HEMSÖ

2025

Annual Report

Nursing homes | Education | Health care | Justice system



We strengthen the backbone of society!

Hemsö is Sweden's leading owner of public properties*. We are the courageous property company that manages and develops with care. We dare to try innovative solutions to future-proof our properties and instil a sense of security in the communities where we operate. We conduct operations in Sweden, Finland and Germany, learning and drawing inspiration from each other, in all of our development projects.

With the Third Swedish National Pension Fund as principal owner, we contribute to Swedish pension funds in a long-term and reliable manner. Applying the same approach, we manage, develop and own properties for nursing homes, education, health care and the justice system.

Our focus is on the activities carried out on our properties, which in many ways form the backbone of our society. A key purpose of our work is to create the best conditions for people to learn, work, live and thrive.

We work closely with the public sector, together meeting the growing need for social infrastructure. This year, we contributed 2,860 new school places and 217 new nursing home beds.

Thanks to our ambitious sustainability targets, we are making good progress on our sustainability journey. We are exploring new ways to reduce our carbon footprint, increase energy efficiency, support biodiversity and promote reuse. An equally important part of our mission is to increase social sustainability by creating safe and attractive environments. In other words, our sustainability journey is continuing at the same undiminished pace.

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

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

Hemsö in numbers 2025



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Annual Report 2025

The statutory Annual Report, including the Directors' Report, for Hemsö Fastighets AB (publ), Corp. Reg. No. 556779-8169, has been audited by KPMG AB and comprises pp. 62–113. The Directors' Report comprises pp. 62–67. Hemsö Fastighets AB has reported its sustainability performance every year since 2016. Hemsö's Sustainability Report has been prepared in accordance with the Global Reporting Initiative's (GRI) guidelines, specifically the GRI Standards 2021, as defined on pp. 57–59, and has been subject to limited assurance by KPMG AB. The sustainability reporting also comprises the statutory Sustainability Report in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, as set out on p. 59.

The Annual Report includes the Parent Company and the subsidiaries. Subsidiaries are entities over which the Parent Company has a controlling interest. Boundaries and changes compared with the preceding year's report are presented next to tables and KPIs. The Sustainability Report has been subject to limited assurance by KPMG AB. The reviewer is independent of Hemsö. The Annual Report 2025 was published on 31 March 2026. The Annual Report 2024 was published in April 2025.



Operations

The hallmarks of a well-functioning society are motivational learning environments, safe premises for the justice system, and safe and secure nursing homes and hospital places. By sustainably owning, managing and developing public properties for these activities, we help to realise our vision – to strengthen the backbone of society – and contribute to social infrastructure.

Hemsö's core values

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

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

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

Long-term owner of public properties

Hemsö's core business is public properties. Every year, we are developing more schools, nursing homes and other social infrastructure. We have good insight into the activities that are conducted in our premises and we are aware of the specific requirements and needs that must be met to create the best conditions for the provision of good public services. With property development and management of social infrastructure as our core competencies, Hemsö is a reliable partner for the public sector.

Specialist expertise
With fifteen years of experience in public properties, we have good insight into the activities that are conducted in our premises and their specific requirements.

Stable and long-term partner
Because we have long-term owners, we can grow and meet the changing needs of our customers, regardless of the economic climate. Low business risk combined with financial stability creates security for our tenants.

Long-term management
We take a long-term approach and combine development projects with long-term management and letting.

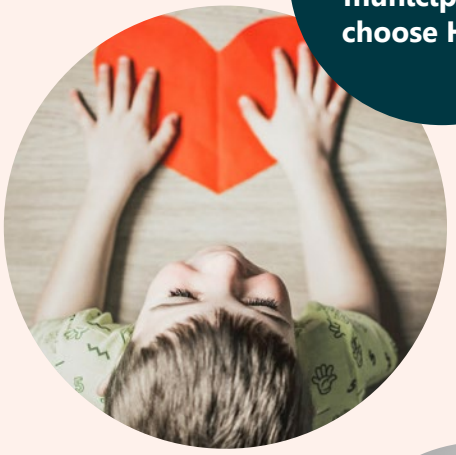
Access to capital
Our financial strength and long-term approach form the basis for owning, managing and developing high-quality public properties.

Available and decisive
Our properties are managed locally by our own employees as well as external maintenance contractors. That means we have short and fast decision-making processes, can be accessible and understand our tenants' needs.

Hemsö's surplus is mainly returned to Swedish pensioners
Hemsö is 85 per cent owned by the Third Swedish National Pension Fund.

Ability to compare
By choosing Hemsö as a developer and property owner, municipalities can compare the performance of their own organisation with Hemsö, thereby inspiring both parties to improve.

7
reasons why municipalities choose Hemsö





Hemsö's surplus is mainly returned to Swedish pensioners



Market overview

Hemsö is active in Sweden, Finland and Germany. A common denominator for these markets is that public services are mainly financed by municipalities, regions or the state.

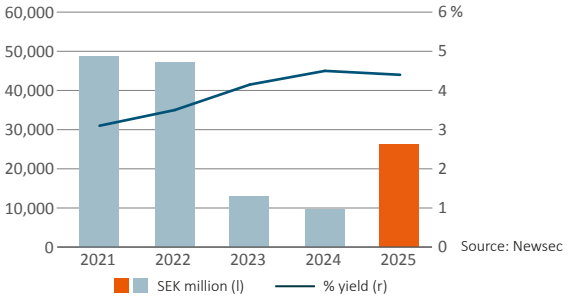
Sweden

In 2025, the transaction volume for public properties amounted to SEK 26 billion, corresponding to 16 per cent of the total transaction volume in the property market of SEK 164 billion. Of this volume, justice system-related properties accounted for 37 per cent, followed by health care properties with 35 per cent, and the remaining 28 per cent were educational properties. Year-on-year, this represented a clear recovery, with transaction volumes more than doubling. However, this increase should be interpreted primarily as an indication that more players are now active and willing to do business again, rather than as a sign of a structurally deeper market.

During the year, the Riksbank cut its policy rate three times by a total of 75 basis points to 1.75 per cent, which gradually improved the financing climate and contributed to increased transaction momentum in the market.

Public properties remain an attractive investment segment, underpinned by stable cash flows and strong interest from both national and international investors. In the longer term, demand is driven by structural needs in areas such as health care, education, defence and the justice system, which further strengthens the segment's long-term attractiveness.

Total transaction volume and prime yield for public properties



Finland

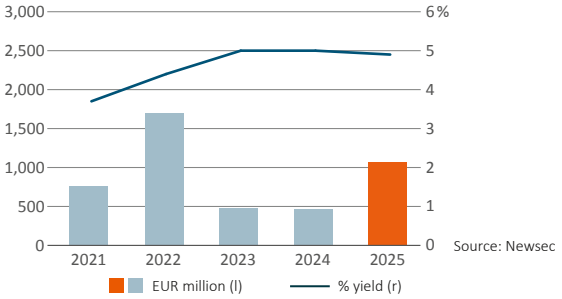
The Finnish property market noted a clear recovery in 2025 following several years of subdued activity. The total transaction volume amounted to EUR 5 billion, more than doubling compared with 2024. The public property segment also reported a clear recovery in 2025. The transaction volume amounted to more than EUR 1 billion, also doubling from the previous year. The level was therefore in line with volumes during the peak years of 2019 and 2021.

Transaction volumes were relatively evenly distributed across sub-segments. Health care properties accounted for 23 per cent of total volume, nursing homes for 19 per cent and educational properties for 20 per cent.

Finnish public properties continued to attract strong international interest, and the share of foreign investors increased to 60 per cent compared with 42 per cent in the previous year.

The public properties market remains attractive due to long-term lease agreements, stable cash flows and low risk. A growing need for modern nursing homes, driven by a rapidly ageing population and shortage of purpose-built health care properties, is a strong driver for the segment. In conclusion, public properties remain a central part of the Finnish property market.

Total transaction volume and prime yield for public properties



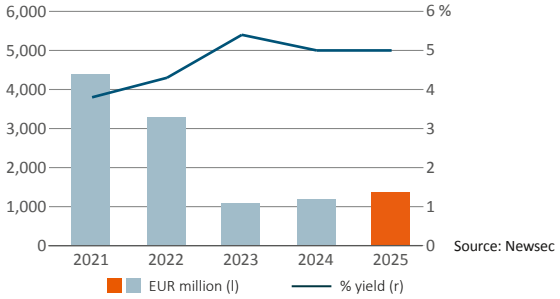
Germany

The public property segment in Germany, focusing on health care properties, reported a clear recovery in 2025. The total transaction volume amounted to just over EUR 1 billion for the full year, which is an increase of 18 per cent compared with 2024. This was a stable outcome given an investment climate that is still marked by macroeconomic uncertainty and geopolitical risks.

Demand for residential care facilities, assisted living facilities and medical centres remained strong, but a limited supply contributed to selective transaction activity. There is also a limited supply of educational and justice system properties, which has kept transaction volumes down to date. In parallel, investor interest increased, particularly in educational properties with long lease agreements, although the number of completed transactions remained relatively low.

The underlying market drivers remain strong. Demographic trends indicate a continued increase in the number of older people in need of care, with forecasts suggesting a need for more than 145,000 additional hospital beds by 2040. This makes public properties an important and still attractive segment for both national and international investors.

Total transaction volume and prime yield for public properties



Business model

Hemsö's business model is characterised by low risk and long-term stable returns due to rising demand driven by demographic changes, financially stable tenants, long-term lease agreements, low vacancies and low sensitivity to economic fluctuations. Our strategy is to own public properties with predominantly public-sector tenants on long-term leases. The value in Hemsö is created through knowledge of property and project development combined with long-term management and letting.

Our mission

Hemsö's mission is to develop and manage sustainable and high-quality social infrastructure for the public sector. Our investments in public properties are to provide high returns to the Third Swedish National Pension Fund and thereby contribute to stable growth for Swedish pension funds.

We create value

Hemsö's focus is on metropolitan areas and large cities where the need for public services is greatest. Publicly funded tenants, long-term leases and a growing share of sustainable financing create stable cash flows and secure returns.

In 2025, Hemsö created 2,860 school places and 217 nursing home beds. Between 2009 and 2025, Hemsö has contributed 36,440 school places and 3,109 nursing home beds through completed development projects.

Demand for public properties is expected to continue increasing despite projected weak population growth. While the number of children and young people (aged 0–19) is expected to fall through 2033, the 80+ age group will rise sharply in Sweden, Finland and Germany. Consequently, there is a major need for new nursing homes in Hemsö's markets. At the same time, the public sector is facing a necessary rejuvenation and modernisation of the existing property portfolio in nursing homes and schools, which is also contributing to the major need for investment in public properties.

The preferred property partner

To help municipalities and regions address these challenges, Hemsö offers long-term property management and has extensive development project capacity. This means that we can be a professional partner to the public sector throughout the entire life cycle and help with planning, development and property management of new, sustainable public properties.



Stenkumla nursing home in Västerås – Kornknarren 3.

Purpose-built | **Publicly funded** | **Public services** | **State, municipal, regional**

Markets

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

The tenants are state, municipal, regional, non-profit and private operators. 95 per cent of Hemsö's rental income is derived from public funds, ensuring a reliable and predictable cash flow.

Hemsö's operations are characterised by a local presence to ensure a high level of service, as well as efficiency and a strong sustainability focus. We have developed and managed public properties since 2009, giving us solid experience and specialised expertise in the segment.

Market	Sweden	Germany	Finland
Credit rating, S&P	AAA	AAA	AA+
Public sector share of GDP	50%	50%	58%
GDP growth 2025	1.5%	0.2%	0.4%
Hemsö, market value of properties (%)	65%	17%	18%

Population	Sweden	Germany	Finland
Population 2025	10,600,000	83,500,000	5,700,000
Population 80+	680,000	6,300,000	360,000
Projected population growth, 2040	3%	-3%	5%
Projected population growth for 80+, 2040	32%	16%	60%

Source: Statistics Sweden, Statistics Finland and Destatis.

Strategies

Investment strategy

Hemsö invests in social infrastructure, primarily in our defined property categories: Nursing homes, Education, Health care and the Justice system in Sweden, Germany and Finland. Demand for public properties is driven by demographics, urbanisation and structural change. Hemsö therefore prioritises metropolitan areas and large cities. The business model is based on publicly funded tenants, with the aim that most rental income is to be derived from the state, municipality or region. This provides stability through long lease agreements and predictable income. Investments are made in new construction, extension and re-developments or through acquisitions.

