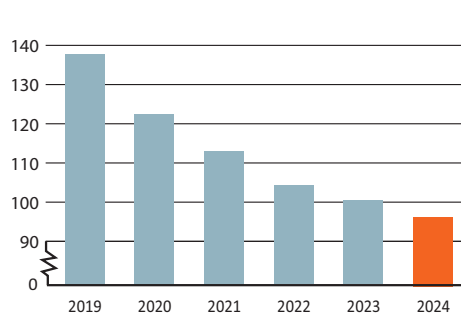
We contribute to the maintenance and development of social infrastructure. During the year, we completed a total of 82 new nursing home beds and 4,700 new school places.



### New high score for customer satisfaction – five-year target achieved

Our target since 2018 has been a score of 75 on the Customer Satisfaction Index (max. 100). Due to the dedication of our property managers and employees, we have now surpassed the target. In the 2024 survey (the results were presented in October), we raised our score on the Customer Satisfaction Index (CSI) from 73 to 77.

### Energy use in Sweden, kWh/m<sup>2</sup> A-temp <sup>1)</sup>



<sup>1)</sup> Energy use (heating + electricity), normal-year corrected values.

### KPIs Sustainability

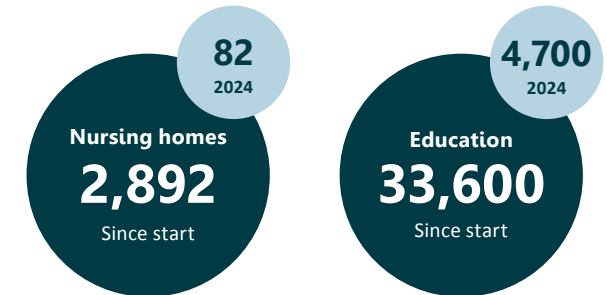
SEK million	2024	2023
Environmental certification, new developments, % <sup>1)</sup>	100	76
Carbon footprint, construction, Kg CO <sub>2</sub> e/m <sup>2</sup> GIA <sup>2)</sup>	203	347
Floor area under 100 kWh/m <sup>2</sup> , % <sup>3)</sup>	66	57

<sup>1)</sup> Percentage of completed buildings.

<sup>2)</sup> Average value for completed buildings, calculated according to the Climate Declaration for Buildings Act.

<sup>3)</sup> Refers to Sweden.

### Beds/places created <sup>1)</sup>



<sup>1)</sup> The totals pertain to the number of beds/places that Hemsö has added through completed development projects between 2009 and the fourth quarter of 2024.

## Joint ventures

At 31 December 2024, Hemsö owned participations in Turku Technology Properties Oy (TTP), Lanthem Samhällsfastigheter AB (Lanthen) and HemTag Fastigheter AB (HemTag). These companies are reported in Hemsö's consolidated financial statements using the equity method. The participation in TTP is

recognised at SEK 1,556 million (1,409), the participation in Lanthem at SEK 366 million (212) and the participation in HemTag at SEK 54 million (15). Total investments in joint ventures amounted to SEK 1,981 million (1,631), which also included loans of SEK 4 million to Lanthem.

### Turku Technology Properties (TTP)

Hemsö has shared joint control over TTP since 2019. Hemsö owns 52 per cent of the shares in the company and is therefore the largest shareholder. The City of Turku owns 38 per cent of the company and Turku University of Applied Sciences owns 10 per cent. TTP is run as a joint venture and is not consolidated in the Hemsö Group.

TTP is focused on public properties and its property portfolio is concentrated to central Turku. The company combines education, research and private enterprise in a dynamic cluster of tenant firms known as Science Park. At 31 December 2024, 61 per cent of the rental income was derived from public-sector tenants, and the lease duration was seven years.



TTP	31 Dec 2024	31 Dec 2023
Participation, %	52	52
Rental value, SEK million	485	451
No. of properties	26	27
Economic occupancy rate, %	93	95
Market value of properties, SEK million	6,236	5,427
Lease duration, year	7	7
Share of public-sector tenants, %	61	62

### Profit from joint ventures, Jan–Dec 2024

SEK million	TTP	Lanthen	HemTag	Total
Profit/loss from property management	50	11	-2	59
Value changes, investment properties	137	16	22	175
Value changes, financial instruments	-21	-1	–	-21
Tax	-42	-9	-5	-55
<b>Profit recognised</b>	<b>125</b>	<b>17</b>	<b>15</b>	<b>157</b>

### Lanthen

In 2017, Hemsö entered into a partnership with Lantmännen Fastigheter AB by forming a joint venture, Lanthen Samhällsfastigheter AB. The partnership is based on Lantmännen's land bank. Most of the properties lie adjacent to ports, or centrally in one of Hemsö's prioritised locations.

