

Q3

Interim report 2024

Significant events during the third quarter

- » Hemsö and Academedia signed a ten-year lease agreement for 1,500 sqm, for an upper secondary school in the Capella property in Gothenburg. The property is now fully let.
- » Hemsö and the Tensta Träff association signed a five-year lease agreement for 1,500 sqm on Campus Tensta in Stockholm.
- » Hemsö is planning extensions to the Slotts-gården nursing home in central Halmstad. The nursing home will have five new floors with 50 new beds, doubling the current amount. The tenant is Halmstad Municipality.
- » Hemsö and Familjekraften signed a ten-year lease agreement for 760 sqm, for an assisted living facility in Älvsjö in Stockholm.

» Events after the period

Hemsö and ARE have entered into a joint venture to develop a new municipal school in central Cologne. The school will have a lettable area of 23,000 square meters, accommodating 1,000 students aged 11 to 18. A 25-year lease agreement has been signed with the City of Cologne. The investment amounts to EUR 160 million, of which Hemsö's share is EUR 80 million.

Summary, January–September 2024

- » Rental income increased 7 per cent to SEK 3,839 million (3,598).
- » Profit from property management increased 5 per cent to SEK 1,878 million (1,785).
- » Operating cash flow increased 7 per cent to SEK 1,831 million (1,712).
- » Changes in the value of properties amounted to SEK 88 million (-3,626).
- » Changes in the value of financial instruments amounted to SEK -230 million (-139).
- » Profit after tax for the period totalled SEK 1,408 million (-1,648).
- » The market value of the properties amounted to SEK 85,598 million (84,369).
- » During the period, SEK 2,575 million (2,019) was invested in the existing property portfolio.
- » During the period, three properties (six) were acquired for SEK 265 million (141), and six properties (one) were divested for SEK 486 million (18).

Hemsö in summary

	Jan–Sep 2024	Jan–Sep 2023	Oct 2023–Sep 2024	Jan–Dec 2023
Rental income, SEK million	3,839	3,598	5,060	4,818
Profit from property management, SEK million	1,878	1,785	2,439	2,345
Profit/loss after tax, SEK million	1,408	-1,648	335	-2,721
Operating cash flow, SEK million	1,831	1,712	2,447	2,329
Loan-to-value ratio at period-end, %	58.0	59.2	58.0	58.4
Interest-coverage ratio, times	3.1	3.1	3.0	3.0
Market value of properties at period-end, SEK million	85,598	84,369	85,598	82,624
NOI margin, %	74.4	75.4	74.0	74.7
Economic occupancy rate at period-end, %	97.6	97.7	97.6	97.8
Lease duration at period-end, years	9.2	9.5	9.2	9.5
Lettable area at period-end, tsqm	2,470	2,452	2,470	2,458



CEO statement

The third quarter followed the same pattern as previous quarters this year. Growth in rental income and net operating income increased and rose 7 and 5 per cent, respectively. The growth also continued for profit from property management and operating cash flow, which rose 5 and 7 per cent, respectively.

It is clear that Hemsö can remain stable through both economic upturns and downturns, and that tenant demand is not dependent on the state of the economy. We have capital and organisational resources for continued investment in social infrastructure in partnership with the public sector. We are supported by our long-term owners, Third Swedish National Pension Fund.

Cautious optimism in the industry

Following a turbulent period in the property market, there are now signs that the market is normalising. Due to falling interest rates and inflation, and a market assessment that property values have bottomed out, investors are taking a brighter view of the market and its long-term opportunities.

The transaction market was challenging during the same period, with difficulties for buyers and sellers to agree. We are also seeing a brighter outlook here, with new opportunities to both acquire and refine our property portfolio to create investment capacity in new social infrastructure in municipalities and regions in our markets. Overall, this paints a positive picture for the sector's recovery and stability.

Challenges become opportunities

Hemsö is not afraid of the challenge to develop properties where a diverse range of operations are conducted under the same roof. One such project is the Capella public property in Karlstad in Gothenburg. Lease agreements have been continuously signed with tenants in education and health care since construction began in 2021.

The final piece of the puzzle fell into place in July. A ten-year lease agreement was signed with Academedia for 1,500 sqm, creating places for 800 students. Academedia will provide upper-secondary education in the premises and open its doors in the autumn school term of 2025. With this letting, the property is now fully let and includes educational operations such as two secondary schools, an art school and a ballet school, as well as healthcare operations.

The significance of schools

I attended my own children's school ceremonies for the start of the autumn term. There is something special about the beginning of new terms in elementary school. It's a hopeful new start for many children and young people, with a happy return to familiar routines. For others, however, school is a place associated with worry and anxiety. On occasions like these, it becomes extra clear to me how important schools are for well-being, both now and in the future. A safe school with commit-

ted employees who help students increase their knowledge and develop their social skills, including caring about themselves and each other.

I am grateful for all the dedicated adults who are working in schools. You are making sure that students gain self-confidence and inner strength through new knowledge. You are also giving them new skills that are making them good human beings and supporting them through good and bad times. One such school is Järva Gymnasium, which opened on Campus Tensta in August.

The school should also be a safe and developing workplace. Hemsö develops schools in the best interests of both students and employees. We contribute with specialist competence. In August, nearly 50,000 children and young people started in Hemsö's schools in Sweden, Finland and Germany. Of these, almost 2,100 school places have been added to date in 2024. I am very proud of that.

We are working together to strengthen the backbone of society.

Nils Styf, CEO

This is hemsö

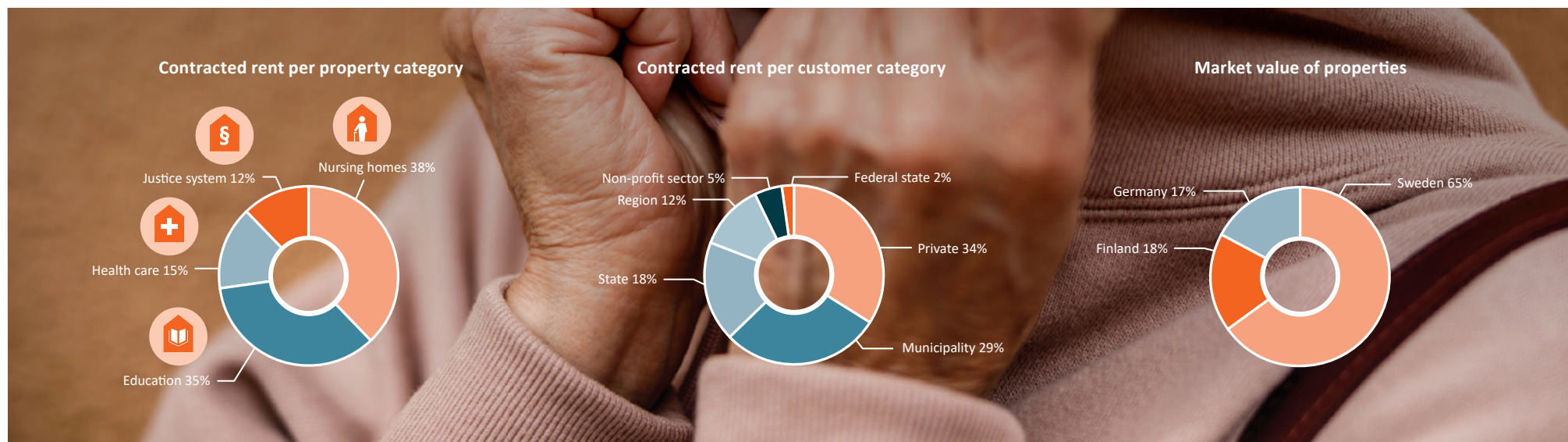
- Hemsö is Sweden's leading owner of public properties.
- The business is based on sustainably owning, managing and developing properties for nursing homes, education, health care and the justice system.
- Hemsö owns properties in Sweden, Germany and Finland.
- Our vision is to strengthen the backbone 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 85.6 billion.
- Hemsö has a credit rating AA- from Fitch Ratings and a credit rating of A- from Standard & Poor's.

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–September 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 29–30.

Rental income

Rental income increased 7 per cent to SEK 3,839 million (3,598), attributable to completed development projects and indexation. Rental income rose 8 per cent in Sweden, 4 per cent in Germany and 5 per cent in Finland. Rental income in the comparable portfolio rose SEK 169 million, or 5 per cent.

Exchange rate changes had a negative impact of SEK 7 million on rental income.