Financing strategy

Hemsö strives to achieve a stable capital structure and long-term, low financing costs. Our stable owner, the Third Swedish National Pension Fund, and diversified borrowing across multiple creditors, sources and markets reduces risk and secures cash flows. Furthermore, Hemsö will primarily work with unsecured borrowing to be an attractive borrower in the capital market, and have a clear sustainability profile to attract capital that prioritises lending for sustainable investments.

Sustainability strategy

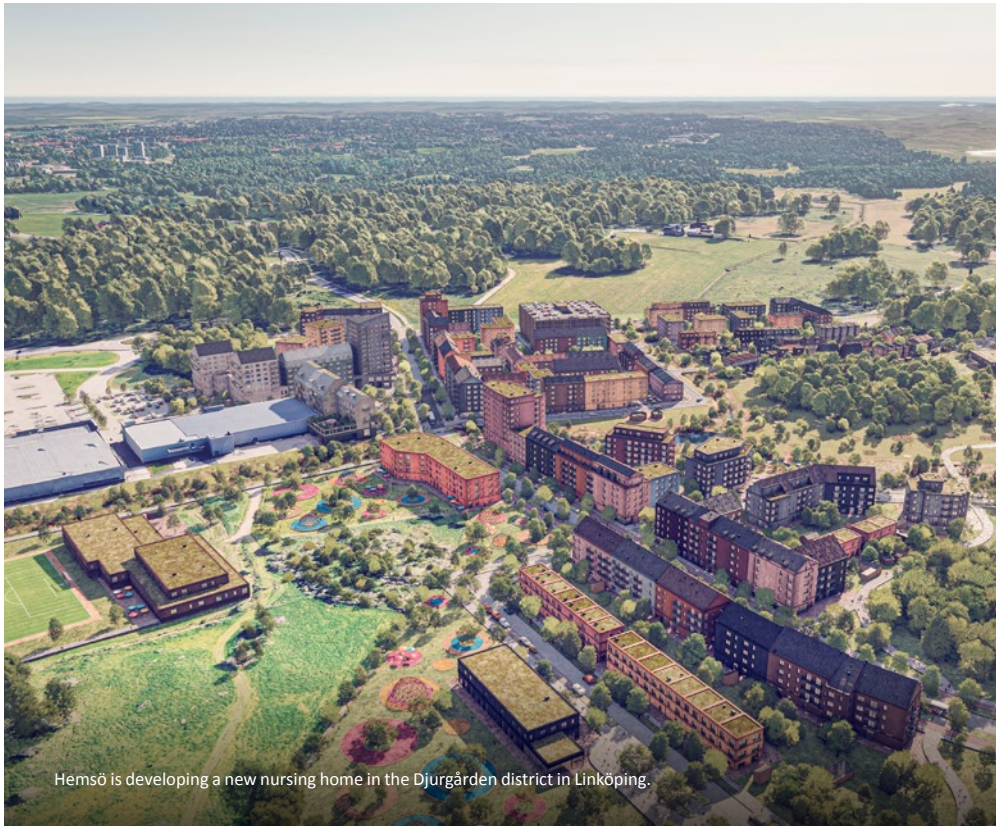
Hemsö's sustainability strategy for 2040 is based on our vision of strengthening the resilience and backbone of society. The sustainability strategy provides us with a direction and targets for effectively managing the impacts, risks and opportunities of our operations related to climate impact, optimising energy and resource use, and how a safe and secure environment can be ensured for everyone who lives, works and spends time in our properties. It also provides further support for our ambition to act responsibly at all stages of the value chain and conduct operations distinguished by transparency and high standards of business conduct. Read more on pages 26–27.

Digitisation strategy

Hemsö's digitisation strategy aims to create tangible effects in three areas: more resource-efficient and scalable property management, a climate-smart and long-term sustainable property portfolio and increased user value and quality in and on our properties. To realise this strategy, we are focusing on a combination of training and change management for employees, together with investments in technology areas such as digital twins, intelligent connected buildings, and harmonised data and AI.

The year in brief

At Hemsö, we do more than just develop and manage public properties. We create vibrant environments with people in focus. Our vision is to strengthen the backbone of society, and we achieve this by providing nursing homes, schools and hospital beds for society. In 2025, we continued on our chosen path of deepening partnerships, digitising our properties and developing new sustainable social infrastructure.



Hemsö is developing a new nursing home in the Djurgården district in Linköping.

New development projects and renegotiations

Hemsö started the year by signing two 20-year lease agreements with Bjuv Municipality to develop a special nursing home with 80 beds and a full-size sports hall in central Bjuv.

Hemsö also signed a 20-year lease agreement with Linköping Municipality for a new nursing home with 80 beds and a lettable area of 6,550 sqm.

Another partnership that was deepened was with the City of Helsinki, where Hemsö signed a 20-year lease for a new preschool and elementary school with places for 850 students. This development project is the fifth school project with the City of Helsinki over the past four years.

Just before the summer, the Swedish Museum of Science and Technology opened a branch on Campus Tensta, and Hemsö signed an agreement with Läsfrämjarinstitutet (The reading promotion institute). Together, they are welcome additions that strengthen the campus's position as a vibrant educational environment and meeting space for learning.

In 2025, construction started on the first project within the scope of Hemsö's joint venture with Austrian Real Estate (ARE), a subsidiary of Bundesimmobiliengesellschaft (BIG). The new municipal school, with space for 1,000 students, is being developed in Cologne, Germany. It will be completed in 2028.

Digitisation of the existing portfolio

In 2025, Hemsö took the next step in the digital development of its property portfolio. By connecting all buildings and collecting data on operation, energy use and indoor climate, we gain a more comprehensive picture of each property. This enables more efficient property management and a better indoor climate for our tenants.

During the year, Hemsö began a strategic partnership with the AI company Myrspoven to further strengthen work with smart properties. Myrspoven's platform provides us with access to advanced tools to analyse energy and climate data, which creates new insights, greater potential to optimise operations and lower operating costs. In the long term, the partnership will also provide opportunities for AI control of technical systems, such as heating, cooling and ventilation – an important step towards more efficient energy use and a lower carbon footprint.

A3
Moody's
New rating

Sustainable financing and green investments

Hemsö finances its operations based on a long-term approach and social value. Our sustainable finance framework ensures that capital is used for development projects that support climate benefits and social development.

In 2025, a large share of our new investments took place within the framework of green and social bonds, where the funds are earmarked for buildings that feature energy-efficient solutions, reduced climate impact and clear social value.

Hemsö's green investments encompass energy efficiency in existing properties, new developments with high environmental standards and the transition to renewable energy sources. All new construction projects are environmentally certified and energy use has continued to decrease in line with targets.

During the year, Hemsö strengthened its position as a responsible issuer in the capital markets. Investor interest in sustainability bonds remained strong and Moody's became the third rating agency to follow Hemsö during the year. In February, Moody's assigned Hemsö an A3 rating with a stable outlook, which provides a solid foundation for continued growth. Our financial strategy combines stability with a clear focus on climate benefits and social value creation – to enable more safe and sustainable environments for health care, schools and social care.

Future-proof public property development

Through long-term property management and continuous refinement of its portfolio, Hemsö develops public properties that are equipped for future needs in health care, schools, the justice system and elderly care. By working closely with municipalities and business operators, we create environments that strengthen both the quality of welfare and local social development.

During the year, we completed 15 major development projects – modern, flexible and resource-efficient buildings designed to meet the demands of the future. Ektorp school in Nacka, Körsbärsdalen preschool in Helsinki and Liljanshöjden nursing home in Bredäng are three examples of new developments featuring innovative solutions and sustainable material choices, where timber frames, solar panels and energy-efficient systems help to reduce the carbon footprint and operating costs.

In 2025, Hemsö published a report entitled "From crude regulations to smart choices – how we can build nursing homes for the future" (Sw: Från yxiga regler till smarta val – så bygger vi framtidens äldreboenden) the aim of which was to promote more efficient and long-term sustainable development of nursing homes. The report highlights how planning, regulations and building technology can work better together to create environments that meet the future needs of elderly care.

By sharing knowledge and initiating dialogue between decision-makers, architects and business representatives, Hemsö wants to drive developments towards more purpose-built and resource-efficient public properties.

You can download the report here (Swedish only)



The Körsbärsdalen preschool in Herttoniemi in eastern Helsinki is built with a timber frame and energy-efficient solutions.

Value chain – impact and responsibility

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

1 Project initiation
When Hemsö's project development initiates a project, we commence a feasibility study, regardless of whether the project is a new construction or a refurbishment. At this stage, we decide how the property should be designed and adapted to meet the needs of the relevant operations. Setting the conditions for sustainable development projects at such an early stage has a major impact on the upcoming process.

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

3 Refurbishment or new development
When we construct or refurbish a property, we have an environmental impact. The environmental impact of new developments mainly arises from the amount and choice of building materials and transportation. When we develop our properties, we also have a major impact on people's daily lives – students in schools, elderly people in homes, and employees. Fundamental to this work is that our properties are always designed with a focus on user needs.

4 Long-term management
We combine development projects with long-term property management and letting. Our portfolio consists of properties in health care, schools, social care and the justice system that are managed by our property management organisation. Working towards energy and resource efficiency and reducing our carbon footprint, as well as ensuring healthy and safe properties, are fundamental to day-to-day property management.

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

6 Capital back to Swedish pensioners
Hemsö's profits are mainly returned to our largest owner, the Third Swedish National Pension Fund, which is tasked with managing pension capital and generating high returns over time. By meeting the growing need for social infrastructure, Hemsö is contributing to an important social function and creating sustainable growth for Swedish pension funds.



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

Property frameworks

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

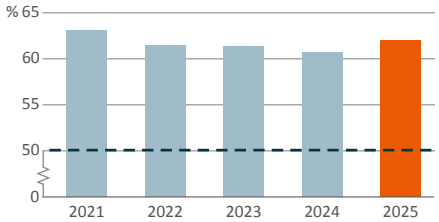
Public-sector tenants

Target **50%**

Outcome **62%**

Public-sector tenants are to account for at least 50 per cent of rental income. Hemsö's business model is based on publicly funded tenants in an established system with publicly funded welfare services. Hemsö endeavours to generate rental income directly from the state, municipalities or regions. This provides stability since the ability of these tenants to meet their payment obligations is strong.

Outcome:



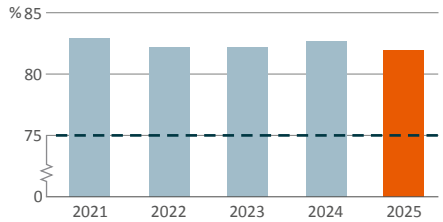
Metropolitan areas and large cities

Target **75%**

Outcome **82%**

Metropolitan areas and large cities are to account for at least 75 per cent of the property value. Demand for public properties is mainly driven by demographics and urbanisation. For this reason, strong long-term demand for Hemsö's properties is secured by concentrating a high percentage of the property holding to metropolitan areas and large cities.

Outcome:



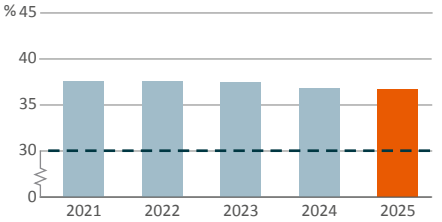
Nursing homes

Target **30%**

Outcome **37%**

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

Outcome:



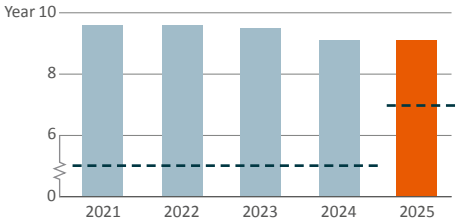
Lease duration

Target **7 years**

Outcome **9.1 years**

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

Outcome:



Target

Target for sustainable business

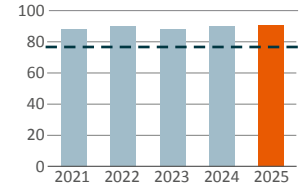
Target 77%
Outcome 91

Engagement Index (EI)

Target: The Engagement Index (EI) score should be at least 77. The EI is part of the Employee Engagement Index (EEI), which includes the Leadership Index and Team Efficiency Index, which also received high scores during the year.

Outcome: 91, which means the target for 2025 was achieved.