The partnership will secure Hemsö's access to land for attractive development projects. The company has acquired and developed 15 nursing homes and school properties. The ongoing development projects mainly belong to these two categories. Ownership of Lanthen Samhällsfastigheter AB is shared equally by Hemsö and Lantmännen Fastigheter AB. In December 2024, Hemsö divested 9 properties on Gotland to Lanthen.



Lanthen	31 Dec 2024	31 Dec 2023
Participation, %	50	50
Rental value, SEK million	106	51
No. of properties	15	6
Economic occupancy rate, %	100	99
Market value of properties, SEK million	1,562	858
Lease duration, year	8	11
Share of public-sector tenants, %	65	39

## Financing

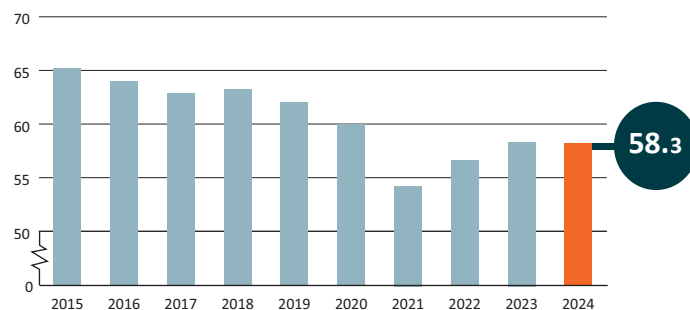
The aim of Hemsö's financing activities is to ensure a stable capital structure and the highest possible net interest income within predetermined risk constraints. Hemsö's loan-to-value ratio should not exceed 60 per cent over time, and the interest-coverage ratio should be at least 2.5 times. At year-end, the loan-to-value ratio was 58.3 per cent (58.4) and the interest-coverage ratio was 3.1 times (3.0).

Hemsö issues bonds in Swedish and European capital markets, and commercial papers in the Swedish market. In addition, Hemsö has committed credit facilities and underwriting commitments from Nordic banks and the Third Swedish National Pension Fund.

At year-end, Hemsö's undrawn committed credit facilities amounted to SEK 13,500 million (13,623). Cash and cash equivalents amounted to SEK 866 million (1,593). Available liquidity therefore totalled SEK 14,366 million (15,216). The debt-coverage ratio was 157 per cent (165).

Hemsö has a credit rating of AA- from Fitch Ratings, A- from Standard & Poor's and A3 from Moody's. All with stable outlook.

### Loan-to-value ratio, %



### Interest-bearing liabilities

At period-end, Hemsö's interest-bearing liabilities amounted to SEK 52,185 million (50,823).

During the year, Hemsö issued bonds amounting to SEK 6,824 million. SEK 5,800 million was issued in the Swedish market and SEK 1,024 million in the Norwegian market. 65 per cent of these issues are floating rate bonds. The interest-rate risk is hedged by entering into fixed-rate periods via interest-rate derivatives. Hemsö regularly repurchases outstanding bonds in order to refinance maturities early. During the period, Hemsö repurchased bonds with a nominal value of SEK 3,537 million and EUR 78 million through bilateral discussions and a structured repurchase tender offer, respectively.

### 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

### Sources of funding, SEK million

	31 Dec 2024	31 Dec 2023
Bonds, SEK	14,326	15,133
Bonds, EUR	19,163	19,357
Bonds, AUD, JPY, NOK, USD	5,716	4,714
<b>Total bonds</b>	<b>39,205</b>	<b>39,203</b>
Commercial papers, SEK	5,831	4,751
Council of Europe Development Bank, EUR	257	123
European Investment Bank, SEK, EUR	4,230	4,114
Nordic Investment Bank, SEK	800	800
Schuldschein, EUR	861	832
Secured bank loans, SEK	1,000	1,000
<b>Total interest-bearing liabilities</b>	<b>52,185</b>	<b>50,823</b>

### Sustainable finance, SEK million

	31 Dec 2024	31 Dec 2023
Sustainability bonds	13,053	11,671
Council of Europe Development Bank	257	123
European Investment Bank	4,230	4,114
Nordic Investment Bank	800	800
<b>Total sustainable finance</b>	<b>18,341</b>	<b>16,708</b>

### Capital structure, SEK million

	31 Dec 2024	31 Dec 2023
Non-current interest-bearing liabilities	43,019	41,608
Current interest-bearing liabilities	9,166	9,216
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>
<b>Share of secured debt</b>	<b>1.2%</b>	<b>1.2%</b>

Hemsö uses derivatives to hedge the company's currency and interest-rate risk. At period-end, the nominal value of the interest-rate derivatives was SEK 6,975 million (3,175). During the period, Hemsö entered into interest-rate derivatives with a nominal value of SEK 3,800 million and an average term of 5.6 years. The value of derivatives used to manage currency risk corresponded to SEK 8,122 million (7,043).