SEK 3,839 million
Rental income

At period-end, contracted annual rent increased to SEK 5,067 million (4,868) before rent reductions of SEK 51 million (47). Economic vacancies amounted to SEK 126 million (117).

At period-end, the economic occupancy rate was 97.6 per cent (97.7). Lease agreements amounting to annual rent of SEK 50 million will be subject to renegotiation in 2024, corresponding to 1 per cent of Hemsö's contracted rental income. The lease duration was 9.2 years (9.5).

Property costs

Property costs amounted to SEK 985 million (894), up SEK 91 million. Costs rose due to a larger property portfolio and higher operating costs due to a cold and snowy winter. Maintenance costs increased SEK 63 million year-on-year.

In the comparable portfolio, property costs rose SEK 79 million, or 10 per cent.

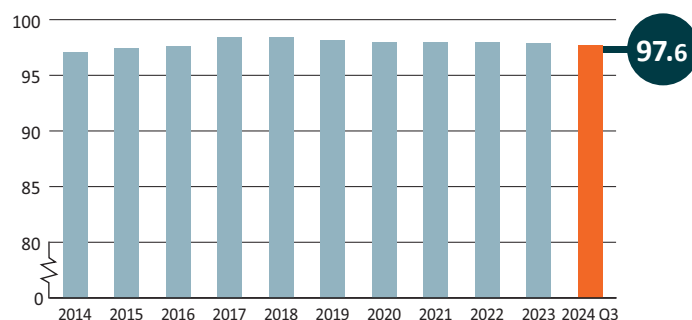
Vacancy changes

SEK million	Jan-Sep 2024
Opening vacancy	112
Terminated lease agreements	47
Adjusted for vacancy rents	-12
New lease agreements	-21
Acquired	0
Divested	-1
Exchange rate changes	1
Closing vacancy	126

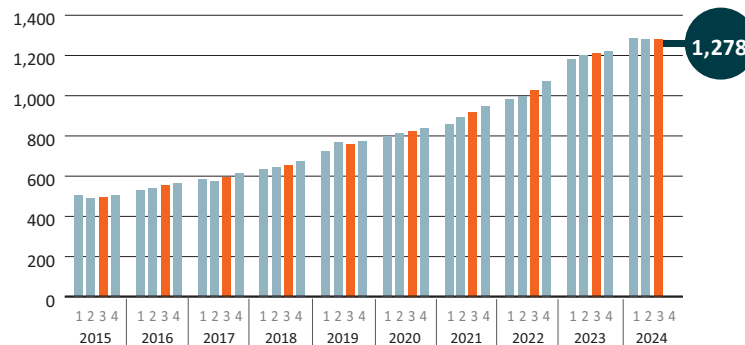
Lease maturity

Year	Annual rent, SEK million	Share, %
2024	50	1
2025	375	7
2026	307	6
2027	380	7
2028	383	8
2029	235	5
2030	350	7
2031	270	5
2032	190	4
2033	291	6
>2033	2,236	44
Total	5,067	100

Economic occupancy rate, %



Rental income per quarter, SEK million



Net operating income

Net operating income rose 5 per cent to SEK 2,860 million (2,735). The increase was mainly attributable to completed development projects and indexation. Due to the cold winter, the NOI margin decreased to 74.4 per cent (75.4). The property yield of the property portfolio, excluding development properties, was 4.7 per cent (4.5).

In the comparable portfolio, net operating income rose 3 per cent to SEK 2,667 million (2,600). The increase was mainly attributable to rising rental income due to indexation.

Administration

Administrative expenses decreased to SEK 146 million (153), mainly due to lower consultancy costs.

Net interest expense

Net interest expense increased to SEK -880 million (-854) due to non-recurring items. Interest costs are in line with the previous year.

SEK 2,860 million

Net operating income

The average interest rate at the closing date was 2.3 per cent (2.4). The fixed-rate period including derivative instruments was 4.8 years (5.0), the proportion of fixed interest rates maturing within 12 months decreased to 22 per cent (27), and interest-bearing liabilities increased to SEK 52,497 million (52,029).

Net interest expense

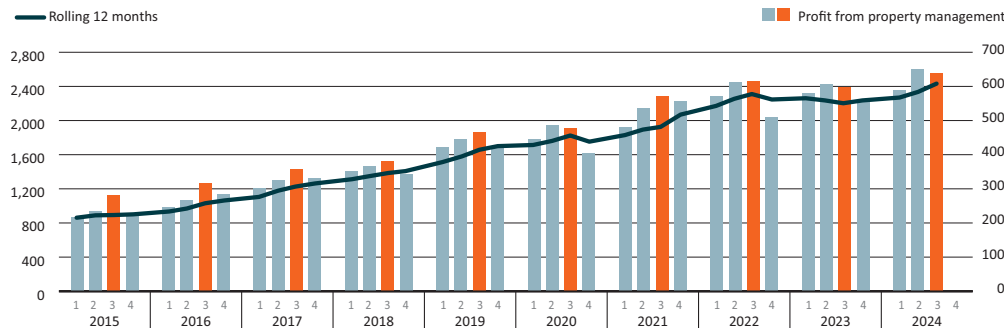
SEK million	Jan-Sep 2024	Jan-Sep 2023
Interest income	41	24
Interest expense	-810	-808
Other financial expenses	-81	-41
Ground leases and leasehold properties	-30	-29
Net interest expense	-880	-854

Comparable portfolio

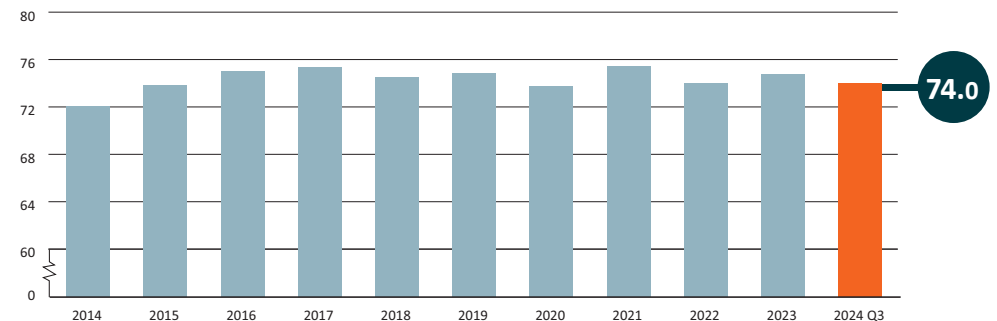
	30 Sep 2024	30 Sep 2023	Change
No. of properties	399	399	-
Market value of properties, SEK million	74,264	75,254	-1%
Property yield, %	4.7	4.5	0.2

SEK million	Jan-Sep 2024	Jan-Sep 2023	Change, %
Rental income	3,546	3,377	5.0
Other income	6	28	-79.2
Operating costs	-576	-565	1.8
Maintenance costs	-241	-176	36.8
Other property costs	-68	-64	6.1
Net operating income	2,667	2,600	2.6

Profit from property management, SEK million



NOI margin, rolling 12-month period, %



Profit from property management

Profit from property management increased 5 per cent to SEK 1,878 million (1,785). Profit from property management was positively impacted by an increase of SEK 125 million in net operating income, but adversely impacted by a change of SEK -26 million in net interest expense.

Change in value of investment properties

Change in the value of investment properties was SEK 88 million (-3,626) for the period. Unrealised value changes amounted to SEK 100 million (-3,610), corresponding to a value change of 0.1 per cent (-4.3). Realised changes in value amounted to SEK -12 million.

Value change attributable to property management and development projects was SEK 245 million (1,617), or 0.3 per cent (1.9). Value change related to market factors amounted to SEK -145 million (-5,226), corresponding to a change of -0.2 per cent (-6.2), due to a

marginal upward adjustment of valuation yields in Sweden.

During the first three quarters of 2024, the transaction volume in property markets in Sweden, Germany and Finland remained low, despite signs of higher activity and rising optimism towards the end of the half-year, especially in Sweden. While there are still companies with a need to divest properties, lower interest rates, higher stock market valuations and better bond market terms have all increased the number of potential buyers.

For public properties, few transactions have been completed since summer 2022 but even here, the number of potential buyers is deemed to have risen over the past year. This was particularly evident in the Nursing home category, where a number of closings with an initial return of 4.5–4.6 per cent were noted in the first half-year. These transactions confirm the demand for well-located and modern

nursing homes. Properties in the Justice system category are expected to benefit from the current social situation and policy decisions. The demographic trend in Sweden speaks in favour of nursing homes, but could prove challenging for preschools moving forward.