Outcome:



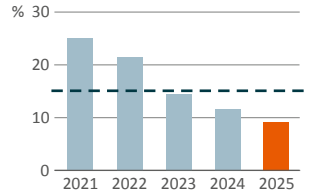
Target 15%
Outcome 9.2%

Return on equity

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

Outcome: At the end of 2025, average return on equity over a five-year period was 9.2 per cent.

Outcome:



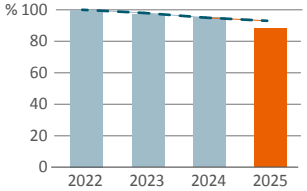
Target -20 % by 2030
Outcome -12.3%

Reduced energy intensity

Target: Hemsö's energy intensity is to be reduced by 20 per cent by 2030.

Outcome: The reduction in energy intensity amounted to -12.3 per cent in 2025 compared to the base year of 2022.

Outcome:



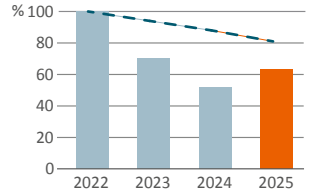
Target -50 % by 2030
Outcome -37%

Net zero emissions

Target: Hemsö's target is net zero value chain emissions (Scopes 1, 2 and 3) by 2040.

Outcome: GHG emissions were reduced by -37 per cent in 2025 compared to the base year of 2022.

Outcome:



Financial policy

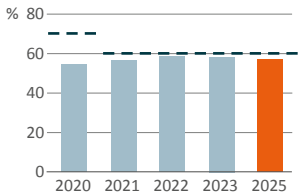
Target 60%
Outcome 56.9%

Loan-to-value ratio

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

Outcome: Hemsö's loan-to-value ratio was 56.9 per cent (58.3).

Outcome:



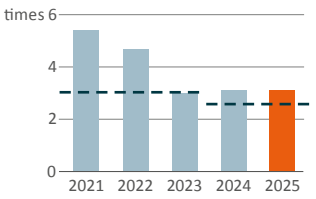
Target 2.5 times
Outcome 3.1 times

Interest-coverage ratio

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

Outcome: In 2025, the interest-coverage ratio was 3.1 times (3.1).

Outcome:



Development that meets society's needs

In addition to property management, Hemsö is conducting new development, property acquisitions and re-development and extensions in its existing portfolio to meet tenants' ongoing needs. Older properties are converted to modern premises for new purposes. At year-end, Hemsö managed 2,470 tsqm of lettable area with a property value of SEK 87 billion. The lease duration was 9.1 years. In 2025, Hemsö commenced construction on ten major development projects and completed 15, of which five in the nursing home category, seven in the education category and three in the health care category. Projects completed by Hemsö during the year contributed 217 new nursing home beds and 2,860 new school places.

Here you can read more about ongoing and completed projects

Municipal school in Cologne

Property category: Education
Country: Germany
Project type: Re-development and extension
Project area: 23,000 sqm
Construction start: 2025
Largest tenant: City of Cologne
Lease duration: 25 years





Nursing home in Bjuv

Property category: Nursing homes
Country: Sweden
Project type: New construction
Project area: 6,800 sqm
Construction start: 2025
Largest tenant: Bjuv Municipality
Lease duration: 20 years

Health care centre in Malmö

Property category: Health care
Country: Sweden
Project type: New construction
Project area: 11,000 sqm
Construction start: 2025
Largest tenant: Aleris
Lease duration: 10 years



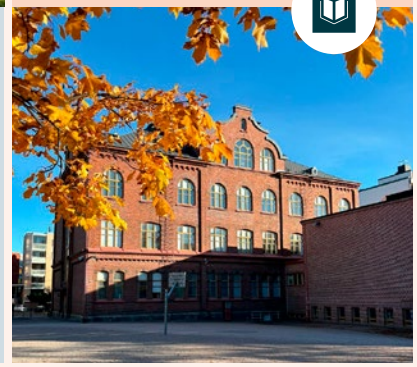


Pohjois-Pasila elementary school in Helsinki

Property category: Education
Country: Finland
Project type: New construction
Project area: 10,600 sqm
Construction start: 2025
Largest tenant: City of Helsinki
Lease duration: 20 years

Vallila elementary school in Helsinki

Property category: Education
Country: Finland
Project type: Re-development
Project area: 3,600 sqm
Construction start: 2025
Largest tenant: City of Helsinki
Lease duration: 20 years



Hemsö as landlord – a good deal for everyone

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

Read more on our website

CASE

Historic Vallila to be refurbished

The elementary school in Helsinki was completed in 1902. Hemsö is now carrying out an extensive refurbishment of the protected building, focusing on sustainability, safety and preserving its cultural heritage value.



CASE

New elementary school in Nacka

Nya Ektorp school, with places for 900 students and a full-sized sports hall, was inaugurated in the autumn school term of 2025. The municipality is the tenant. Sustainability has been at the heart of the school's development.



CASE

Large municipal school in Cologne

Hemsö and ARE are developing a new school from a partly existing building. The project has a strong sustainability focus using, for example, passive building methods and a low-carbon energy supply.



CASE

High sustainability ambitions in Västerås

Hemsö is re-developing S-huset at Mälardalen University. The development project has a particular focus on re-use and sustainability.



CASE

Important steps in Bjuv's development

Hemsö is developing a new sports hall and a new special nursing home. These are eagerly awaited additions in a municipality with both a growing and ageing population.



Property portfolio

Hemsö's property portfolio contains properties for nursing homes, education, health care and the justice system in Sweden, Finland and Germany. The portfolio is well-diversified and at year-end, the market value was SEK 87 billion.

82%
Property value in metropolitan areas and large cities

At year-end, the market value of Hemsö's property portfolio was SEK 87 billion and comprised 478 properties in four categories: nursing homes, education, health care and the justice system. The lettable area was 2,470 tsqm and contracted annual rent amounted to SEK 5,201 million at period-end. Net operating income for 2025 amounted to SEK 3,841 million.

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

Portfolio development

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

In 2025, a total of seven properties were acquired for SEK 631 million. Acquisitions were made in two of Hemsö's property categories, and met our requirements in terms of quality and geographic concentration to regions with demographic growth.

In recent years, Hemsö has built up extensive development project capacity in Sweden. The trend has mainly been driven by the major need of Swedish municipalities to build new schools and nursing homes. Hemsö is also developing more and more new properties in Finland and Germany. In 2025, Hemsö invested SEK 3,521 million in new construction, extension and re-development.

We are continuously striving to raise the quality of our property portfolio. This is mainly carried out in development projects, where modern and sustainable public properties are built in the regions where there is evidence of sustained demand. The investments are also aimed at optimising the portfolio composition, to provide strong and stable returns over the long term.

Long-term stability

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

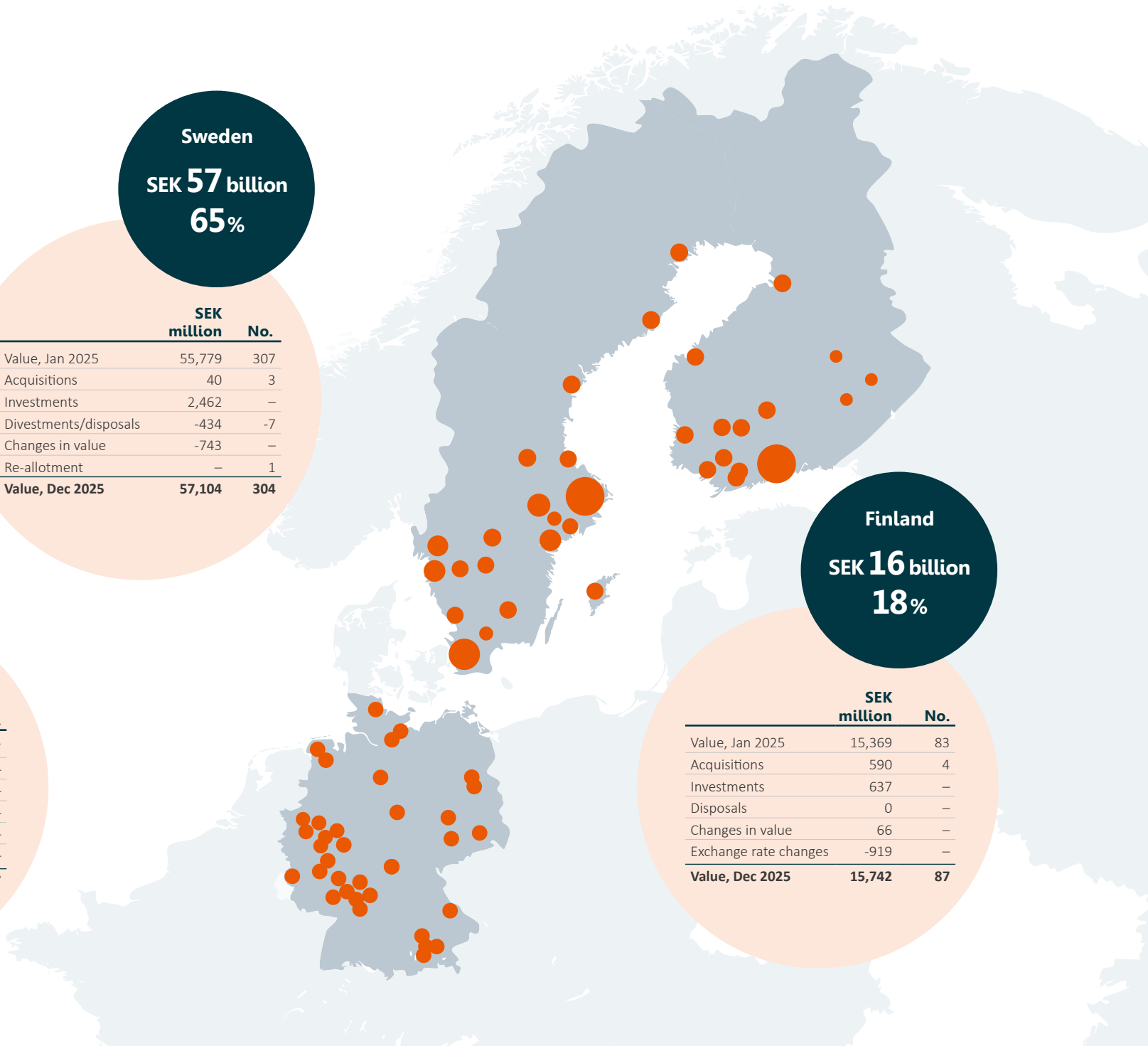
Our focus on modern public properties with long-term lease agreements with public-sector tenants and concentration in growth regions has not only increased underlying net operating income – the portfolio has also shown favourable value growth.

At year-end, the lease duration was 9.1 years, 95 per cent of income was from taxpayer-funded services and 82 per cent of the value was from properties located in metropolitan areas or large cities.