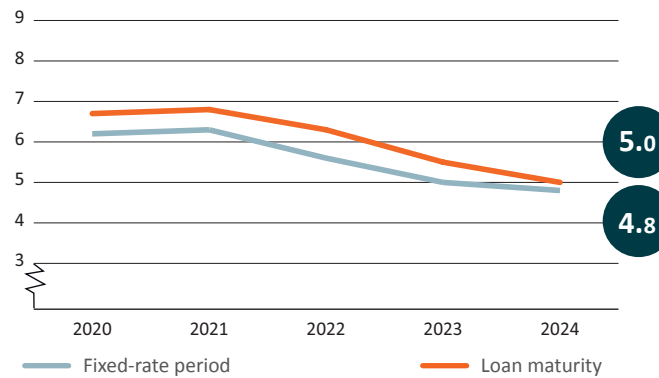
Currency exposure amounted to 4.4 per cent (1.4) of assets in EUR, corresponding to 4.7 per cent (1.5) of equity.

At year-end, the average loan maturity was 5.0 years (5.5) and the average fixed-rate period was 4.8 years (5.0). The average interest rate was 2.2 per cent (2.3).

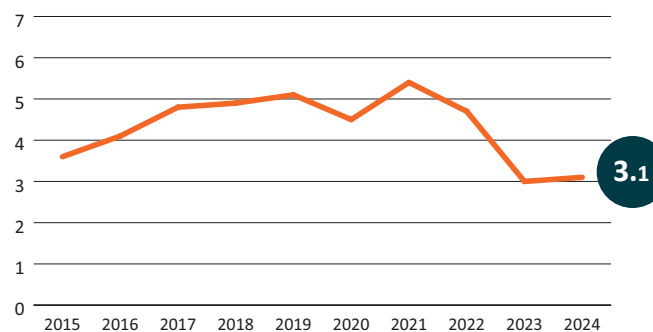


Hemsö and ARE formed a joint venture to develop a new municipal school in central Cologne, in Germany

**Loan maturity and fixed-rate period, years**



**Interest-coverage ratio, times**



**Committed credit facilities and underwriting commitments, SEK million**

	31 Dec 2024	31 Dec 2023
Banks	7,500	7,500
Third Swedish National Pension Fund	6,000	6,000
Council of Europe Development Bank	–	123
<b>Total committed credit facilities</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%

**Currency exposure, SEK million**

	31 Dec 2024	31 Dec 2023
Properties, EUR	30,194	28,671
Joint ventures, EUR	1,556	1,409
Cash, 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 AUD, JPY, NOK, SEK, USD	8,122	7,043
Currency swaps AUD, JPY, NOK, SEK, USD	-8,122	-7,043
<b>Exposure AUD, JPY, NOK, SEK, USD</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, equity, %</b>	<b>4.7%</b>	<b>1.5%</b>
<b>Currency exposure, assets, EUR, %</b>	<b>4.4%</b>	<b>1.4%</b>

## 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% 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	Bank with a minimum credit rating of 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.

## Loan maturity and fixed-rate period

Year	Loan maturity			Fixed-rate period	
	Loans and committed credit facilities, SEK million	Loans, 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
>2033	7,673	7,673	15	7,673	15
<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>59,854</b>	<b>52,185</b>	<b>100</b>		



In November, we commenced construction of the new nursing home in Essen in Germany