The weighted yield used in the valuation of Hemsö's property portfolio was 5.1 per cent (4.8). The valuation yield was 5.0 per cent (4.8) in Sweden, 5.7 per cent (5.3) in Finland and 4.8 per cent (4.3) 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 2.5 per cent (-2.6).

Property valuation

At period-end, the fair value of properties was SEK 85,598 million (84,369). 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. This quarter, 94 per cent of the Swedish portfolio was valued externally by Cushman & Wakefield. In the fourth quarter of 2023, 100 per cent of the market value in Germany and Finland was valued externally by CBRE and JLL, respectively. This quarter, all foreign properties were valued internally.

Change in value of property portfolio

	SEK million	No.
Market value, opening balance	82,624	488
Acquisitions	265	3
Investments in new construction, extension and re-development	2,575	
Divestments	-486	-6
Disposals	-2	
Exchange rate changes	522	
Unrealised value changes	100	
Market value, closing balance	85,598	485

Unrealised value changes, properties, Jan–Sep 2024

SEK million	Sweden	Germany	Finland	Total
Attributable to				
– Property management and project-related	-84	96	233	245
– Market factors	-87	-62	4	-145
Total unrealised value changes	-171	34	237	100

Sensitivity analysis, property valuation

	Change	Valuation effect, SEK million
Net operating income	+/- 1 per cent	+/- 856
Valuation yield	+/- 0.10 percentage points	-1,649/+1,715

Change in value of financial instruments

Changes in the value of financial instruments had a negative impact of SEK -230 million (-139) on profit. Changes in the value of interest-rate derivatives had a negative impact of SEK -97 million (24) on profit. Derivatives attributable to currency risk management had a negative impact of SEK -132 million (-163) on profit.

Tax

Recognised tax for the period amounted to SEK -308 million (332), of which current tax accounted for SEK -153 million (-175) and deferred tax for SEK -155 million (507). 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 6,456 million (6,337).

Earnings

Profit after tax for the period increased to SEK 1,408 million (-1,648). The earnings improvement was mainly attributable to positive changes in the value of investment properties.

Cash flow

Hemsö's operating cash flow rose 7 per cent to SEK 1,831 million (1,712). The increase was mainly attributable to higher profit from property management and lower tax paid. Cash flow from operating activities before changes in working capital was SEK 1,830 million (1,720). The change in working capital was SEK -110 million (-611). Investing activi-

ties had a negative impact of SEK -2,384 million (-2,161) on cash flow, while borrowings, loan repayments and dividends had a positive impact of SEK 918 million (1,566) on cash flow from financing activities. The overall change in cash and cash equivalents during the period was SEK 254 million (514).

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 97 million (94) and consisted of fees for services to the subsidiaries.

Administrative expenses increased to SEK -186 million (-181). Financial items amounted to income of SEK 347 million (41). Financial items include interest income of SEK 1,198

SEK 1,408 million

Profit after tax

million (755), interest expense of SEK -1,001 million (-974), profit of SEK 195 million (311) from participations in Group companies, and exchange rate effects of SEK -44 million (-51). Changes in the value of derivatives amounted to SEK -407 million (-216), and profit for the period totalled SEK 108 million (-192).

Properties

485

Market value of properties

SEK 85.6 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–Sep 2024	Jan–Sep 2023	Jan–Sep 2024	Jan–Sep 2023	30 Sep 2024	30 Sep 2023
Sweden East	903	848	685	643	22,758	22,496
Sweden Central	492	446	350	308	10,243	9,217
Sweden North	628	562	449	416	14,200	13,237
Sweden South	389	377	266	256	8,656	8,387
Germany	620	598	506	528	14,721	15,862
Finland	807	767	604	586	15,020	15,169
Total	3,839	3,598	2,860	2,735	85,598	84,369

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 85,598 million (84,369), 65 per cent (63) was attributable to Sweden, 18 per cent (18) to Finland and 17 per cent (19) to Germany. The largest share of the market value of properties, 82 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 38 per cent of the market value of properties, followed by Education at 37 per cent. Health care accounts for 14 per cent and the Justice system for 11 per cent. At 30 September 2024, Hemsö's property portfolio comprised 485 properties (485) with a total lettable area of 2,470 tsqm (2,452).

Investments

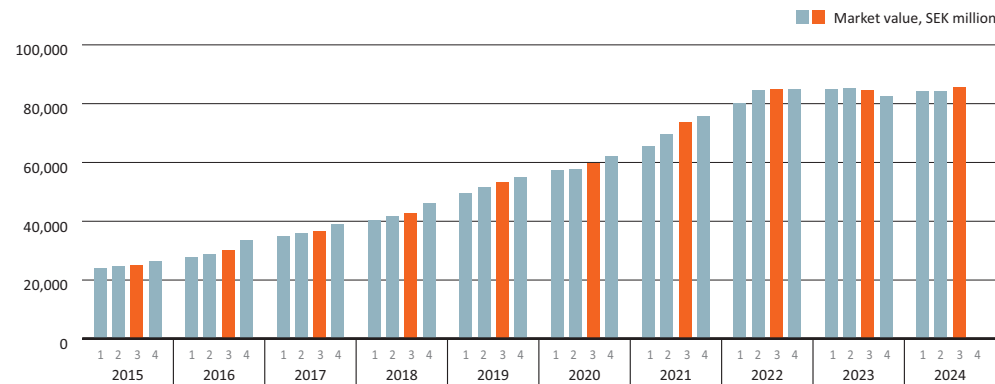
Investments pertains to new development and investments in existing properties. Invest-

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 2,575 million (2,019) was invested, of which SEK 1,900 million (1,391) pertained to new construction, extension and re-development and SEK 675 million (628) to improvements and new lettings.

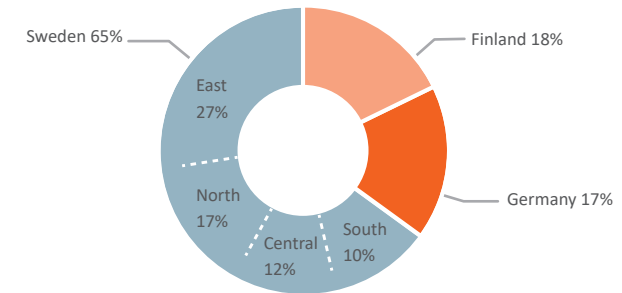
Transactions

During the period, 3 properties (6) were acquired for SEK 265 million (141), and 6 properties (1) were divested for SEK 486 million (18). The divestments generated a positive impact of SEK 40 million after tax. The properties were divested at an agreed property value of SEK 488 million, compared with their market value of SEK 480 million at 31 December 2023.

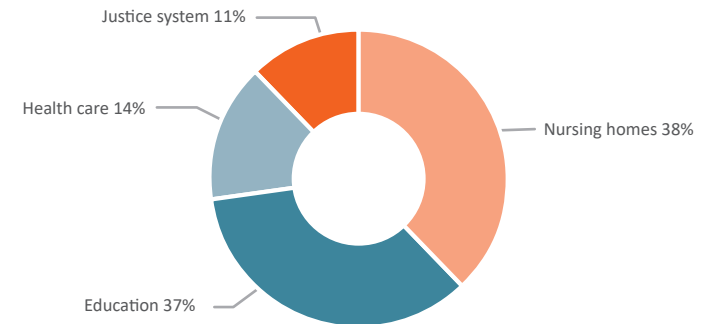
Market value of properties, SEK million



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	240	153	63	29	485
Lettable area, tsqm	1,087	842	311	230	2,470
Lease duration, year	8.7	11.1	6.9	8.2	9.2
Market value of properties, SEK million	32,419	31,629	11,867	9,683	85,598
Rental income, SEK million	1,456	1,334	586	464	3,839
Net operating income, SEK million	1,069	1,024	413	354	2,860
Economic occupancy rate, %	98.3	97.4	96.7	96.9	97.6
Property yield, %	4.5	4.7	4.8	5.0	4.7