Property portfolio in growth regions

City/Region	Population, 1,000 inh.	Market value of properties, SEK million	% of portfolio
Stockholm	2,490	22,900	26
Helsinki	1,620	7,000	8
Malmö	780	6,100	7
Gothenburg	1,090	4,800	6
Västerås	160	4,300	5
Ruhr	5,150	2,800	3
Turku	210	2,700	3
Norrköping	140	2,500	3
Berlin	4,960	2,400	3
Uppsala	250	1,900	2
Lahti	120	1,400	2
Borlänge	50	1,300	1
Frankfurt	2,400	1,300	1
Eskilstuna	110	1,200	1
Umeå	140	1,200	1
Gävle	104	1,100	1
Växjö	99	1,000	1
Wiesbaden	300	900	1
Uddevalla	60	900	1
Pori	80	800	1
		68,500	**79**
		18,731	21
		87,231	**100**

Metropolitan area or large city
Small city



Sweden

SEK 57 billion
65%

	SEK million	No.
Value, Jan 2025	55,779	307
Acquisitions	40	3
Investments	2,462	–
Divestments/disposals	-434	-7
Changes in value	-743	–
Re-allotment	–	1
Value, Dec 2025	**57,104**	**304**

Germany

SEK 14 billion
17%

	SEK million	No.
Value, Jan 2025	14,825	87
Acquisitions	0	–
Investments	422	–
Divestments	0	–
Changes in value	10	–
Exchange rate changes	-873	–
Value, Dec 2025	**14,385**	**87**

Finland

SEK 16 billion
18%

	SEK million	No.
Value, Jan 2025	15,369	83
Acquisitions	590	4
Investments	637	–
Disposals	0	–
Changes in value	66	–
Exchange rate changes	-919	–
Value, Dec 2025	**15,742**	**87**

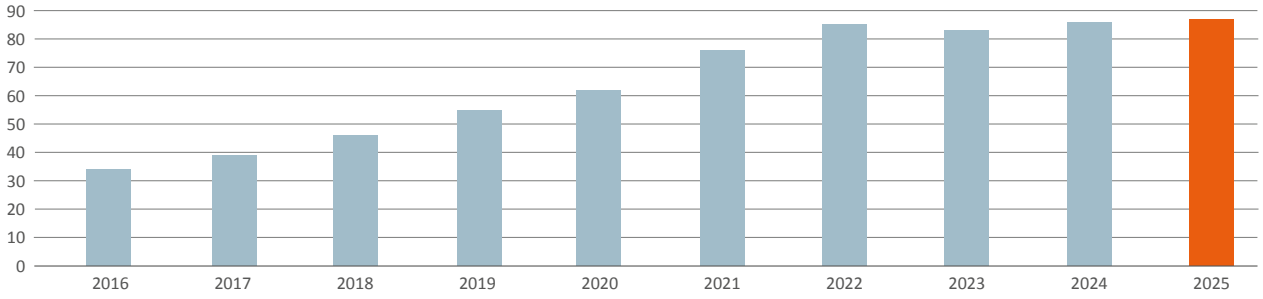
478
No. of properties

87
Market value of properties, SEK billion

Property portfolio development 2025

	SEK million	No.
Market value of properties, opening balance	**85,973**	**477**
Acquisitions	631	7
Investments in new construction, extension and re-development	3,521	–
Divestments/disposals	-434	-7
Re-allotment	–	1
Exchange rate changes	-1,792	–
Unrealised value changes	-668	–
Market value of properties, closing balance	**87,231**	**478**

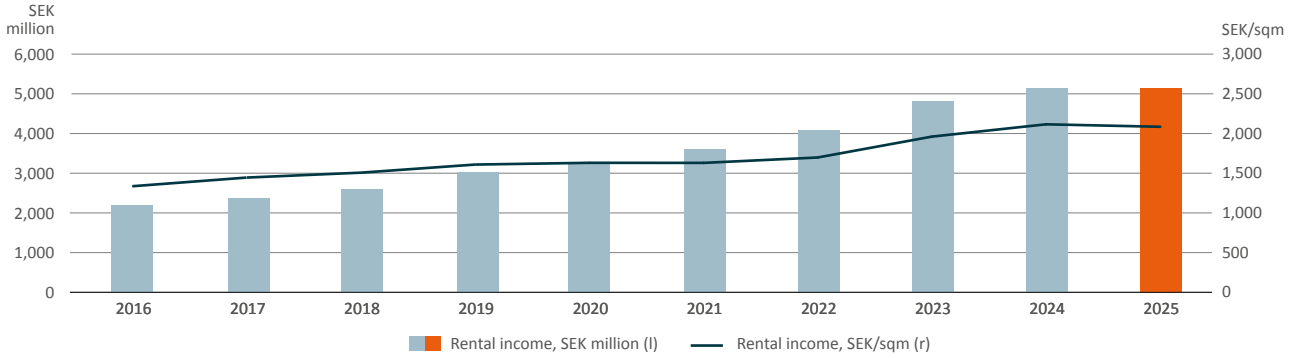
Market value of properties, SEK billion




Campus Tensta – Lilla Tensta 1.


Ektorp school in Nacka – Sicklaön 351:1.

Rental income



Key ratios per property category

	Nursing homes	Education	Health care	Justice system	Total
Property value, SEK million	31,827	33,152	11,886	10,365	**87,231**
Lettable area, tsqm	1,064	880	296	230	**2,470**
No. of properties	232	159	58	29	**478**
Value/property, SEK million	137	209	205	357	**182**
NOI margin, %	72.9	77.3	71.5	75.6	**74.5**
Economic occupancy rate, %	98.5	98.2	95.9	97.9	**97.9**
Lease duration, years	8.9	10.7	6.9	7.1	**9.1**
Share of large cities, %	77	83	95	80	**82**
Rental income, SEK million	1,895	1,871	766	617	**5,149**
Rent/sqm, SEK	1,781	2,126	2,591	2,677	**2,084**
Net operating income, SEK million	1,381	1,446	548	466	**3,841**
Property yield, %	4.6	4.9	4.7	4.9	**4.7**

Tenants

95 per cent of Hemsö's rental income was derived from taxpayer-funded services. The share of contracted annual rent with public-sector tenants was 62 per cent, where lease agreements with municipal operators accounted for 31 per cent, state operators for 18 per cent, regional operators for 11 per cent and federal state operators for 2 per cent. 5 per cent of Hemsö's tenants are non-profit organisations.

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

Of Hemsö's 20 largest tenants in 2025, 14 were state, municipal or regional operators. Hemsö's five largest tenants are the Swedish Police, Region Stockholm, Academedia, Attendo and the Wellbeing Services County of Southwest Finland.

Hemsö's 20 largest tenants

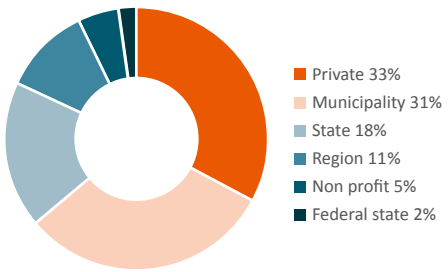
Tenant	Category	Share of rental value, %	No. of lease agreements
Swedish Police	State	5	37
Region Stockholm	Region	4	64
Academedia	Private	4	26
Attendo	Private	3	62
Wellbeing Services County of Southwest Finland (FIN)	Region	3	17
City of Västerås	Municipality	3	22
Ministry of Justice (FIN)	State	3	12
Mälardalen University	State	2	3
AWO (GER)	Non-profit	2	12
City of Lahti (FIN)	Municipality	2	6
Mehiläinen (FIN)	Private	2	20
Internationella Engelska skolan	Private	2	8
Norrköping Municipality	Municipality	2	14
Alloheim (GER)	Private	2	10
Uppsala Municipality	Municipality	2	18
Karolinska Institute	State	2	3
Nacka Municipality	Municipality	2	9
Västra Götaland Region	Region	1	64
North Rhine-Westphalia (GER)	Federal state	1	1
City of Gothenburg	Municipality	1	12
Total		**48**	**420**

Rental value – public-sector tenants

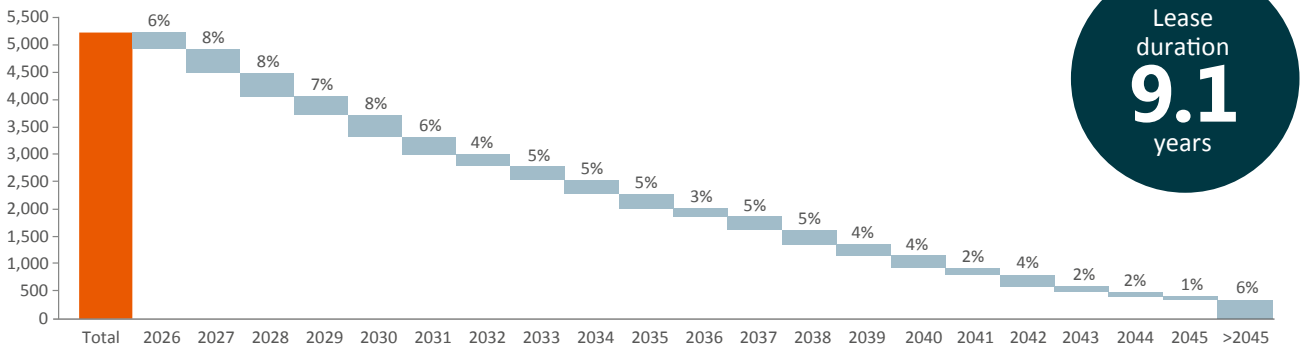
Tenant	Annual rent, SEK million	% of Hemsö's rental value
Swedish municipalities	1,257	24
Swedish state	585	11
Swedish regions	355	7
Finnish municipalities	280	5
Finnish state	277	5
Finnish regions	238	5
German federal states	90	2
The German state	57	1
German municipalities	55	1
Total	**3,194**	**62**

Public-sector tenant
Private-sector/non-profit tenant

Contracted rent per category



Lease maturity, annual rent, SEK million



Lease duration **9.1** years

Property portfolio – Nursing homes

Portfolio and tenants

At year-end, nursing homes accounted for 36 per cent of the property value. In partnership with municipalities and private operators, we provide sustainable nursing homes so that everyone who works or lives in our properties can feel a high sense of wellness and security – an experience that is also important for their relatives.

Hemsö owns 232 nursing home properties, of which 110 are in Sweden, 77 in Germany and 45 in Finland.

The premises accommodate:

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

Of the contracted annual rent, public-sector tenants accounted for 39 per cent, and private taxpayer-funded operators for 61 per cent. In Sweden, public-sector tenants accounted for 69 per cent and private-sector tenants for 31 per cent of contracted annual rent. In Finland, public operators accounted for 15 per cent, and private operators for 85 per cent, of contracted annual rent.

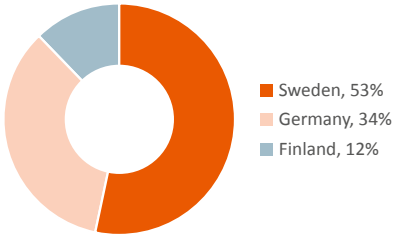
In Germany, Hemsö mainly has non-profit and private-sector tenants in the nursing home category, with the exception of one residential facility with a municipal tenant.

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

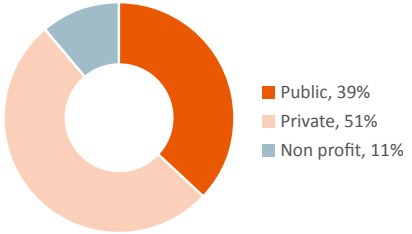


No. of properties **232**
Market value of properties SEK **31,827** million
Share of property value **36** %
No. of beds **15,350**
Lettable area **1,064** tsqm
Lease duration **8.9** years
Rental income SEK **1,895** million
Property yield **4.6**%

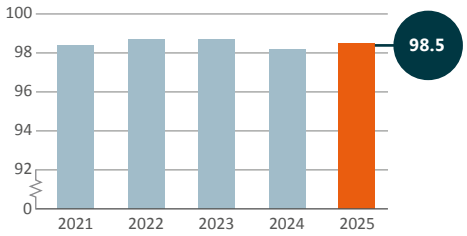
Market value per country



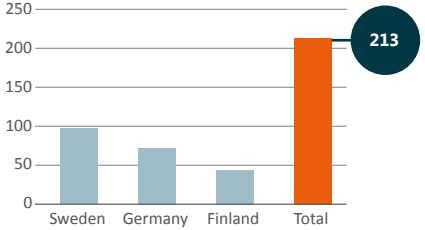
Annual rent per customer category



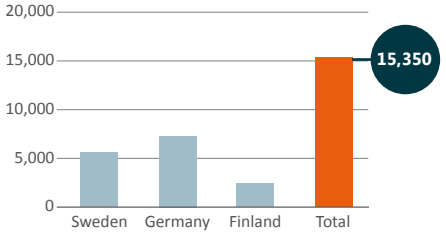
Economic occupancy rate, %



No. of nursing homes per country



No. of beds per country



Property portfolio – Education

Portfolio and tenants

At year-end, educational properties accounted for 38 per cent of the total property value. Schools are an important place for learning, reflection and physical activity for children and young people. Together with teachers, students and other school staff, we create safe and motivational indoor and outdoor environments in both existing properties and new developments.

Hemsö owns 159 educational properties, of which 131 are in Sweden, 23 in Finland and 5 in Germany. The premises accommodate:

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

Of the total contracted annual rent, public-sector tenants accounted for 65 per cent, and private taxpayer-funded operators for 35 per cent.

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

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

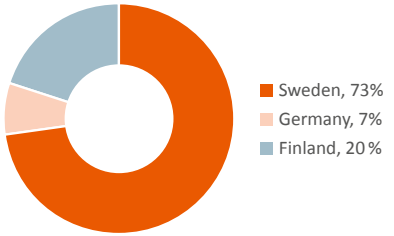
In Finland, public operators accounted for 97 per cent, and private operators for 3 per cent, of contracted annual rent. In Germany, all educational properties are let to public-sector tenants.