Hemsö is developing a new nursing home in Trelleborg with 60 beds

## Quarterly overview

Amounts in SEK million	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
<b>Income statement</b>									
Rental income	1,290	1,278	1,278	1,283	1,220	1,211	1,203	1,183	1,069
Other income	3	3	1	1	9	19	6	7	6
Property costs	-320	-311	-315	-360	-334	-280	-287	-328	-303
<b>Net operating income</b>	<b>973</b>	<b>971</b>	<b>965</b>	<b>924</b>	<b>896</b>	<b>951</b>	<b>923</b>	<b>862</b>	<b>771</b>
Central administrative expenses	-69	-50	-48	-49	-43	-55	-50	-48	-64
Profit/loss from participations in joint ventures	133	13	4	8	-70	14	22	20	-119
<b>Operating profit</b>	<b>1,036</b>	<b>933</b>	<b>922</b>	<b>883</b>	<b>782</b>	<b>910</b>	<b>895</b>	<b>834</b>	<b>588</b>
Net interest expense	-297	-300	-286	-295	-300	-313	-291	-250	-218
<b>Profit after net interest income</b>	<b>739</b>	<b>634</b>	<b>636</b>	<b>588</b>	<b>482</b>	<b>597</b>	<b>604</b>	<b>584</b>	<b>370</b>
<i>- of which Profit from property management</i>	<i>620</i>	<i>638</i>	<i>650</i>	<i>590</i>	<i>560</i>	<i>598</i>	<i>607</i>	<i>580</i>	<i>511</i>
Value change, properties	-187	423	-144	-190	-1,661	-672	-1,699	-1,255	-2,131
Value change, financial instruments	-4	-134	-117	21	-86	-63	-178	103	50
<b>Profit/loss before tax</b>	<b>548</b>	<b>923</b>	<b>374</b>	<b>420</b>	<b>-1,265</b>	<b>-138</b>	<b>-1,273</b>	<b>-568</b>	<b>-1,712</b>
Current tax	12	-62	18	-109	152	-33	-102	-40	-59
Deferred tax	-82	-122	-89	56	39	41	322	145	365
<b>Profit/loss for the period</b>	<b>477</b>	<b>739</b>	<b>303</b>	<b>367</b>	<b>-1,074</b>	<b>-130</b>	<b>-1,054</b>	<b>-463</b>	<b>-1,406</b>
Other comprehensive income	46	9	-55	65	-64	-40	93	16	-12
<b>Comprehensive income for the period</b>	<b>524</b>	<b>747</b>	<b>248</b>	<b>432</b>	<b>-1,138</b>	<b>-171</b>	<b>-961</b>	<b>-448</b>	<b>-1,418</b>

## Quarterly overview, cont.

Amounts in SEK million	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
<b>Balance sheet</b>									
Investment properties	85,973	85,598	84,126	84,236	82,624	84,369	85,071	84,784	84,879
Right-of-use assets	1,084	1,005	1,003	1,027	988	984	1,018	943	932
Participations in joint ventures	1,977	1,670	1,648	1,709	1,636	1,726	1,737	1,699	1,655
Derivatives	–	–	–	–	–	–	–	87	247
Other assets	1,352	2,870	2,833	2,452	2,391	2,142	1,834	1,368	1,209
Cash and cash equivalents and short-term investments	866	1,856	1,022	365	1,593	1,041	1,334	1,009	526
<b>Total assets</b>	<b>91,253</b>	<b>92,999</b>	<b>90,632</b>	<b>89,789</b>	<b>89,231</b>	<b>90,260</b>	<b>90,993</b>	<b>89,889</b>	<b>89,447</b>
Equity	29,436	29,194	28,447	28,589	28,156	28,294	27,465	29,581	30,028
Deferred tax liabilities	6,197	6,095	5,986	5,908	5,954	6,033	6,059	6,378	6,557
Derivatives	604	606	376	357	187	170	313	–	–
Interest-bearing liabilities	52,185	52,497	51,379	50,876	50,823	52,029	53,645	50,535	49,567
Lease liabilities	1,084	1,005	1,003	1,027	988	984	1,018	943	932
Non-interest-bearing liabilities	1,746	3,601	3,441	3,032	3,123	2,751	2,494	2,453	2,363
<b>Total equity and liabilities</b>	<b>91,253</b>	<b>92,999</b>	<b>90,632</b>	<b>89,789</b>	<b>89,231</b>	<b>90,260</b>	<b>90,993</b>	<b>89,889</b>	<b>89,447</b>
<b>Key ratios</b>	<b>Q4 2024</b>	<b>Q3 2024</b>	<b>Q2 2024</b>	<b>Q1 2024</b>	<b>Q4 2023</b>	<b>Q3 2023</b>	<b>Q2 2023</b>	<b>Q1 2023</b>	<b>Q4 2022</b>
<b>Financial ratios</b>									
Loan-to-value ratio, %	58.3	58.0	58.7	58.8	58.4	59.2	60.3	57.3	56.7
Interest-coverage ratio, times <sup>1)</sup>	3.1	3.0	3.0	3.0	3.0	3.1	3.5	4.0	4.7
Operating cash flow, SEK million	561	580	617	634	616	546	615	551	493
<b>Property-related ratios</b>									
Property yield, % <sup>1)</sup>	4.8	4.7	4.7	4.7	4.7	4.5	4.4	4.2	4.1
Total return, % <sup>1)</sup>	4.4	2.5	1.2	-0.6	-1.9	-2.6	-4.0	0.9	4.5
Economic occupancy rate, %	97.7	97.6	97.5	97.8	97.8	97.7	97.6	97.9	97.9
NOI margin, %	75.2	75.8	75.4	72.0	72.8	77.3	76.3	72.4	71.8
No. of properties	477	485	487	487	488	485	484	484	480
Lettable area, tsqm	2,425	2,470	2,457	2,446	2,458	2,452	2,438	2,415	2,400

<sup>1)</sup> Based on rolling 12-month outcome.