Tenants

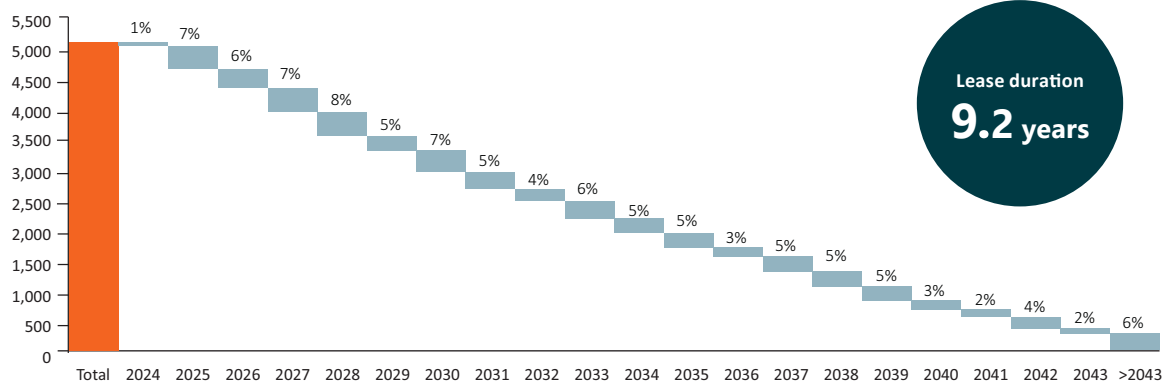
Hemsö's business model is based on long-term lease agreements with public-sector tenants, or with private operators that are taxpayer-funded. In Sweden, rents are adjusted annually in January, based on the Consumer Price Index (CPI) in October of the preceding year. In October 2023, the CPI was 6.5 per cent. In Finland and Germany, the annual inflation rate was 3.0 and 3.1 per cent, respectively, in 2023. In Finland and Germany, rents are adjusted periodically. The CPI inflation in Hemsö's property portfolio was 90 per cent in Sweden, 78 per cent in Germany and 100 per cent in Finland.

Of Hemsö's rental income, 95 per cent 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, 2 per cent with federal state operators and 12 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 Region Stockholm, the Swedish Police, Academedia, the Wellbeing Services County of Southwest Finland and Attendo, which jointly accounted for 20 per cent of rental income. Of Hemsö's 20 largest tenants, 12 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. If the residents are unable to pay their own expenses, funding is provided through municipal contributions.

Lease maturity, annual rent, SEK million



Lease duration
9.2 years

Hemsö's 20 largest tenants

Tenant	Category	Annual rent, SEK million	Share, %	No. Lease agreements
Region Stockholm	Region	240	4.8	66
Swedish Police	State	235	4.7	35
Academedia	Private	215	4.3	23
Wellbeing Services County of Southwest Finland (FIN)	Region	168	3.3	17
Attendo	Private	161	3.2	82
Ministry of Justice (FIN)	State	143	2.8	12
City of Västerås	Municipality	128	2.5	22
Mälardalen University	State	125	2.5	3
AWO (GER)	Non-profit	112	2.2	12
Mehiläinen (FIN)	Private	94	1.9	18
International English School	Private	89	1.8	8
City of Lahti (FIN)	Municipality	89	1.8	4
Alloheim (GER)	Private	89	1.8	10
Norrköping Municipality	Municipality	85	1.7	15
Uppsala Municipality	Municipality	79	1.6	16
Karolinska Institute	State	76	1.5	4
Västra Götaland Region	Region	70	1.4	62
Ambea	Private	70	1.4	7
HEWAG (GER)	Private	70	1.4	9
North Rhine-Westphalia (GER)	Federal state	66	1.3	1
Total		2,402	47.9	426

Rental value – public-sector tenants

Tenant	Annual rent, SEK million	% of Hemsö's rental value
Swedish state	562	11
Swedish regions	365	7
Swedish municipalities	1,187	24
Finnish state	257	5
Finnish regions	243	5
Finnish municipalities	229	5
German state	57	1
German federal states	87	2
German municipalities	54	1
Total	3,040	61

Public-sector tenant
Private-sector tenant

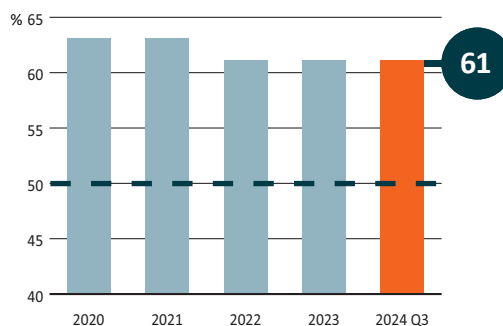
(FIN) = Finland
(GER) = Germany

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.

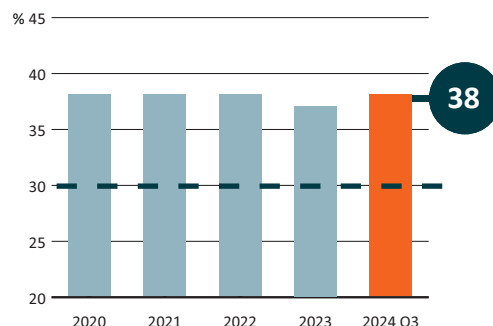
Public-sector tenants

– At least 50 per cent of rental income



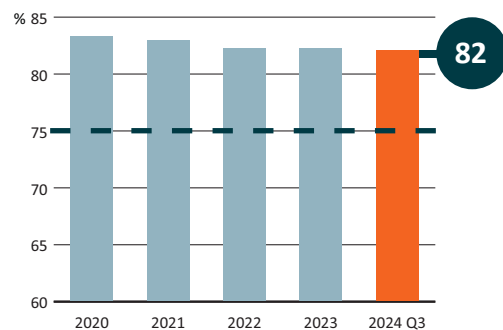
Nursing homes

– At least 30 per cent of rental income



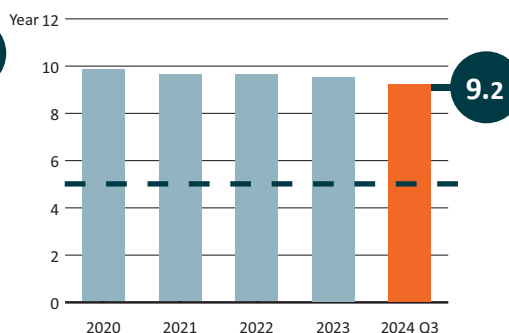
Metropolitan areas and large cities

– 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 actual results 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 11.30 (11.49) has been used for EUR.

Earnings capacity

SEK million	1 Oct 2024	1 Oct 2023	Change, %
Rental income	5,030	4,821	4
Other income	15	37	-60
Property costs	-1,306	-1,196	9
Net operating income	3,738	3,662	2
Central administrative expenses	-190	-217	-13
Profit/loss from property management, joint ventures	64	80	-21
Net interest expense	-1,208	-1,273	-5
Profit from property management	2,404	2,252	7

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 5,259 million, of which the remaining investment amount was SEK 2,914 million. The total volume of ongoing new construction and re-development projects amounted to SEK 6,266 million, of which the remaining investment amount was SEK 3,163 million.



The City of Rangsdorf, just outside Berlin, has selected Hemsö to develop a new secondary school for 220 students

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

Development projects	Municipality	Category	Lease duration, years	Area, sqm	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	760	48	100	2026
Rangsdorf School	Rangsdorf	Education	20	7,900	499	403	29	100	2026
Herkules hotel & town hall	Trelleborg	Other	21	10,300	473	222	29	100	2026
Novum ^{1) 2)}	Huddinge	Health care	n/a	39,400	440	84	n/a	n/a	2025
Campus Tensta ¹⁾	Stockholm	Education	7	16,800	413	98	29	43	2024–2025
Ektorp School	Nacka	Education	25	9,900	399	130	26	100	2025
District court	Vänersborg	Justice system	15	7,000	326	222	18	100	2026
Ängegårde	Kungälv	Nursing home	15	8,400	291	136	15	100	2025
Tempelriddarorden	Stockholm	Nursing home	15	5,900	239	1	12	100	2025
Stauderstrasse	Essen	Nursing home	20	5,900	231	186	12	100	2027
Stenkumla	Västerås	Nursing home	25	4,500	208	111	11	100	2025
Sarvträsk	Nacka	Nursing home	15	4,800	152	82	13	100	2025
Siltavuorenpenger ¹⁾	Helsinki	Education	15	7,200	151	128	23	72	2025
Tallbacken, building 25	Turku	Health care	20	3,500	150	132	11	100	2025
Byrådirektören ¹⁾	Malmö	Nursing home	n/a	6,200	136	114	11	83	2026
Körsbärsdalen preschool	Helsinki	Education	25	2,100	128	44	7	100	2025
Vallgraven Arenaområdet	Ystad	Health care	10	3,000	126	61	8	50	2025
Total				161,600	5,259	2,914	301		

Public-sector tenant Private-sector tenant ¹⁾ Re-development. ²⁾ 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 ¹⁾ , %
Q1	Hoivamme K3	Lahti	Nursing home	BREEAM	1,200	59	13	3	100
Q1	Hoivamme N1	Vichtis	Nursing home	BREEAM	1,200	57	15	3	100
Q2	Campus Polacksbacken	Uppsala	Education	n/a	16,200	322	10	36	100
Q2	Kristiansborg, elementary and secondary school	Västerås	Education	Miljöbyggnad	6,700	305	15	17	100
Q2	Kristiansborg, Student and researcher housing ²⁾	Västerås	Education	Nordic Swan	3,300	164	n/a	9	91
Total					28,600	907	12	69	

Public-sector tenant Private-sector tenant ¹⁾ Occupancy rate upon completion. ²⁾ The vacancy is attributable to housing. The occupancy rate is reported for Q3, not for completion.