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

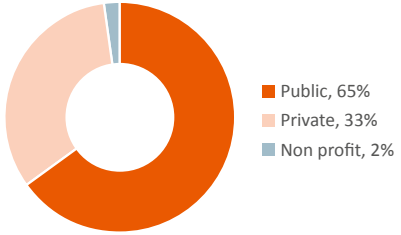


No. of properties **159**
Market value of properties SEK **33,152** million
Share of property value **38** %
No. of students **56,100**
Lettable area **880** tsqm
Lease duration **10.7** years
Rental income SEK **1,871** million
Property yield **4.9** %

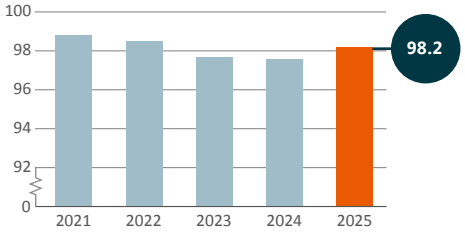
Market value per country



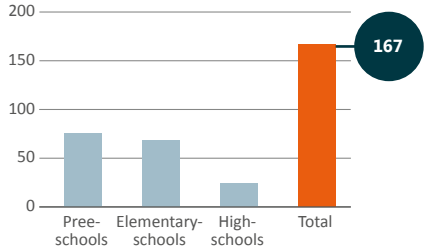
Annual rent per customer category



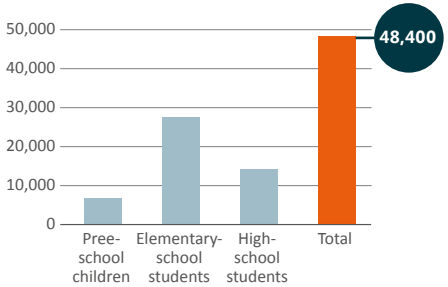
Economic occupancy rate, %



No. of schools per category, Sweden



No. of students per category, Sweden



Property portfolio – Health care

Portfolio and tenants

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

The buildings should feel safe and accessible for both care receivers and employees. Hemsö owns 58 health care properties, of which 47 are in Sweden and 11 in Finland. The premises accommodate a range of operations, including:

- hospitals
- local hospitals
- medical centres
- dental practices
- pharmacies
- palliative care
- rehab clinics
- child health clinics
- maternity centres
- child and adolescent psychiatry
- emergency centres

Of the contracted annual rent, public-sector tenants accounted for 85 per cent, and private taxpayer-funded operators for 15 per cent.

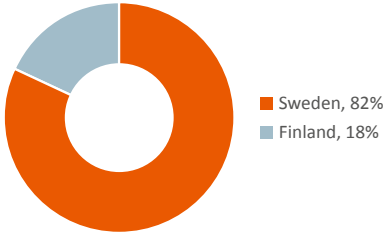
In Sweden, public-sector tenants accounted for 82 per cent, and private operators for 18 per cent, of contracted annual rent. In Finland, public operators accounted for 94 per cent, and private operators for 6 per cent, of contracted annual rent.

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

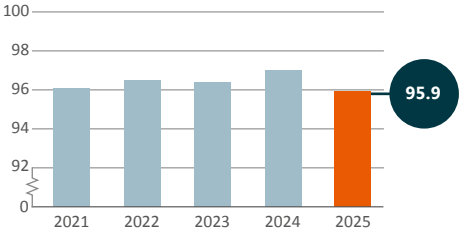


No. of properties **58**
Market value of properties SEK **11,886** million
Share of property value **14** %
Lettable area **296** tsqm
Lease duration **6.9** years
Rental income SEK **766** million
Property yield **4.7**%

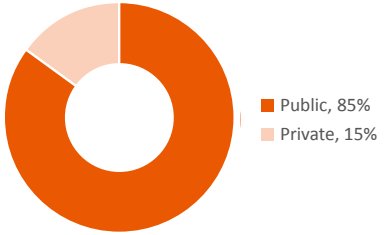
Market value per country



Economic occupancy rate, %



Annual rent per customer category



Property portfolio – Justice system

Portfolio and tenants

At year-end, justice system properties accounted for 12 per cent of the total property value. This property category is one of the pillars of a well-functioning and sustainable society.

The properties are characterised by a large proportion of purpose-built areas with high security requirements. The tenants often choose to co-locate in legal centres, which can accommodate police stations, prisons and courts.

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

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

The premises accommodate:

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

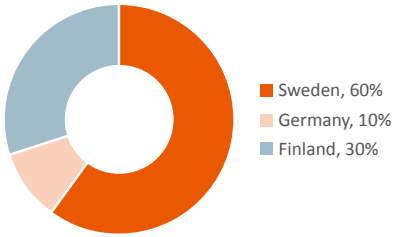
Of the contracted annual rent, public-sector tenants accounted for 98 per cent.

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

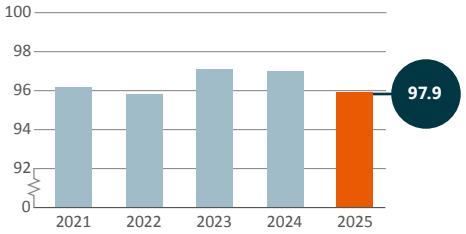
No. of properties **29**
Market value of properties SEK **10,365** million
Share of property value **12** %
Lettable area **230** tsqm
Lease duration **7.1** years
Rental income SEK **617** million
Property yield **4.9** %



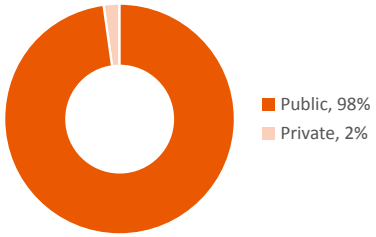
Market value per country



Economic occupancy rate, %



Annual rent per customer category





Sustainability Report

The properties that Hemsö builds, develops and manages affect people, the environment and society in various ways. We make a positive contribution to social infrastructure through our nursing homes, schools and hospital beds. In parallel, our activities impact the climate and the environment, and consume a range of resources. For Hemsö, proactive sustainability work to maximise the positive impact of operations and minimise negative impact is therefore a natural commitment.

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Sustainability strategy 2040

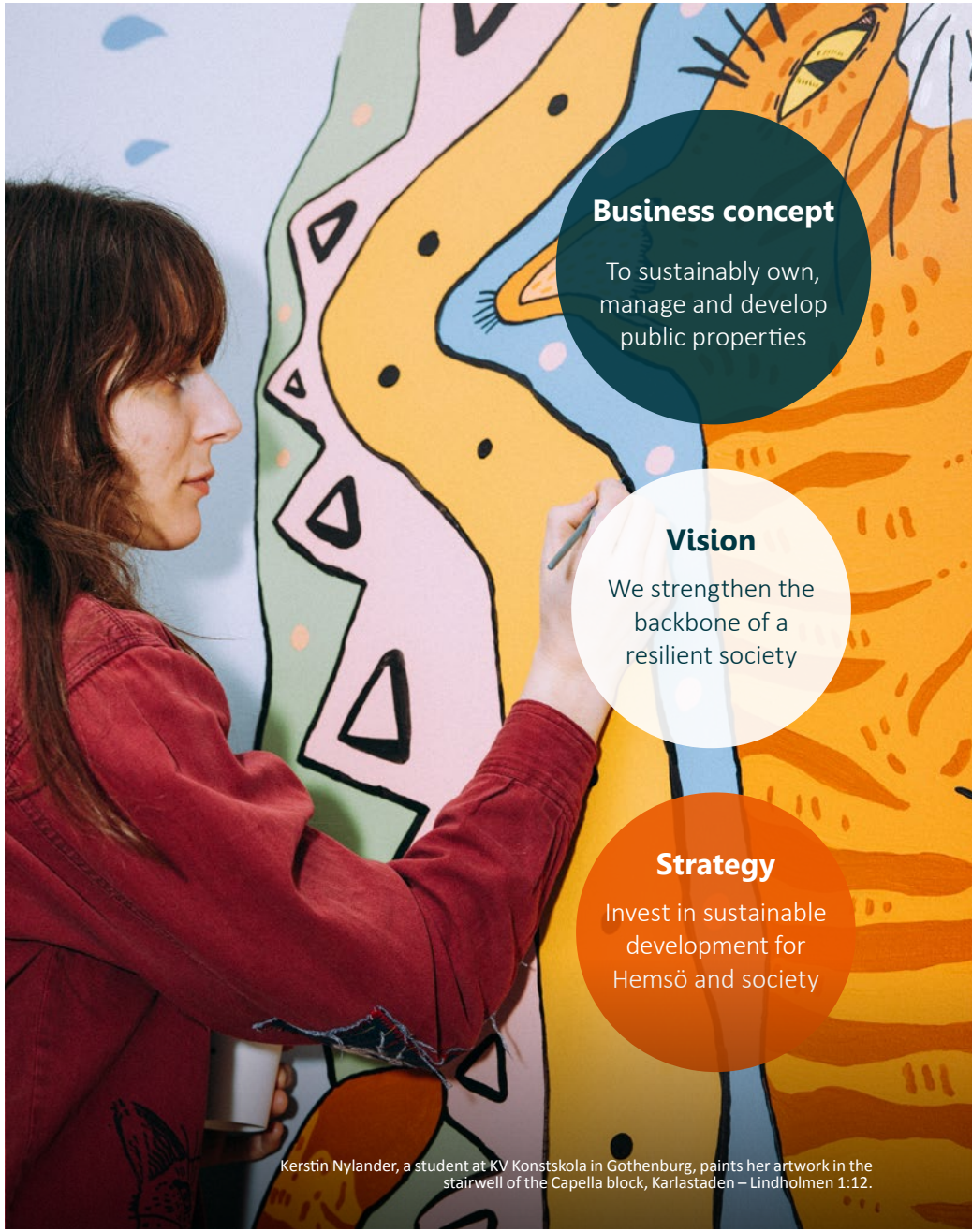
Hemsö's sustainability strategy sets out the long-term direction for sustainably owning, developing and managing social infrastructure. It helps us prioritise and deliver on our commitments towards 2040.

Hemsö's mission is to create long-term social value by sustainably owning, developing and managing public properties. Our sustainability strategy is based on the vision of strengthening the resilience and backbone of society, providing us with a clear direction for our work and effectively supporting our priorities. It furnishes us with tools and targets for systematically managing the impacts, risks and opportunities of our operations related to our impact on the climate, optimising energy and resource use, and improving the quality of life for people who live, work and spend time in and around our properties. Transparency and high standards of business conduct will be the hallmarks of our business, with our strategy providing further support for our ambition to act responsibly and promote good working conditions across all stages of the value chain.

Enablers of sustainable development

The sustainability strategy has been developed jointly by Hemsö's employees to ensure a business-centric strategy with broad support in the organisation. It is the expertise, commitment and skills of our employees that provide the basis for translating the strategy so it can be applied in day-to-day activities and for our ability to achieve our strategic and operational targets.

In order to assess the organisation's willingness to change, we conducted a baseline measurement among employees in 2025. This will help us set a starting point for employee awareness and attitudes ahead of the roll-out of the sustainability strategy. Based on the results of the baseline measurement, we will be able to monitor our progress in the future as the strategy is integrated into operations and the development of roadmaps with concrete activities gains momentum.



Kerstin Nylander, a student at KV Konstskola in Gothenburg, paints her artwork in the stairwell of the Capella block, Karlastaden – Lindholmen 1:12.



Build and own with care

CLIMATE
We strive to reduce the climate impact of our operations and future-proof all properties.

Climate target 2040
- Net zero emissions in Scope 1, 2 and 3.

Climate target 2030
- Reduce emissions in Scope 1, 2 and 3 by 50 per cent.
- 100 per cent of our properties have a plan for climate change adaptation.

RESOURCE EFFICIENCY AND ENERGY
We will always strive to optimise the use of resources and minimise the amount of waste.

Energy target 2030
- Reduce energy intensity by 20 per cent.

ECOSYSTEM SERVICES
We will strive to increase value for people and the environment, by maintaining, enhancing and developing ecosystem services.

Target for ecosystem services 2040
- Increase the value of ecosystem services.

Target for ecosystem services 2030
- No net loss of ecosystem services.



People in focus

SOCIAL INFRASTRUCTURE
To sustainably own, manage and develop public properties.

Key ratios
- The number of nursing home beds created by Hemsö since start/in 2025.
- The number of student and college/university places created by Hemsö since start/in 2025.