## Group – Condensed statement of comprehensive income

Amounts in SEK million	Jan–Dec 2024	Jan–Dec 2023	Oct–Dec 2024	Oct–Dec 2023	Amounts in SEK million	Jan–Dec 2024	Jan–Dec 2023	Oct–Dec 2024	Oct–Dec 2023
Rental income	5,130	4,818	1,290	1,220	<b>Profit/loss for the period attributable to</b>				
Other income	8	41	3	9	Parent Company shareholders	1,848	-2,671	488	-1,118
Operating costs	-855	-841	-205	-211	Non-controlling interests	38	-50	-11	44
Maintenance costs	-339	-290	-84	-98	<b>Other comprehensive income</b>				
Other property costs	-112	-97	-31	-25	Profit/loss for the period	1,886	-2,721	477	-1,074
<b>Net operating income</b>	<b>3,833</b>	<b>3,631</b>	<b>973</b>	<b>896</b>	Translation difference	67	4	46	-64
Central administrative expenses	-216	-196	-69	-43	<b>Comprehensive income for the period</b>	<b>1,953</b>	<b>-2,717</b>	<b>524</b>	<b>-1,138</b>
Profit/loss from participations in joint ventures	157	-14	133	-70	<b>Comprehensive income for the period attributable to</b>				
- of which profit from property management	59	65	13	8	Parent Company shareholders	1,912	-2,667	533	-1,180
- of which changes in value	154	-91	162	-97	Non-controlling interests	40	-50	-10	42
- of which tax	-55	13	-43	18					
<b>Operating profit</b>	<b>3,775</b>	<b>3,421</b>	<b>1,036</b>	<b>782</b>					
Net interest expense	-1,177	-1,154	-297	-300					
<b>Profit after net interest income</b>	<b>2,597</b>	<b>2,267</b>	<b>739</b>	<b>482</b>					
- of which Profit from property management <sup>1)</sup>	<b>2,498</b>	<b>2,345</b>	<b>620</b>	<b>560</b>					
Value change, investment properties	-99	-5,287	-187	-1,661					
Value change, financial instruments	-234	-225	-4	-86					
<b>Profit/loss before tax</b>	<b>2,265</b>	<b>-3,245</b>	<b>548</b>	<b>-1,265</b>					
Current tax	-142	-23	12	152					
Deferred tax	-237	547	-82	39					
<b>Profit/loss for the period</b>	<b>1,886</b>	<b>-2,721</b>	<b>477</b>	<b>-1,074</b>					

<sup>1)</sup> For the calculation of Profit from property management, refer to Key ratio calculations on page 27.

## Group – Condensed statement of financial position

Amounts in SEK million	31 Dec 2024	31 Dec 2023
<b>ASSETS</b>		
Investment properties	85,973	82,624
Right-of-use assets	1,084	988
Participations in joint ventures	1,977	1,636
Other non-current assets	151	126
<b>Total non-current assets</b>	<b>89,185</b>	<b>85,373</b>
Current receivables	1,201	2,265
Cash and cash equivalents	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>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>29,436</b>	<b>28,156</b>
Deferred tax liabilities	6,197	5,954
Non-current interest-bearing liabilities	43,019	41,608
Lease liabilities	1,084	988
Derivatives	604	187
<b>Total non-current liabilities</b>	<b>50,904</b>	<b>48,736</b>
Current interest-bearing liabilities	9,166	9,216
Other current liabilities	1,746	3,123
<b>Total current liabilities</b>	<b>10,913</b>	<b>12,339</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>91,253</b>	<b>89,231</b>

## Group – Condensed 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	–	1,500	–	–	–	1,500
Contributions from minority interests	–	–	–	–	500	500
Comprehensive income (1 Jan 2023–31 Dec 2023)	–	–	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	–	500	–	–	–	500
Reversal of non-controlling interests	–	–	–	39	-39	0
Comprehensive income (1 Jan 2024–31 Dec 2024)	–	–	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>

## Group – Condensed statement of cash flows

Amounts in SEK million	Jan–Dec 2024	Jan–Dec 2023	Oct–Dec 2024	Oct–Dec 2023
<b>Operating activities</b>				
Profit from property management	2,498	2,345	620	560
<i>Adjustment for non-cash items</i>				
- Loss from property management joint ventures	-59	-65	-13	-8
- Depreciation	16	20	3	6
- Exchange differences, unrealised	1	1	2	-6
Dividends from joint ventures	28	45	0	0
Tax paid	-93	-17	-49	59
<b>Cash flow before changes in working capital</b>	<b>2,392</b>	<b>2,329</b>	<b>562</b>	<b>610</b>
Increase (+)/decrease (-) in working capital	-316	-381	-205	230
<b>Cash flow from operating activities</b>	<b>2,077</b>	<b>1,948</b>	<b>357</b>	<b>840</b>
<b>Investing activities</b>				
Acquisition of properties	-276	-351	-11	-210
Investments in new construction, extension and re-development	-3,482	-2,825	-908	-806
Property divestments	1,310	90	840	72
Investments in financial assets	-175	-124	-165	-111
Other non-current assets	-7	-11	-3	-7
<b>Cash flow from investing activities</b>	<b>-2,631</b>	<b>-3,222</b>	<b>-247</b>	<b>-1,061</b>