Sustainability

Hemsö contributes to social value by creating and managing school places and nursing home beds in environments that are customised for the activities taking 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 of Directors 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.

In September, Hemsö's Tempelriddarorden building in Bredäng obtained NollCO₂ certification, which is a certification scheme focused on minimising the carbon footprint. This building already held Miljöbyggnad Gold certification. Some of the measures that leads to a lower carbon footprint are the tim-

ber frame, low-carbon concrete, low energy use, a high proportion of renewable energy plus HVO biofuel-powered and electric machines on the construction site.

In Nacka, the joint venture formed by Hemsö and Tagebad, HemTag, will develop a new swimming centre agreement. The site was previously inhabited by the lesser spotted woodpecker, which is a red-listed species. The woodpecker thrives in deciduous forest and we have created new woodpecker habitats in Skarpnäs nature reserve. The County Administrative Board has confirmed that it shares the view that the population is secured with the new nesting sites, which have also been extended from 1.2 to 2.5 hectares.

Our target is to certify all new developments. No new development projects were completed in the third quarter.

Assessment of energy use

Energy use per sqm A-temp for properties in Sweden, has now been calculated on measured areas for 90 per cent of the portfolio.

In previous years, only standard areas from the energy declaration were used for all properties. The adjustment had a negative impact on the KPI. For Jan–Sep 2024, energy use in the comparable portfolio declined 5.3 per cent compared with the same period of 2023.

Assessment of carbon footprint of new developments

In the third quarter, no buildings were completed with a calculated climate impact. Climate declarations are prepared for newly developed buildings and embodied carbon calculations are implemented for larger re-development projects.

Hemsö's role in society

We contribute to the maintenance and development of social infrastructure. This year to date, we have completed a total of 80 new nursing home beds and 2,074 new school places.

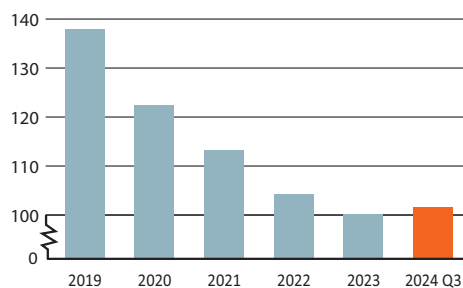
Hemsö and the Tensta Träff association signed a five-year lease agreement for 1,500 sqm on Campus Tensta. The Tensta Träff Association is a new community-driven meeting

place that is part of the Folkets Hus movement. Hemsö, together with Save the Children, the City District Association of Stockholm, the Culture Department of Stockholm and the Folkets Hus movement, have ensured the establishment of a new local association. For Hemsö, it is important to have a community-driven meeting place that actively contributes to the positive development of the area, and promotes better outcomes for children and young people.

From drink to wall in Ektorp School

In the new Ektorp School in Nacka, Hemsö has elected to replace layers of plaster or plywood with construction boards made from 100% recycled drink cartons. The boards are made in Sweden and are completely recyclable into new construction boards. They also have a lower carbon footprint than both plaster and wooden boards. Moreover, they do not release any harmful substances into the indoor environment as some adhesives can do.

Energy use, kWh/sqm A-temp ¹⁾



¹⁾ Energy use in Sweden (heating + electricity), normal year corrected values.

KPIs Sustainability

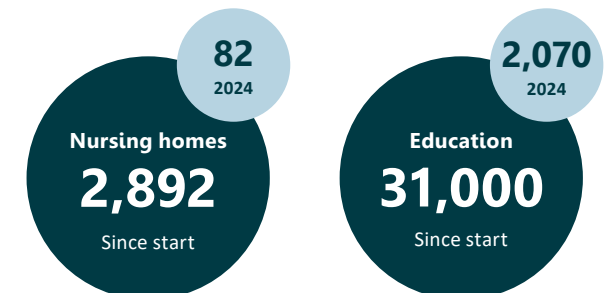
SEK million	Q3 2024	Q2 2024	Q1 2024	Q1–Q4 2023
Environmental certification, new developments, % ¹⁾	–	100	100	76
Carbon footprint, new developments, Kg CO ₂ -eq./sqm GIA ²⁾	–	186	375	347
Floor area under 100 kWh/sqm, % ³⁾	60	58	58	57

¹⁾ Percentage of completed buildings.

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

³⁾ Refers to Sweden.

Beds/school places created ¹⁾



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

Joint ventures

At 30 September 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 1,415 million (1,517), the participation in Lanthen at SEK 231 million (200) and the participation in HemTag at SEK 24 million (10). Total participations in joint ventures amounted to SEK 1,670 million (1,726).

Profit from joint ventures, Jan–Sep 2024

SEK million	TTP	Lanthen	HemTag	Total
Profit/loss from property management	39	8	-2	45
Value changes, investment properties	-5	19	–	15
Value changes, financial instruments	-20	-3	–	-23
Tax	-7	-5	–	-12
Profit/loss recognised	7	19	-2	25

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 a joint venture and 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 30 September 2024, 62 per cent of rental income was derived from public-sector tenants and the lease duration was seven years.



TTP	30 Sep 2024	30 Sep 2023
Participation, %	52	52
Rental value, SEK million	481	478
No. of properties	26	28
Economic occupancy rate, %	94	96
Market value of properties, SEK million	5,752	5,716
Lease duration, year	7	7
Share of public-sector tenants, %	62	61

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 acquired and developed six 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.



Lanthen	30 Sep 2024	30 Sep 2023
Participation, %	50	50
Rental value, SEK million	51	49
No. of properties	6	6
Economic occupancy rate, %	100	100
Market value of properties, SEK million	899	894
Lease duration, year	10	11
Share of public-sector tenants, %	37	44

Financing

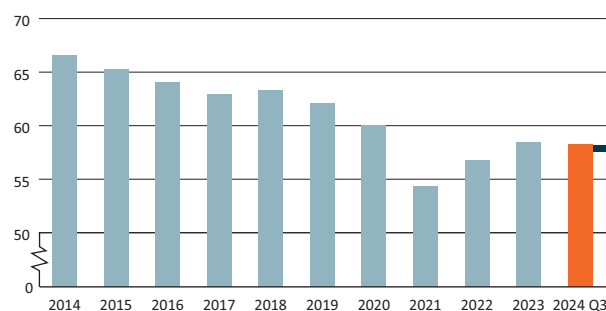
The aim of Hemsö's financing activities is to ensure a stable capital structure and the highest possible net interest income within predetermined risk constraints. Hemsö's loan-to-value ratio should not exceed 60 per cent over time, and the interest-coverage ratio should be at least 2.5 times. At period-end, the loan-to-value ratio was 58.0 per cent (59.2) and the interest-coverage ratio was 3.0 times (3.1). Over the past four quarters, the interest-coverage ratio has remained stable at 3.0 times.

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 period-end, Hemsö's undrawn committed credit facilities amounted to SEK 13,500 million (13,755). Cash and cash equivalents amounted to SEK 1,856 million (1,041). Available liquidity therefore totalled SEK 15,356 million (14,796). The debt-coverage ratio was 151 per cent (153).

Hemsö has a credit rating of AA- from Fitch Ratings, and A- from Standard & Poor's.

Loan-to-value ratio, %



Interest-bearing liabilities

At period-end, Hemsö's interest-bearing liabilities amounted to SEK 52,497 million (52,029).