IMPROVE PEOPLE'S QUALITY OF LIFE
We will create safe, healthy and inclusive places, always exceeding expectations to enable people and communities to grow and thrive.

Target 2025
- Customer Satisfaction Index (CSI) of at least 75.
- 100 per cent of all new construction is to be environmentally certified.

ZERO INJURIES
We are committed to protecting all people in our value chain by promoting good working conditions, where human rights are always respected.

Vision
Zero-accident vision in and around our properties.



Responsible at all levels

BUSINESS CONDUCT AND TRANSPARENCY
We will operate with the highest ethical standards. Anti-corruption, environmental aspects, human rights and labour law permeate our operations and value chain.

Target 2030
- 100 per cent of our business partners will sign our Code of Conduct for Suppliers.
- 100 per cent of our significant business partners will comply with our sustainability requirements by 2030.
- Establish collaboration with 100 per cent of our significant business partners on a sustainable future by 2030.

Vision
Zero corruption in our value chain.

Governance of Hemsö's sustainability work

Hemsö's sustainability governance is based on legislation, and voluntary frameworks and standards. This enables us to ensure effective sustainability activities, enabling us to deliver on our sustainability strategy and achieve our sustainability targets.


Odin school in Gothenburg – Stampen 6.

Hemsö's governance related to the company's material sustainability matters is expressed in our Code of Conduct and Sustainability Policy, together with the Sustainability Guidelines.

Hemsö's Code of Conduct provides clear guidelines for how we as employees are expected to act in our professional roles, towards each other and the external environment. This is further complemented by Hemsö's Code of Conduct for Suppliers, which is based on the Ten Principles of the UN Global Compact in the areas of human rights, labour, environment and anti-corruption.

The Sustainability Policy sets the direction for how we are to reduce our climate impact, optimise energy use, conserve resources and minimise the amount of waste. It also outlines how our social responsibility is based on local community impact and engagement, customer and tenant health and safety, customer satisfaction and long-term relationships.

Our Sustainability Guidelines follow on from the policy by detailing how these matters are managed through procedures, directives and instructions.

The Sustainability Policy and Sustainability Guidelines primarily govern Hemsö's own operations, but the value-chain perspective is also included by taking development projects, customers and suppliers into account. The Code of Conduct applies to employees and temporary employees, as well as consultants and contractors, and the Code of Conduct for suppliers is appended to our contracts.

The direction of our sustainability work was further supported by the launch of Hemsö's sustainability strategy during the year, read more on pages 26–27.

Hemsö's Board of Directors

The Board of Directors is ultimately responsible for Hemsö's sustainability work and is responsible for adopting our Sustainability Policy and sustainability strategy. Hemsö strives for a Board composition that includes expertise and relevant experience as well as diversity and a good gender balance.

Prior to each Board meeting, a business report is compiled describing the company's organisation, development projects, transaction and rental market, and other current activities. Hemsö's departments are responsible for describing developments in their own respective areas. The business report contains a separate section on the company's sustainability initiatives, and a section on incident reports. In addition, the Board established a preparatory Sustainability Committee in 2024 tasked with continuously following up and evaluating sustainability work on behalf of the Board. The Sustainability Committee is also tasked with preparing sustainability-related issues.

Hemsö CEO and management

Hemsö's CEO resolves, together with the Board of Directors, on strategy, policy and sustainability targets. Every year, they are responsible for preparing a proposal for the strategic direction for the upcoming five-year period, which is then presented to the Board. The strategic direction, with sustainability as a focus area, is approved every year at a scheduled Board meeting in September.

For business decisions that require approval by the CEO and Board, sustainability assessments are included as part of documentation. When there are negative aspects, these are described together with proposals for measures.

Hemsö's CEO reports the results of completed development projects and transactions to the Board at regular intervals.

The operative responsibility for sustainability-related issues follows the organisational structure and is an integral part of Hemsö's business operations. The Head of Sustainability is responsible for the Sustainability Department's work and reports to the CEO.

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

Remuneration

Hemsö's Remuneration Policy covers the CEO and Group Management. The aim is to ensure that the company can attract and retain key people. The level of remuneration should be reasonable and well-balanced, as well as market-based and competitive but not market-leading. The level of remuneration should also contribute to high standards of ethics and business culture. Total remuneration is comprised of fixed salary, other benefits and pension. Fixed salary is determined with account for expertise, area of responsibility and performance. The performance of management is regularly evaluated and the results are used as a basis for the annual salary review. Variable salary is not paid to senior executives. The combined value of other benefits should be limited in relation to total remuneration. At present, there is no link between remuneration and results in relation to the company's sustainability targets and development.

Membership and partnerships, 2025

Sweden	All Generation Ventures
	Forum Bygga Skola
	Fossil Free Sweden
	SGBC – Sweden Green Building Council
	Sustainable Innovation
	Mentor
	Queen Silvia Nursing Award
Finland	Green Building Council Finland
	Rakli
Germany	DGNB – Building Council Germany
	Economic Council Germany
	Forster Initiative
	ZIA

External frameworks

Some of the external frameworks and standards underlining Hemsö's sustainability initiatives are the Sustainable Development Goals, The 2030 Agenda, the Paris Agreement, national climate targets and the UN Global Compact. Our sustainability initiatives are aligned with these frameworks and we are working actively to advance and promote sustainability matters in the construction and property industries, and foster long-term partnerships with our customers. By participating in various industry and social projects, we can help to shape a more sustainable society together with other players.

Annual review of governing documents

Hemsö's policies and governing documents are reviewed annually by the person responsible for each area. The Board decides on policies and provides feedback on any updates in February, which are then adopted at a statutory Board meeting in April. Hemsö's Board has adopted the following policies and governing documents:

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

Codes of conduct

Hemsö's CEO adopts the Code of Conduct. It clarifies a number of principles that describe how we, as employees, are expected to act in our occupational roles. Credibility, honesty and openness are fundamental attitudes that should characterise day-to-day work and our treatment of each other. Equally fundamental is to act in an ethical and professional manner and to maintain high ethical standards in our business operations.

In line with these values, Hemsö's Code of Conduct for Suppliers reflects the requirements and expectations we have on our suppliers.

Hemsö's double materiality assessment

Hemsö performed a double materiality assessment (DMA) in 2024, and this was further refined in 2025. The assessment covered the entire value chain – upstream, own operations, downstream – and the results determined Hemsö's material impact on the environment, climate, people and society, and the associated risks and opportunities with an impact on our financial position.

The four steps of the process to determine the DMA followed guidance set out in ESRS 1:

- An assessment of the context in which Hemsö operates, aimed at compiling a gross list of sustainability matters.
- Identification and assessment of the operation's impacts, risks and opportunities with a focus on the entire value chain based on the list of sustainability matters.
- Validation of the sustainability matters we considered material for Hemsö's sustainability reporting.
- Determining the sustainability matters that are most material from an impact and/or financial perspective.

Context and selection

We used a range of information sources to ensure an understanding of the context in which Hemsö operates and to compile a gross list of sustainability matters. The basic components consisted of the ESRS 1 list of sustainability matters covered by the topical standards, combined with our previous materiality assessment in accordance with the GRI Standards, including own disclosures. Throughout the process, the needs and expectations of stakeholders were considered based on information sources such as customer satisfaction surveys and daily conversations with players along the value chain. There was a particular emphasis on specific activities along the value chain, such as new construction and re-developments, and the risk of negative impacts that we indirectly give rise to through our business relationships. An important source for capturing trends and driving forces in the external environment was a signal report created specifically for Hemsö by the consulting firm Planethon. The report focused on social trends and their potential impact on our operations.



Employees at Hemsö's regional office in Västerås.

Additionally, we considered ratings and questions used by ESG analysis firms such as Sustainalytics to assess a company based on their sustainability performance. Key internal functions, such as communications and HR, were involved to provide input on material operating areas. Overall, this provided a gross list of sustainability matters, which then served as the foundation for the next step of the assessment.

Assessment of Hemsö's impacts, risks and opportunities

The aim of the impact assessment is to identify the matters where we – through our own activities and value chain – have a material environmental, social and/or business conduct impact. On this basis, we carried out an assessment of impacts based on the questions in ESRS 1 Chapter 3.4. This means an assessment of whether the impact is actual/potential negative or positive, together with an assessment based on the impact's scale[1], scope[2] and irremediable character[3]. In the case of a potential impact, the likelihood is also assessed.

To assess material risks and opportunities, i.e. environmental, social or governance-related events with a material financial impact on Hemsö, we carried out an assessment using the questions in ESRS 1 Chapter 3.5. This meant that we assessed sustainability matters based on a combination of the likelihood of the occurrence of the risks and opportunities and the scope of the potential financial effects on the company. The assessment of impacts, risks and opportunities was based on a scale of 0–7, where a total assessment (average of the factors) resulted in a final value between 0 and 7.

Validation and determination of material sustainability matters

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

The sustainability matters that Hemsö ultimately identified as material are:

- Climate change mitigation
- Climate change adaptation
- Energy
- Biodiversity loss
- Circular processes and resource use
- Human rights, working conditions, equal treatment and diversity of workers in the value chain
- Health and safety for workers in the value chain
- Community engagement and impact on the local community
- Tenant health and safety
- Corruption and responsible business conduct

The results of the DMA largely correspond to the sustainability matters identified as material in previous materiality assessments, with the exception of own employees. Given our proactive efforts to ensure safety and well-being in the workplace and actions to minimise risks, we performed a net assessment of impacts, risks and opportunities related to our employees. As a result, the matter did not meet the threshold of materiality.

The skills, experience and commitment of our employees are naturally central to Hemsö. We therefore actively strive to provide good working conditions, development opportunities and an inclusive and responsible culture. We will continue to report key ratios for employees within the scope of the GRI Standards. Read more on pages 49–50.

Read more about the results of the DMA in the form of our material sustainability matters and the impacts, risks and opportunities they give rise to on pages 33–53.

[1] Scale: how grave the negative impact is or how beneficial the positive impact is for people or the environment.

[2] Scope: how widespread the negative or positive impacts are.

[3] Irremediable character: whether and to what extent the negative impacts could be remediated to their prior state.

Dialogue with our stakeholders

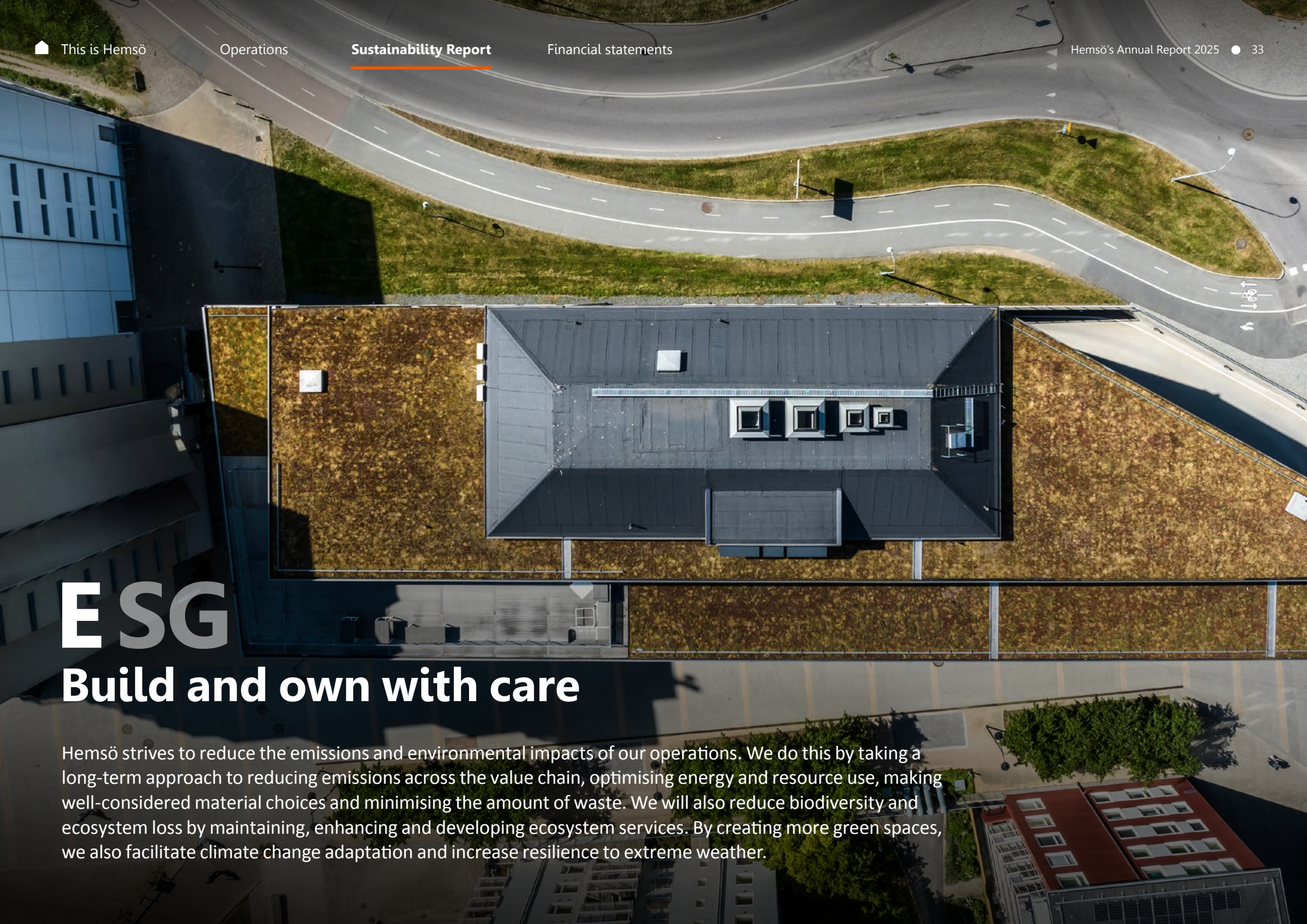
Active dialogue with our stakeholders is fundamental to Hemsö and is a prerequisite for understanding the importance of various sustainability matters.