Amounts in SEK million	Jan–Dec 2024	Jan–Dec 2023	Oct–Dec 2024	Oct–Dec 2023
<b>Financing activities</b>				
Interest-bearing loans raised	8,756	6,951	1,850	1,129
Repayment of interest-bearing liabilities	-8,272	-5,343	-2,670	-1,294
Financial instruments realised	5	-103	0	-51
Shareholder contributions received	500	1,500	500	1,000
Contributions from non-controlling interests	–	500	–	–
Dividends paid	-1,173	-1,155	-782	–
<b>Cash flow from financing activities</b>	<b>-184</b>	<b>2,349</b>	<b>-1,102</b>	<b>783</b>
<b>Cash flow for the period</b>	<b>-738</b>	<b>1,076</b>	<b>-992</b>	<b>562</b>
Opening cash and cash equivalents	1,593	526	1,856	1,041
Exchange rate differences in cash and cash equivalents	12	-9	2	-10
<b>Cash and cash equivalents at period-end</b>	<b>866</b>	<b>1,593</b>	<b>866</b>	<b>1,593</b>
<b>Operating cash flow</b>	<b>2,391</b>	<b>2,329</b>	<b>561</b>	<b>616</b>

## Parent Company – Condensed income statement

Amounts in SEK million	Jan–Dec 2024	Jan–Dec 2023	Oct–Dec 2024	Oct–Dec 2023
Net sales	133	121	36	27
Central administrative expenses	-265	-246	-79	-65
<b>Operating profit/loss</b>	<b>-132</b>	<b>-125</b>	<b>-43</b>	<b>-38</b>
Financial items	567	379	31	339
Change in value of derivatives	-482	-156	-74	60
Appropriations	353	1	353	1
<b>Profit before tax</b>	<b>306</b>	<b>100</b>	<b>266</b>	<b>362</b>
Recognised tax	110	3	42	-68
<b>Profit/loss for the period</b>	<b>416</b>	<b>103</b>	<b>308</b>	<b>294</b>

Profit for the period is consistent with comprehensive income for the period.

## Parent Company – Condensed balance sheet

Amounts in SEK million	31 Dec 2024	31 Dec 2023
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	18	12
Equipment	4	2
Shares and participations in Group companies	19,498	16,968
Deferred tax assets	171	60
Non-current receivables	31,613	23,035
<b>Total non-current assets</b>	<b>51,303</b>	<b>40,076</b>
<b>Current assets</b>		
Current receivables	7,346	18,223
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>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Restricted equity	1	1
Non-restricted equity	5,134	5,391
<b>Total equity</b>	<b>5,135</b>	<b>5,392</b>
<b>Liabilities</b>		
Deferred tax liabilities	30	28
Interest-bearing liabilities	52,198	50,787
Non-interest-bearing liabilities	1,292	2,096
<b>Total liabilities</b>	<b>53,519</b>	<b>52,911</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>58,655</b>	<b>58,303</b>

## Other information

### Significant events after period-end

Moody's assigned Hemsö a long-term credit rating of A3 with a stable outlook. Hemsö and the Nordic Investment Bank (NIB) signed a ten-year loan agreement of SEK 700 million. Hemsö and Bjuv Municipality signed a lease agreement for a new nursing home and a new sports hall.

### Employees

At period-end, Hemsö had 175 employees, of whom 81 were women and 94 men. Of these employees, 53 worked with asset and property management and 28 with development projects. Other employees work with administration, accounting, financing, IT, legal affairs, communication, management, HR and transactions. Of all employees, 144 are employed in Sweden, 17 in Finland and 14 in Germany.

### Risks and uncertainties

Hemsö's access to capital remains favourable and the company's long loan maturity and fixed-rate period provide stability. At 31 December 2024, 81 per cent of the loan portfolio was hedged against rising rates and 19 per cent carried variable interest rates, which means that net interest income was impacted by changes in market rates. For more detailed information, refer to page 67 of the

2023 Annual Report. In addition to the above, no changes are deemed to have impacted Hemsö's risks and uncertainties, which are described on pages 67–74 of the 2023 Annual Report.

### Related-party transactions

Hemsö's related-party transactions are set out in Note 26 of Hemsö's 2023 Annual Report.

### Joint ventures

Hemsö owns participations in Hemsö Norden KB jointly with the Third Swedish National Pension Fund. This company is included in Hemsö's consolidated financial statements. Hemsö Norden KB currently owns 25 investment properties through limited partnerships.