During the period, Hemsö issued bonds with a nominal value of SEK 5,000 million. The total issued volume comprised SEK 3,950 million in the Swedish market and SEK 1,050 million in the Norwegian market. Around 85 per cent of the issues are bonds with variable interest rates. The interest-rate risk is hedged by entering into fixed-rate periods via interest-rate derivatives. Hemsö regularly repurchases bonds in advance of their maturity date. During the period, Hemsö repurchased bonds with a nominal value of SEK 2,021 million and EUR 61 million through bilateral transactions 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

Sources of funding, SEK million

	30 Sep 2024	30 Sep 2023
Bonds, SEK	14,742	14,973
Bonds, EUR	19,033	20,049
Bonds, AUD, JPY, NOK, USD	5,596	4,918
Total bonds	39,371	39,940
Commercial papers, SEK	6,049	5,195
Council of Europe Development Bank, EUR	255	–
European Investment Bank, SEK, EUR	4,175	4,232
Nordic Investment Bank, SEK	800	800
Schuldschein, EUR	848	862
Secured bank loans, SEK	1,000	1,000
Total interest-bearing liabilities	52,497	52,029

Sustainable finance, SEK million

	30 Sep 2024	30 Sep 2023
Sustainability bonds	12,676	10,722
Council of Europe Development Bank	255	–
European Investment Bank	4,175	4,232
Nordic Investment Bank	800	800
Total sustainable finance	17,906	15,754

Capital structure, SEK million

	30 Sep 2024	30 Sep 2023
Non-current interest-bearing liabilities	42,323	42,361
Current interest-bearing liabilities	10,174	9,668
Cash and cash equivalents	-1,856	-1,041
Net debt	50,641	50,988
Investment properties	85,598	84,369
Investments in joint ventures	1,670	1,734
Total	87,268	86,102
Loan-to-value ratio	58.0%	59.2%
Share of secured debt	1.2%	1.2%

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 (875). 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 8,004 million (8,327).

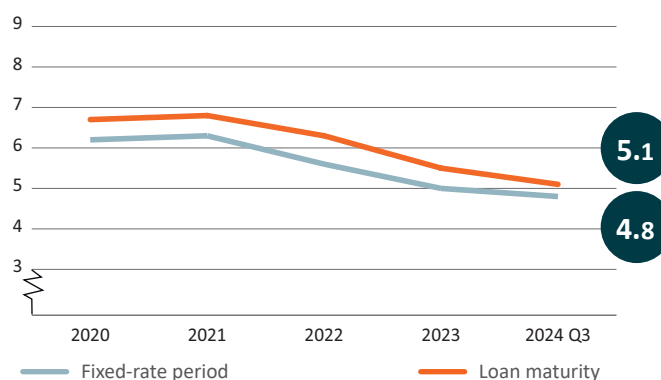
Currency exposure amounted to 3.7 per cent (2.5) of equity, and 3.4 per cent (2.1) of total EUR assets.

At period-end, the average loan maturity was 5.1 years (5.7) and the average fixed-rate period was 4.8 years (5.0). The average interest rate was 2.3 per cent (2.4).

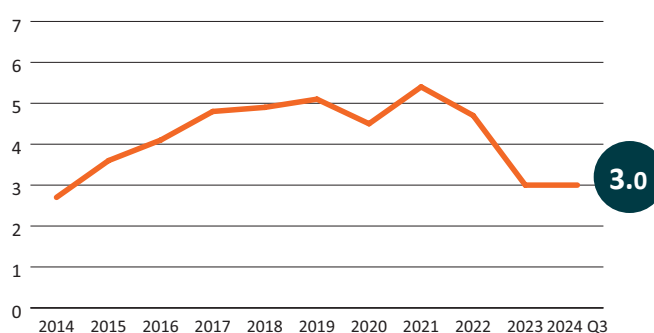


Hemsö and Academedia signed a ten-year lease agreement for the Capella property in Gothenburg

Loan maturity and fixed-rate period, years



Interest-coverage ratio, times



Committed credit facilities and underwriting commitments, SEK million

	30 Sep 2024	30 Sep 2023
Banks	7,500	7,500
Third Swedish National Pension Fund	6,000	6,000
Council of Europe Development Bank	–	255
Total committed credit facilities	13,500	13,755
Cash and cash equivalents	1,856	1,041
Available liquidity	15,356	14,796
Short-term borrowings	10,174	9,668
Debt-coverage ratio, %	151%	153%

Currency exposure, SEK million

	30 Sep 2024	30 Sep 2023
Properties, EUR	29,740	31,031
Joint ventures, EUR	1,415	1,517
Cash, EUR	64	232
Assets, EUR	31,219	32,780
Debt, EUR	23,380	24,343
Currency swaps, EUR	6,765	7,742
Exposure, EUR	1,073	695
Debt AUD, JPY, NOK, SEK, USD	8,004	8,327
Currency swaps AUD, JPY, NOK, SEK, USD	-8,004	-8,327
Exposure AUD, JPY, NOK, SEK, USD	0	0
Currency hedging	–	–
Currency exposure	1,073	695
Equity	29,194	28,294
Currency exposure, equity, %	3.7%	2.5%
Currency exposure, EUR assets, %	3.4%	2.1%

Summary of Financial Policy

Financing risk	Policy	Outcome
Loan-to-value ratio	Max. 60%	58.0%
Net Debt/EBITDA	Max. 15 times	14.1 times
Loan maturity	At least 3 years	5.1 years
Loan maturity structure	Max. 25% within 12 months, thereafter max. 20% per year	Fulfilled
Debt-coverage ratio	At least 125%	151%
Share of secured debt	Max. 20%	1.2%
Interest-rate risk		
Interest-coverage ratio	At least 2.5 times (rolling 12-month period)	3.0 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
Counterparty risk		
Financial instruments	Bank with a minimum credit rating of A- (S&P)	Fulfilled
Currency risk		
Currency exposure relative to equity	Max. 35%	3.7%
Currency exposure relative to assets in EUR	5–30% ¹⁾	3.4%

¹⁾ 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, %
2024	750	750	1	7,171	14
2025	5,775	4,775	9	5,289	10
2026	17,493	7,493	14	6,714	13
2027	5,551	4,551	9	2,322	4
2028	6,865	6,865	13	7,736	15
2029	7,984	6,484	12	6,663	13
2030	2,702	2,702	5	2,821	5
2031	1,913	1,913	4	1,740	3
2032	1,307	1,307	2	2,307	4
>2032	9,608	9,608	18	9,734	19
Total	59,948	46,448	88	52,497	100
Commercial papers		6,049	12		
Total	59,948	52,497	100		



Hemsö participated in the Frihamnsdagarna democracy festival in Gothenburg as a partner for the second consecutive year.



Hemsö and the Tensta Träff association signed a five-year lease agreement in Campus Tensta.

Quarterly overview

Amounts in SEK million	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Income statement									
Rental income	1,278	1,278	1,283	1,220	1,211	1,203	1,183	1,069	1,025
Other income	3	1	1	9	19	6	7	6	6
Property costs	-311	-315	-360	-334	-280	-287	-328	-303	-241
Net operating income	971	965	924	896	951	923	862	771	790
Central administrative expenses	-50	-48	-49	-43	-55	-50	-48	-64	-39
Profit/loss from participations in joint ventures	13	4	8	-70	14	22	20	-119	23
Operating profit	933	922	883	782	910	895	834	588	774
Net interest expense	-300	-286	-295	-300	-313	-291	-250	-218	-152
Profit after net interest income	634	636	588	482	597	604	584	370	622
<i>- of which Profit from property management</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>	<i>614</i>
Value change, properties	423	-144	-190	-1,661	-672	-1,699	-1,255	-2,131	-1,780
Value change, financial instruments	-134	-117	21	-86	-63	-178	103	50	133
Profit/loss before tax	923	374	420	-1,265	-138	-1,273	-568	-1,712	-1,024
Current tax	-62	18	-109	152	-33	-102	-40	-59	-39
Deferred tax	-122	-89	56	39	41	322	145	365	243
Profit/loss for the period	739	303	367	-1,074	-130	-1,054	-463	-1,406	-820
Other comprehensive income	9	-55	65	-64	-40	93	16	-12	51
Comprehensive income for the period	747	248	432	-1,138	-171	-961	-448	-1,418	-769

Quarterly overview, cont.