By listening to and learning from our stakeholders, we can better understand their different perspectives and needs. In particular, active stakeholder dialogues are important to help shape, prioritise and drive sustainability initiatives and are central to the work related to the double materiality assessment.

We ensure that stakeholder perspectives and views are regularly shared with the Board and management as well as with relevant parts of the organisation. The information is translated into strategic planning for the company, taking into account an overall balance between different interests.

For further information on corporate governance, refer to page 82.

Stakeholder and purpose of dialogue	Forms of dialogue	Key matters for stakeholders
Tenants: • Build customer relationships. • Ensure that their needs and questions are managed effectively regardless of channel. • Collect feedback to better understand their expectations and adapt services to their needs.	• Regular tenant meetings. • Annual customer survey. • Property management with regular dialogue. • Fault management.	• Long-term management that offers suitable public properties. • Reliable and capable landlord with a focus on customer needs.
Investors: • Ensure transparent communication about our sustainable business concept of owning, managing and developing public properties. • Clarify our sustainability strategy and performance, focusing on how we manage the impacts, risks and opportunities of our operations.	• External website and information material. • Seminars on specific issues. • Individual meetings. • Financial statements. • Capital market presentations.	• Strong financial management, transparency and high standard of reporting in accordance with the company's policies and national regulations.
Owners: • Build trust and demonstrate the long-term value of owning, managing and developing public properties. • Discuss performance, risk management and strategic direction.	• Board meetings, including an annual strategy meeting. • Annual General Meeting. • Ownership Policy. • Dialogue meetings on sustainability.	• Long-term stable returns and a leading sustainability position in public properties.
Employees: • Promoting a safe and healthy work environment and monitoring employee well-being and satisfaction. • Better understanding of skills gaps and development needs. • Ensure fair and equitable remuneration.	• Dialogue and meetings in day-to-day activities. • Annual performance reviews with follow-up. • Employee satisfaction survey. • Intranet and conferences. • Union representation in Health and Safety Committee.	• Stable and long-term employer that offers good terms of employment, a healthy work environment and development opportunities. • Opportunity to engage in social development.
Society: • Collaborate and network to advance social and environmental matters. • Ensure social value.	• Involvement in research projects. • Engagement in stakeholder and professional organisations, and in partnerships with other property companies to promote sustainable development.	• Driver for sustainable development in public properties. • Reliable players with expertise in their field. • Systematic efforts to minimise adverse environmental impacts.



E SG

Build and own with care

Hemsö strives to reduce the emissions and environmental impacts of our operations. We do this by taking a long-term approach to reducing emissions across the value chain, optimising energy and resource use, making well-considered material choices and minimising the amount of waste. We will also reduce biodiversity and ecosystem loss by maintaining, enhancing and developing ecosystem services. By creating more green spaces, we also facilitate climate change adaptation and increase resilience to extreme weather.

Climate

Hemsö has a clear ambition: To achieve net zero value chain emissions by 2040. This means that all parts of our operations are involved in the effort to gradually reduce emissions from our own operations and along the value chain in conjunction with new construction, re-developments and refurbishment projects. In parallel, we are endeavouring to future-proof our property portfolio, integrating resilience adapted to climate change.

Hemsö's impacts, risks and opportunities linked to climate

			Main concentration in the value chain		
Sustainability matter	**Type**	**Description**	**Upstream**	**Own operations**	**Down-stream**
Climate change mitigation	Actual negative impact	Many different emission sources in the form of material manufac-turing, construction, refurbishment and transport emissions. Emission source also from purchased property energy/electricity.	X	X	
Climate change mitigation	Risk	Exposure to increased costs linked to emissions. Dependent on suppliers' ability to transition to processes with lower emissions. Lack of capacity to implement and integrate processes with lower emissions in own operations.	X	X	X
Climate change adaptation	Actual positive impact	Ensuring the resilience of properties to climate change.		X	
Climate change adaptation	Risk	Severe weather conditions causing uncertain supply chains and delays. Physical damage to properties and local area. Tighter regulations and insurance conditions for properties and more challenging conditions to secure financing. Lack of customer satisfaction and trust.	X	X	X
Climate change adaptation	Opportunity	Climate-resilient property portfolio driving positive value change.		X	



Re-development and extension of new school in Cologne, Germany.

Hemsö's climate targets

Climate target – 2040

- Hemsö aims to achieve net zero GHG emissions across the value chain (Base year: 2022).

Climate target – 2030

- Hemsö aims to reduce total GHG emissions across the value chain by 50 per cent.
- 100 per cent of our properties are to have a climate change adaptation plan.

Operational targets – Development projects 2025

- **Sweden:** Refer to the threshold values in accordance with the table "Maximum climate impact in the construction phase" kg CO_2e/sqm (A1–A5).
- **Finland**: 10 per cent lower than national threshold. values kg CO_2e/sqm, year (A1–A5, B4, B6, C1–C4).
- **Germany**: Max 8.4 kg CO_2e/sqm, year (A1–A3).

Hemsö pursues long-term efforts to gradually reduce the climate impact of our operations. In 2023, we set a long-term target to achieve net zero value chain GHG emissions by 2040. The target, which was validated by the Science Based Targets initiative (SBTi) in 2023, adheres to the SBTi's Corporate Net-Zero Standard and is in line with the Paris Agreement's 1.5°C goal.

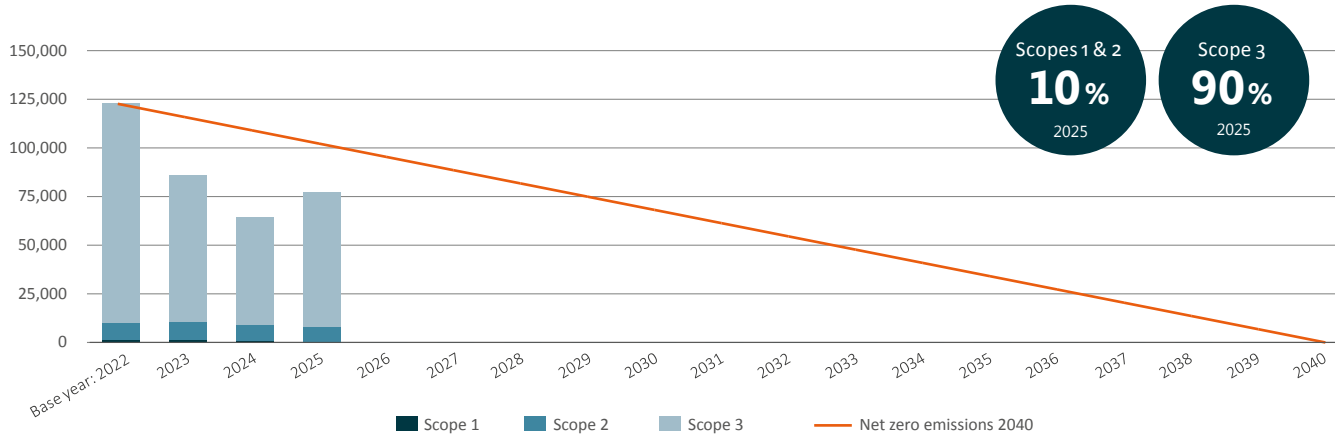
Our journey toward net zero emissions will not be linear, largely because the share of completed development projects varies over the years. It is a gradual process, and we take a holistic approach to everything we do. This means that, whether we are constructing or refurbishing a property, we focus on making sustainable choices that will reduce the property's emissions over its entire lifecycle.

Maximum climate impact in the construction phase[1)]

Type of property	2022	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Nursing home (Kg CO_2e/GIA)	307	249	230	211	192	173	154	138	123	107	92	77	61	46	31	15	0
Schools (Kg CO_2e/GIA)	297	241	223	204	186	167	149	134	119	104	89	64	59	45	30	15	0
Preschools (Kg CO_2e/GIA)	242	197	182	166	151	136	121	109	97	85	73	61	48	36	24	12	0

[1)] Requirement for contractors in development projects in Sweden relating to threshold values for each completion year.

The roadmap for net zero emissions by 2040 across the value chain, tCO_2e



Activities that drive the process forward

In line with our strategic priorities, work continued in 2025 to develop a roadmap that sets the parameters for how we can achieve our climate targets. The common denominator for choices and activities is that they should contribute in the long term rather than sub-optimising here and now. The choices we make in project development and the construction phase should have the same goal and these can, in turn, help to reduce emissions in property management.

Construction project requirements

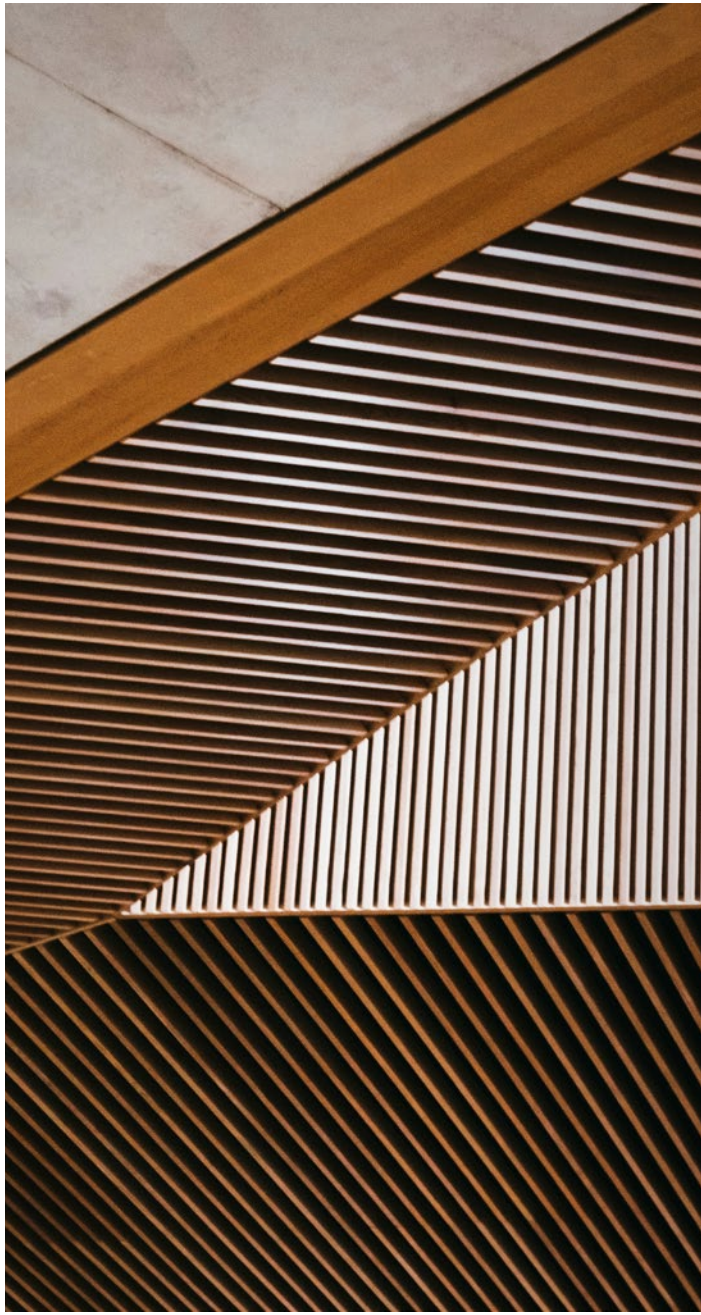
Hemsö's largest climate impact occurs in the value chain. We therefore impose a number of sustainability requirements in our construction projects with a focus on reducing the carbon footprint. The aim is to step up the pace of our climate action and to ensure taxonomy alignment in new development projects. It is important already in the decision-making process to set requirements for how new construction or re-development will be carried out with minimal climate impact, by focusing on material choices, energy consumption and efficient use of resources. To raise awareness of how material choices affect emissions, Hemsö is gradually developing its process with embodied carbon calculations for various stages of construction. These calculations also lay the groundwork for setting requirements for GHG emission limit values in the production of building materials and during the construction process. In addition, the various environmental certifications provide an additional tool and support for developing a better understanding of the requirements and initiatives that make the greatest difference.