Hemsö owns 52 per cent of the shares in Turku Technology Properties Oy, Which owns 26 public properties in Turku. The company is run as a joint venture together with other partners and is not included in the consolidated financial statements, since Hemsö does not have a controlling interest.

Hemsö and Lantmännen each own a 50 per cent stake in Lanthem Samhällsfastigheter AB. The company is run as a joint venture and is not included in the consolidated financial

statements. Lanthem Samhällsfastigheter owns 15 investment properties through subsidiaries.

In 2021, Hemsö formed a joint venture, HemTag Fastigheter AB, with Tagebad AB. The purpose of the partnership is to develop and manage aquatic centres. The company owns one property.

### Accounting policies applied

This year-end report was prepared in accordance with IAS 34 Interim Financial Reporting. The same recognition and measurement principles were applied as in the 2023 Annual Report, pages 55–106. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have also been prepared in accordance with Swedish law, with application of the Swedish Corporate Reporting Board's recommendation RFR, 1 Supplementary Accounting Rules for Groups.

The carrying amount of accounts receivable, other receivables, cash and cash equivalents, accounts payable and other liabilities is considered a reasonable estimate of fair value.

Interest rate derivatives and foreign exchange swaps are measured at fair value on the statement of financial position and classified as Level 2 assets in the fair value hierarchy (IFRS 13).

The Parent Company applies the Swedish Annual Accounts Act and recommendation RFR 2, Accounting for Legal Entities, issued by the Swedish Corporate Reporting Board. All amounts in the year-end report, unless otherwise stated, are rounded to the nearest SEK million, which means some totals may not correspond with the sum of tables and calculations. Figures between 0 and 0.5 in the text and tables are reported as 0.

### New and revised IFRSs effective on or after 1 January 2024

No new or amended standards or interpretations issued by the IASB have had any effect on this year-end report, or the accounting policies applied by Hemsö.

### Signing of the report

Stockholm, 5 February 2025

Nils Styf, CEO

This report has not been audited.

# Definitions

## Financial definitions

### Share of secured debt

Interest-bearing secured debt in relation to investment properties.

### Loan-to-value ratio

Net debt in relation to investment properties and investments in joint ventures. Loan-to-value ratio is used to measure the company's financial risk.

### 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. Property yield is used to measure the return on the value of an investment property.

### Available liquidity

Cash and cash equivalents and current investments plus undrawn committed credit facilities.

### 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. Used to measure the company's financial risk.

### Investments in joint ventures

The share of equity in joint ventures, and loans to joint ventures.

### Adjusted operating profit

Net operating income less administrative expenses plus dividends from joint ventures.

### Loan maturity

The weighted average of the remaining term of interest-bearing liabilities, including the maturities of undrawn committed credit facilities. Average loan maturity is used to measure Hemsö's financial risk.

### Short-term borrowings

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

### EMTN programme

European bond programme.

### 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. The interest-coverage ratio is used to measure how vulnerable the company's profit is to interest-rate fluctuations.

### Operating profit

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

### 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. Used to measure the company's financial stability.

### Total return

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 market value of properties, joint ventures, cash and liabilities in foreign currency less currency hedging. The key ratio is presented relative to equity, or to the sum of properties, joint ventures and cash in foreign currency.

## Property-related definitions

### Net operating income

Rental income less operating and maintenance costs as well as property tax. Ground rent is not included in net operating income.

### Economic occupancy rate

Contracted annual rental income in relation to rental value. The occupancy rate is used to measure how efficiently the Group uses its investment properties.

### 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. Rental value used to measure the Group's revenue potential.

### Comparable portfolio

The properties owned throughout the entire period and entire comparative period and not classified as development properties during these periods. Comparable portfolio is used to measure the rental income trend, excluding non-recurring effects for prematurely terminated lease agreements and property costs unaffected by development properties, and properties acquired and sold.

## Definitions, cont.

### 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. Given as a measure of capital invested in properties.

### 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.

### 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

Those areas of the property for which a tenant can be debited rent at period-end.

### Rent based on vacancy rate

Rental value of vacancy rent as a percentage of total rental value.

### Vacancy rent

Estimated market rent for vacant premises in “as-is” condition.

### NOI margin

Net operating income in relation to the sum of property income and other income. The NOI margin is used to measure the remaining amount of the Group’s rental income after property costs.

## Sustainability-related definitions

### Energy use, kWh/sqm

Energy use, rolling 12-month period, divided by the building’s temperate area.

### Normal year correction

Normal year correction, also known as climate correction, means that energy use has been restated to account for changes in temperature between different years. This type of calculation makes it possible to compare values between years, without the effect of deviations in weather conditions.