Amounts in SEK million	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Balance sheet									
Investment properties	85,598	84,126	84,236	82,624	84,369	85,071	84,784	84,879	85,004
Right-of-use assets	1,005	1,003	1,027	988	984	1,018	943	932	849
Participations in joint ventures	1,670	1,648	1,709	1,636	1,726	1,737	1,699	1,655	1,748
Derivatives	–	–	–	–	–	–	87	247	389
Other assets	2,870	2,833	2,452	2,391	2,142	1,834	1,368	1,209	1,180
Cash and cash equivalents and short-term investments	1,856	1,022	365	1,593	1,041	1,334	1,009	526	1,214
Total assets	92,999	90,632	89,789	89,231	90,260	90,993	89,889	89,447	90,383
Equity	29,194	28,447	28,589	28,156	28,294	27,465	29,581	30,028	31,449
Deferred tax liabilities	6,095	5,986	5,908	5,954	6,033	6,059	6,378	6,557	6,942
Derivatives	606	376	357	187	170	313	–	–	–
Interest-bearing liabilities	52,497	51,379	50,876	50,823	52,029	53,645	50,535	49,567	48,792
Lease liabilities	1,005	1,003	1,027	988	984	1,018	943	932	849
Non-interest-bearing liabilities	3,601	3,441	3,032	3,123	2,751	2,494	2,453	2,363	2,352
Total equity and liabilities	92,999	90,632	89,789	89,231	90,260	90,993	89,889	89,447	90,383
Key ratios									
Financial ratios									
Loan-to-value ratio, %	58.0	58.7	58.8	58.4	59.2	60.3	57.3	56.7	54.8
Interest-coverage ratio, times ¹⁾	3.0	3.0	3.0	3.0	3.1	3.5	4.0	4.7	4.7
Operating cash flow, SEK million	580	617	634	616	546	615	551	493	562
Property-related ratios									
Property yield, % ¹⁾	4.7	4.7	4.7	4.7	4.5	4.4	4.2	4.1	3.9
Total return, % ¹⁾	2.5	1.2	-0.6	-1.9	-2.6	-4.0	0.9	4.5	10.9
Economic occupancy rate, %	97.6	97.5	97.8	97.8	97.7	97.6	97.9	97.9	97.9
NOI margin, %	75.8	75.4	72.0	72.8	77.3	76.3	72.4	71.8	76.6
No. of properties	485	487	487	488	485	484	484	480	468
Lettable area, tsqm	2,470	2,457	2,446	2,458	2,452	2,438	2,415	2,400	2,339

¹⁾ Based on rolling 12-month outcome.

Group – Condensed statement of comprehensive income

Amounts in SEK million	Jan–Sep 2024	Jan–Sep 2023	Jul–Sep 2024	Jul–Sep 2023	Oct 2023–Sep 2024	Jan–Dec 2023
Rental income	3,839	3,598	1,278	1,211	5,060	4,818
Other income	6	32	3	19	15	41
Operating costs	-650	-630	-179	-178	-861	-841
Maintenance costs	-254	-192	-103	-74	-352	-290
Other property costs	-81	-72	-29	-28	-106	-97
Net operating income	2,860	2,735	971	951	3,755	3,631
Central administrative expenses	-146	-153	-50	-55	-190	-196
Profit/loss from participations in joint ventures	25	56	13	14	-45	-14
- of which profit from property management	45	56	17	15	54	65
- of which changes in value	-8	6	-1	1	-105	-91
- of which tax	-12	-6	-3	-2	6	13
Operating profit	2,738	2,639	933	910	3,520	3,421
Net interest expense	-880	-854	-300	-313	-1,181	-1,154
Profit after net interest income	1,858	1,785	634	597	2,340	2,267
- of which Profit from property management ¹⁾	1,878	1,785	638	598	2,439	2,345
Value change, investment properties	88	-3,626	423	-672	-1,572	-5,287
Value change, financial instruments	-230	-139	-134	-63	-316	-225
Profit/loss before tax	1,716	-1,980	923	-138	451	-3,245
Current tax	-153	-175	-62	-33	-1	-23
Deferred tax	-155	507	-122	41	-115	547
Profit/loss for the period	1,408	-1,648	739	-130	335	-2,721

Amounts in SEK million	Jan–Sep 2024	Jan–Sep 2023	Jul–Sep 2024	Jul–Sep 2023	Oct 2023–Sep 2024	Jan–Dec 2023
Profit/loss for the period attributable to						
Parent Company shareholders	1,360	-1,553	709	-106	242	-2,671
Non-controlling interests	49	-94	30	-24	93	-50
Other comprehensive income						
Profit/loss for the period	1,408	-1,648	739	-130	335	-2,721
Translation difference	21	68	9	-40	-44	4
Comprehensive income for the period	1,429	-1,579	747	-171	291	-2,717
Comprehensive income for the period attributable to						
Parent Company shareholders	1,379	-1,487	717	-145	199	-2,667
Non-controlling interests	50	-92	30	-25	92	-50

¹⁾ For the calculation of Profit from property management, refer to Key ratio calculations on page 29.

Group – Condensed statement of financial position

Amounts in SEK million	30 Sep 2024	30 Sep 2023	31 Dec 2023
ASSETS			
Investment properties	85,598	84,369	82,624
Right-of-use assets	1,005	984	988
Participations in joint ventures	1,670	1,726	1,636
Other non-current assets	130	112	126
Total non-current assets	88,402	87,191	85,373
Current receivables	2,740	2,029	2,265
Cash and cash equivalents	1,856	1,041	1,593
Total current assets	4,596	3,070	3,858
TOTAL ASSETS	92,999	90,260	89,231
EQUITY AND LIABILITIES			
Equity	29,194	28,294	28,156
Deferred tax liabilities	6,095	6,033	5,954
Non-current interest-bearing liabilities	42,323	42,361	41,608
Lease liabilities	1,005	984	988
Derivatives	606	170	187
Total non-current liabilities	50,030	49,548	48,736
Current interest-bearing liabilities	10,174	9,668	9,216
Other current liabilities	3,601	2,751	3,123
Total current liabilities	13,775	12,419	12,339
TOTAL EQUITY AND LIABILITIES	92,999	90,260	89,231

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	–	500	–	–	–	500
Contributions from minority interests	–	–	–	–	500	500
Comprehensive income (1 Jan 2023–30 Sep 2023)	–	–	66	-1,553	-97	-1,579
Closing equity, 30 Sep 2023	1	7,180	454	19,379	1,280	28,294
Opening equity, 1 Oct 2023	1	7,180	454	19,379	1,280	28,294
Shareholder contributions	–	1,000	–	–	–	1,000
Comprehensive income (1 Oct 2023–31 Dec 2023)	–	–	-62	-1,118	42	-1,138
Closing equity, 31 Dec 2023	1	8,180	392	18,261	1,322	28,156
Opening equity, 1 Jan 2024	1	8,180	392	18,261	1,322	28,156
Dividends	–	–	–	-391	–	-391
Reversal of non-controlling interests	–	–	–	39	-39	0
Comprehensive income (1 Jan 2024–30 Sep 2024)	–	–	19	1,360	50	1,429
Closing equity, 30 Sep 2024	1	8,180	412	19,268	1,334	29,194

Group – Condensed statement of cash flows

Amounts in SEK million	Jan–Sep 2024	Jan–Sep 2023	Jul–Sep 2024	Jul–Sep 2023	Oct 2023–Sep 2024	Jan–Dec 2023
Operating activities						
Profit from property management	1,878	1,785	638	598	2,439	2,345
<i>Adjustment for non-cash items</i>						
- Loss from property management joint ventures	-45	-56	-17	-15	-54	-65
- Depreciation	13	14	3	5	19	20
- Exchange differences, unrealised	-1	7	0	6	-7	1
Dividends from joint ventures	28	45	0	1	28	45
Tax paid	-43	-76	-44	-42	16	-17
Cash flow before changes in working capital	1,830	1,720	580	553	2,440	2,329
Increase (+)/decrease (-) in working capital	-110	-611	61	-50	120	-381
Cash flow from operating activities	1,720	1,109	640	502	2,560	1,948
Investing activities						
Acquisition of properties	-265	-141	-44	-7	-474	-351
Investments in new construction, extension and re-development	-2,575	-2,019	-950	-621	-3,381	-2,825
Property divestments	470	17	135	0	542	90
Investments in financial assets	-11	-13	24	-7	-122	-124
Other non-current assets	-3	-4	0	-1	-10	-11
Cash flow from investing activities	-2,384	-2,161	-835	-637	-3,445	-3,222

Amounts in SEK million	Jan–Sep 2024	Jan–Sep 2023	Jul–Sep 2024	Jul–Sep 2023	Oct 2023–Sep 2024	Jan–Dec 2023
Financing activities						
Interest-bearing loans raised	6,906	5,822	2,757	–	8,034	6,951
Repayment of interest-bearing liabilities	-5,602	-4,049	-1,729	-1,148	-6,896	-5,343
Financial instruments realised	5	-52	1	–	-46	-103
Shareholder contributions received	–	500	–	500	1,000	1,500
Contributions from non-controlling interests	–	500	–	500	–	500
Dividends paid	-391	-1,155	–	–	-391	-1,155
Cash flow from financing activities	918	1,566	1,029	-148	1,701	2,349
Cash flow for the period	254	514	834	-283	816	1,076
Opening cash and cash equivalents	1,593	526	1,022	1,334	1,041	526
Exchange rate differences in cash and cash equivalents	9	1	0	-10	0	-9
Cash and cash equivalents at period-end	1,856	1,041	1,856	1,041	1,856	1,593
Operating cash flow	1,831	1,712	580	546	2,447	2,329