### Scopes 1, 2 and 3

A method for defining various activities when calculating GHG emissions. This method is provided by the globally recognised Greenhouse Gas (GHG) Protocol.

**Scope 1:** Direct emissions from controlled and company-owned resources.

**Scope 2:** Indirect emissions from the generation of purchased energy (electricity, steam, heating and cooling) from a utility provider.

**Scope 3:** All indirect emissions that are a consequence of the company’s business activities but occur from sources the company does not own or control. They are often divided into upstream and downstream emissions, depending on where they occur in the company’s value chain.

### Science Based Targets (SBT)/Science Based Targets Initiative (SBTi)

Science Based Targets enable companies to set actionable emissions-reduction goals in line with the Paris Agreement. The company commits to aligning its strategies to limit global warming to a maximum of 1.5°C. In order to set Science Based Targets, the company needs to make an inventory of all of its value chain GHG emissions. The company then presents its Science Based Targets to the SBTi for official validation.

## 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.

Profit from property management	Jan–Dec 2024	Jan–Dec 2023	Oct–Dec 2024	Oct–Dec 2023
Profit after net interest income/expense	2,597	2,267	739	482
Reversal				
<i>Changes in value, joint ventures</i>	-154	91	-162	97
<i>Tax, joint ventures</i>	55	-13	43	-18
<b>Profit from property management</b>	<b>2,498</b>	<b>2,345</b>	<b>620</b>	<b>560</b>

Operating cash flow	Jan–Dec 2024	Jan–Dec 2023	Oct–Dec 2024	Oct–Dec 2023
Profit from property management	2,498	2,345	620	560
Dividends from joint ventures	28	45	–	–
Tax paid	-93	-17	-49	59
Reversal				
<i>Loss from property management joint ventures</i>	-59	-65	-13	-8
<i>Depreciation</i>	16	20	3	6
<b>Operating cash flow</b>	<b>2,391</b>	<b>2,329</b>	<b>561</b>	<b>616</b>

Interest-coverage ratio	Jan–Dec 2024	Jan–Dec 2023	Oct–Dec 2024	Oct–Dec 2023
Net operating income	3,833	3,631	973	896
Central administrative expenses	-216	-196	-69	-43
Dividends from joint ventures	28	45	28	–
<b>Total</b>	<b>3,645</b>	<b>3,480</b>	<b>931</b>	<b>852</b>
Net interest expense	-1,177	-1,154	-297	-300
<b>Interest-coverage ratio</b>	<b>3.1 times</b>	<b>3.0 times</b>	<b>3.1 times</b>	<b>2.8 times</b>

NOI margin	Jan–Dec 2024	Jan–Dec 2023	Oct–Dec 2024	Oct–Dec 2023
Rental income	5,130	4,818	1,290	1,220
Other property income	8	41	3	9
<b>Total property income</b>	<b>5,138</b>	<b>4,859</b>	<b>1,293</b>	<b>1,229</b>
Net operating income	3,833	3,631	973	896
<b>NOI margin</b>	<b>74.6%</b>	<b>74.7%</b>	<b>75.2%</b>	<b>72.8%</b>

## Key ratio calculations, cont.

Share of secured debt	31 Dec 2024	31 Dec 2023
Secured debt outstanding	1,000	1,000
Investment properties	85,973	82,624
<b>Share of secured debt</b>	<b>1.2%</b>	<b>1.2%</b>
Loan-to-value ratio	31 Dec 2024	31 Dec 2023
Non-current interest-bearing liabilities	43,019	41,608
Current interest-bearing liabilities	9,166	9,216
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>
Property yield	31 Dec 2024	31 Dec 2023
Net operating income according to income statement	3,833	3,631
Adjusted for 12-month holding period and exchange rate	-43	-45
Adjusted for development properties	-101	-100
<b>Adjusted net operating income</b>	<b>3,689</b>	<b>3,486</b>
Investment properties	85,973	82,624
Adjusted for 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>
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 debt/EBITDA	31 Dec 2024	31 Dec 2023
<b>Net debt</b>	<b>51,319</b>	<b>49,230</b>
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</b>	<b>14.1 times</b>	<b>14.1 times</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>
Total return	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 of value change for the period	99	5,287
<b>Adjusted average property value</b>	<b>84,348</b>	<b>86,395</b>
<b>Total return</b>	<b>4.4%</b>	<b>-1.9%</b>

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### **Questions and more information**

For more information, please contact:

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Financial statements and press releases are available on Hemsö's website: [hemso.se](http://hemso.se)

### **Financial calendar**

Annual Report 2024	1 Apr 2025
Interim report Jan–Mar 2025	25 Apr 2025
Annual General Meeting	25 April 2025
Half-year report Jan–Jun 2025	11 July 2025
Interim report Jan–Sep 2025	23 Oct 2025