Parent Company – Condensed income statement

Amounts in SEK million	Jan–Sep 2024	Jan–Sep 2023	Oct 2023– Sep 2024	Jan–Dec 2023
Net sales	97	94	125	121
Central administrative expenses	-186	-181	-251	-246
Other operating income	188	0	188	0
Operating profit/loss	100	-87	62	-125
Financial items	347	41	686	380
Change in value of derivatives	-407	-216	-347	-156
Appropriations	–	–	1	1
Profit/loss before tax	40	-262	402	100
Recognised tax	68	70	0	3
Profit/loss for the period	108	-192	403	103

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

Parent Company – Condensed balance sheet

Amounts in SEK million	30 Sep 2024	30 Sep 2023	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets	17	8	12
Equipment	1	2	2
Shares and participations in Group companies	19,255	16,709	16,968
Deferred tax assets	139	124	60
Non-current receivables	33,126	16,012	23,035
Total non-current assets	52,538	32,856	40,076
Current assets			
Current receivables	8,074	25,087	18,223
Cash and cash equivalents	0	0	5
Total current assets	8,074	25,087	18,227
TOTAL ASSETS	60,612	57,943	58,303
EQUITY AND LIABILITIES			
Equity			
Restricted equity	1	1	1
Non-restricted equity	5,108	4,097	5,391
Total equity	5,109	4,098	5,392
Liabilities			
Deferred tax liabilities	28	27	28
Interest-bearing liabilities	52,504	51,994	50,787
Non-interest-bearing liabilities	2,970	1,826	2,096
Total liabilities	55,503	53,846	52,911
TOTAL EQUITY AND LIABILITIES	60,612	57,943	58,303

Other information

Significant events after period-end

Hemsö and ARE have entered into a joint venture to develop a new municipal school in central Cologne. The school will have a lettable area of 23,000 square meters, accommodating 1,000 students aged 11 to 18. A 25-year lease agreement has been signed with the City of Cologne. The investment amounts to EUR 160 million.

Employees

At period-end, Hemsö had 171 employees, of whom 81 were women and 90 men. Of these employees, 54 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, 142 are employed in Sweden, 16 in Finland and 13 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 30 September 2024, 78 per cent of the loan portfolio was hedged against rising rates and 22 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 29 investment properties through a limited partnership.

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. In addition, 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 six 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 does not own any properties.

Accounting policies applied

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting 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 from the Swedish Corporate Reporting Board. All amounts in the interim 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 interim report, or the accounting policies applied by Hemsö.

Signing of the report

The Board of Directors and Chief Executive Officer hereby certify that this interim report provides a true and fair view of the Parent Company and the Group's operations, financial position

and earnings and describes significant risks and uncertainties faced by the company and those companies included in the Group.

Stockholm, as of the date of our 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

Auditor's review

Hemsö Fastighets AB (Corp. Reg. No. 556779-8169)

Introduction

We have reviewed the condensed interim financial information (the interim report) for Hemsö Fastighets AB at 30 September 2024 and the nine-month period that ended on this date. The Board of Directors and Chief Executive Officer are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report, based on our review.

Focus and scope of the review

We performed our review in accordance with International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review is made by making enquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope compared with the focus and scope of an audit conducted in accordance with International Standards on Auditing and the auditing standards generally accepted in Sweden. These review procedures do not allow us to obtain such an assurance that we become aware of all of the important circumstances that could have been identified if an audit had been carried out. The conclusion expressed on the basis of a review does not therefore have the same assurance as a conclusion based on an audit.

Conclusion

Based on our review, no circumstances have arisen that give us reason to believe that this interim report has not, in all material respects, been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group, and in accordance with the Swedish Annual Accounts Act for the Parent Company.

Stockholm on the date shown by our electronic signature.

KPMG

Peter Dahllöf

Authorised Public Accountant

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/loss

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–Sep 2024	Jan–Sep 2023	Oct 2023– Sep 2024	Jan–Dec 2023
Profit after net interest income/ expense	1,858	1,785	2,340	2,267
Reversal				
<i>Changes in value, joint ventures</i>	8	-6	105	91
<i>Tax, joint ventures</i>	12	6	-6	-13
Profit from property management	1,878	1,785	2,439	2,345

Operating cash flow	Jan–Sep 2024	Jan–Sep 2023	Oct 2023– Sep 2024	Jan–Dec 2023
Profit from property management	1,878	1,785	2,439	2,345
Dividends from joint ventures	28	45	28	45
Tax paid	-43	-76	16	-17
Reversal				
<i>Loss from property management joint ventures</i>	-45	-56	-54	-65
<i>Depreciation</i>	13	14	19	20
Operating cash flow	1,831	1,712	2,447	2,329

Interest-coverage ratio	Jan–Sep 2024	Jan–Sep 2023	Oct 2023– Sep 2024	Jan–Dec 2023
Net operating income	2,860	2,735	3,755	3,631
Central administrative expenses	-146	-153	-190	-196
Dividends from joint ventures	28	45	28	45
Total	2,741	2,627	3,593	3,480
Net interest expense	-880	-854	-1,181	-1,154
Interest-coverage ratio	3.1 times	3.1 times	3.0 times	3.0 times

NOI margin	Jan–Sep 2024	Jan–Sep 2023	Oct 2023– Sep 2024	Jan–Dec 2023
Rental income	3,839	3,598	5,060	4,818
Other property income	6	32	15	41
Total property income	3,845	3,630	5,075	4,859
Net operating income	2,860	2,735	3,755	3,631
NOI margin	74.4%	75.4%	74.0%	74.7%

Key ratio calculations, cont.

Share of secured debt	30 Sep 2024	30 Sep 2023
Secured debt outstanding	1,000	1,000
Investment properties	85,598	84,369
Share of secured debt	1.2%	1.2%
Loan-to-value ratio	30 Sep 2024	30 Sep 2023
Non-current interest-bearing liabilities	42,323	42,361
Current interest-bearing liabilities	10,174	9,668
Cash and cash equivalents	-1,856	-1,041
Net debt	50,641	50,988
Investment properties	85,598	84,369
Investments in joint ventures	1,670	1,734
Total	87,268	86,102
Loan-to-value ratio	58.0%	59.2%
Property yield	30 Sep 2024	30 Sep 2023
Net operating income/expense according to income statement	3,755	3,506
Adjusted for 12-month holding period and exchange rate	-28	14
Adjusted for development properties	-108	-130
Adjusted net operating income	3,619	3,390
Investment properties	85,598	84,369
Adjusted for development properties	-8,108	-9,034
Adjusted market value of properties	77,490	75,335
Property yield	4.7%	4.5%
Equity/assets ratio	30 Sep 2024	30 Sep 2023
Equity	29,194	28,294
Total assets	92,999	90,260
Equity/assets ratio, %	31.4%	31.3%

Net Debt/ EBITDA	30 Sep 2024	30 Sep 2023
Net debt	50,641	50,988
Net operating income	3,755	3,506
Central administrative expenses	-190	-217
Dividends from joint ventures	28	45
Adjusted operating profit	3,593	3,334
Net Debt/ EBITDA	14.1 times	15.3 times
Debt-coverage ratio	30 Sep 2024	30 Sep 2023
Cash and cash equivalents	1,856	1,041
Undrawn committed credit facilities	13,500	13,755
Available liquidity	15,356	14,796
Short-term borrowings	10,174	9,668
Debt-coverage ratio	151%	153%
Total return	Oct 2023-Sep 2024	Oct 2022–Sep 2023
Net operating income	3,755	3,506
Value change, investment properties	-1,572	-5,758
Total	2,183	-2,252
Opening value investment properties	84,369	85,004
Closing value investment properties	85,598	84,369
Adjustment of value change for the period	1,572	5,758
Adjusted average property value	85,770	87,565
Total return	2.5%	-2.6%

**Accessible
Reliable
Progressive**

Questions and more information

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Financial statements and press releases are available on Hemsö's website: hemso.se

Financial calendar

Year-end report Jan–Dec 2024	5 Feb 2025
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