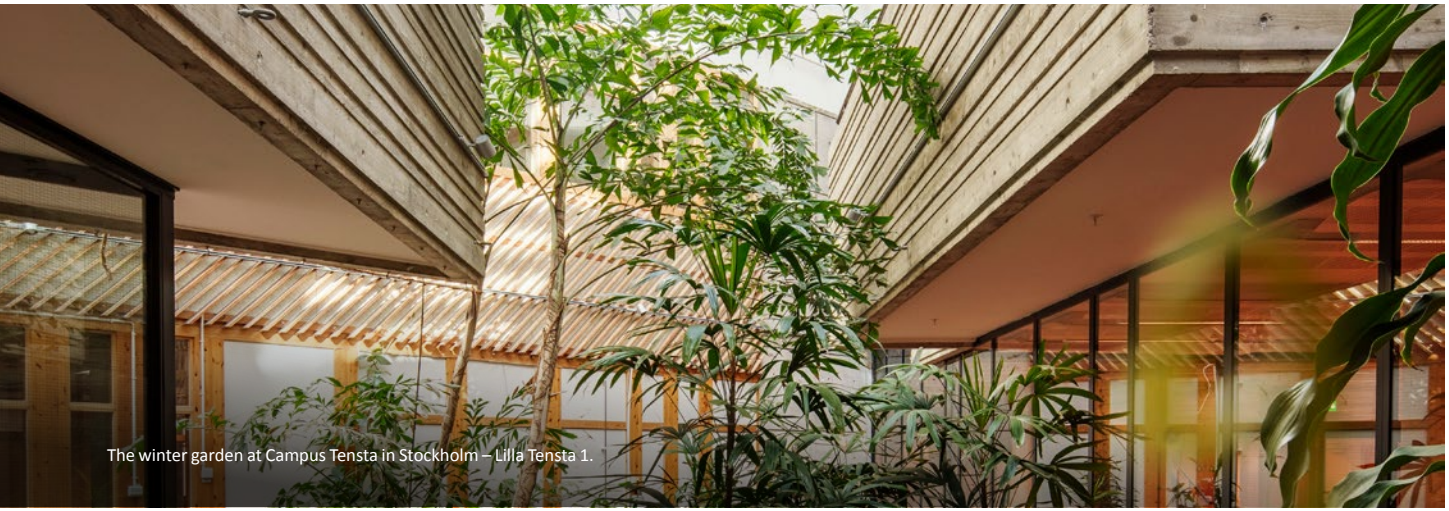
Our experience shows that many factors need to work together, requiring a high level of systematic cooperation. It is important to establish consensus around a shared objective that each development project should meet established limit values for reducing the property's GHG emissions. In property management operations, the link to emissions is largely about reducing the impact of refurbishments and tenant adaptations, as well as optimising energy use, read more on page 41.

Actions to prepare us for climate change

The ongoing process of climate change requires a range of preventive measures to ensure the resilience of the property portfolio. Hemsö has previously conducted a climate scenario analysis with a focus on operations and supported by TCFD's climate scenarios for worst case RCP 8.5 and best case RCP 1.9. Read more on pages 38–40.

In response to the need for a more realistic and business-oriented scenario analysis, in 2025 we began work on an analysis of the resilience of the existing property portfolio with the support of Kliva, based on the two emission scenarios RCP 4.5 (emission increase until 2040) and RCP 8.5 (continued high emissions). Important starting points for our analysis are the location and design of the properties, as well as their respective exposure to increased incidence of heat waves, storms and floods. The analysis is equally relevant for acquisitions and new construction, and for the existing portfolio to better understand the impacts of physical climate risks that could potentially arise, what actions are required and how this affects our decisions. Analysis work and the preparation of adaptation plans will continue in 2026 in order to gradually move towards the goal of establishing an adaptation plan for all properties by 2030.





The winter garden at Campus Tensta in Stockholm – Lilla Tensta 1.

Outcome 2025

Total GHG emissions have decreased by 37 per cent compared to the 2022 base year. In 2025, emissions increased 20 per cent compared with 2024. The increase in emissions reflects the completion of more development projects together with a higher share of re-developments in 2024 than in 2025.

The higher share of re-developments in 2024 supported a lower total climate impact, as re-developments generally result in lower emissions than new developments, mainly due to the preservation of the existing structure and reduced material needs. In parallel, the outcome for the year was affected by changes to methods used and improved data quality.

Carbon footprint of completed development projects in 2025

Development projects completed in 2025	Building type	A1–A5 (kgCO²/m² GIA)
Brandvakten [1)]	Nursing home	90
Malmö's Fria Läroverk [1)]	Education	160
Rotviksbro nursing home [2)]	Nursing home	366
Sarvträsk [2)]	Nursing home	377
Arenaområdet [2)]	Health care	194
Capella [3)]	Education	464
Ektorp School, sports hall [3)]	Sports hall	369
Ektorp School [3)]	Education	242
Körsbärsdalen preschool [3)]	Education	499
Sjöstöveln phase 1 [3)]	Health care	114
Siltavourenpenger [3)]	Education	107
Stenkumla [3)]	Nursing home	304
Tallbacken, building 25 [3)]	Health care	560
Finntorp [2)]	Education	393
Tempelriddarordern, Building A [3)]	Nursing home	163
Turku International School [3)]	Education	139

The table shows the embodied carbon calculation for the construction process stage of development projects completed in 2025. The calculations comprise the product and construction process stages – modules A1–A5 building life cycle.

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

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

[3)] These development projects have embodied carbon calculations verified by a third party.

Direct and indirect GHG emissions, Scopes 1–3	2025	2024	2023	2022[3)]
Direct (Scope 1) GHG emissions, tCO_2e[1)]	**304**	**576**	**1,084**	**1,167**
Leased cars	119	105	161	132
Refrigerants	131	210	210	483
Stationary combustion	54	261	713	551
Indirect (Scope 2) GHG emissions, tCO_2e – Market-based[1)]	**7,571**	**8,158**	**9,176**	**8,921**
Indirect (Scope 2) GHG emissions, tCO_2e – Location-based	8,226	9,143	10,301	10,032
Electricity – *Market-based*	–	–	–	–
Electricity – *Location-based*	655	985	1,125	1,112
District heating	7,359	7,962	9,056	8,758
District cooling	155	157	93	113
Company vehicles – Electric/PHEV	58	40	27	50
Other direct (Scope 3) GHG emissions, tCO_2e [2)]	**69,485**	**55,539**	**75,573**	**112,566**
Purchased goods and services	26,082	27,292	22,815	52,013
Capital goods – Total	**22,919**	**6,976**	**28,335**	**39,218**
Capital goods: A1-A3	18,117	5,965	24,271	–
Capital goods: A4-A5	4,802	1,011	4,064	–
Fuel and energy-related activities	1,756	1,949	2,096	1,183
Waste	3	12	12	11
Business travel	30	54	70	52
Employee commuting	–	–	–	–
Downstream leased assets	18,695	19,255	22,244	20,089
Total – Market-based	**77,360**	**64,272**	**85,833**	**122,654**
Total – Location-based	78,015	65,257	86,958	123,765

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

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

[3)] The base year of 2022 has been updated and differs from previously reported figures due to previous errors in reporting.

TCFD – Climate-related risks and opportunities

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

Climate-change scenarios as a basis for the assessment

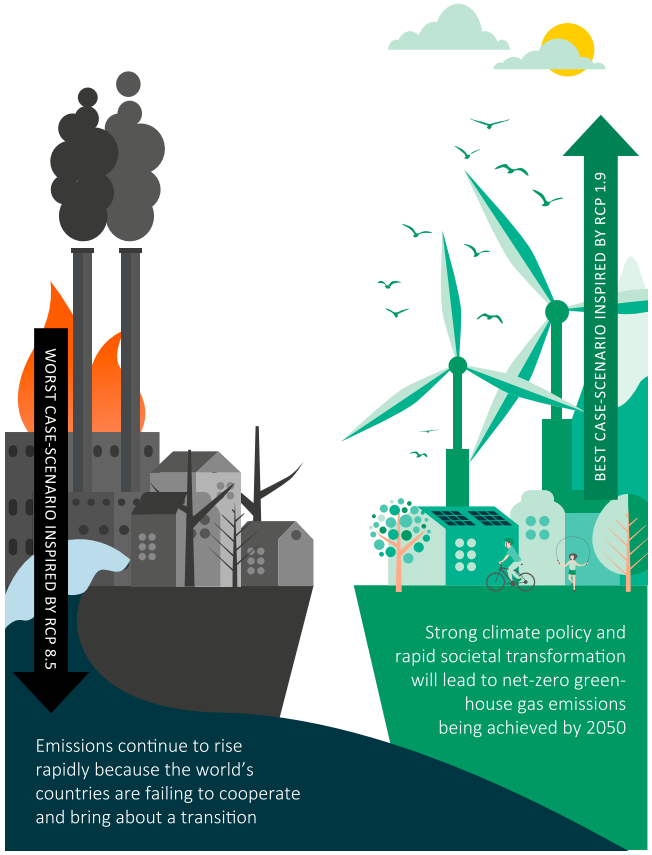
As a starting point for the identification of potential risks/opportunities and effects, Hemsö used two climate-change scenarios for 2050 created by the UN Intergovernmental Panel on Climate Change (IPCC) – worst case-scenario RCP 8.5 and best case-scenario RCP 1.9. In the next step, transition risks (such as political and regulatory risks) and physical risks (such as rising sea levels and drought) were assessed. Work is ongoing to refine the work methods used in climate risk analyses to integrate these into climate change adaptation plans for the properties. Another aim going forward is to deepen the assessment of how Hemsö is impacted financially by the identified risks and opportunities.

WORST-CASE scenario, inspired by RCP 8.5	BEST-CASE scenario, inspired by RCP 1.9
Emissions continue to rise rapidly due to the failure of nations to collaborate and deliver a transition.	Robust climate policy and rapid transition lead to the achievement of net zero GHG emissions by 2050.
Climate	
• Temperature increase in Europe is approximately 2–5° C. • Rising sea levels of up to approximately 0.5 m[1]. • Extreme weather with rain, storms, heat and drought becomes more common. • More flooding, especially in connection with the 100-year storms • Reduced snowfall.	• Temperature increase in Europe is limited to about 1.5–4° C. • The sea-level rise is limited to a few decimetres[1]. • Slightly higher risk of extreme weather events. • Slightly higher risk of flooding.
Society	
• Continued dependence on fossil fuels. • Nations fail to agree on joint initiatives and action. • No tough demands or regulations. • No major changes in the behaviour of people or companies. • Continued high energy intensity. • Global population growth reaches about 12 billion by 2100. • Climate refugees. • Increased global polarisation.	• Nations collaborate and deliver a transition. • Renewable energy has replaced fossil fuels. • Policy decisions, legal regulations and instruments have been introduced to reduce CO_2 emissions. • Rapid transition of society, infrastructure and buildings has taken place. • Sharp increase in new technologies and digitisation. • Low energy intensity has been achieved. • Customers, investors and authorities impose stringent requirements on climate change adaptation. • Global population growth reaches about 9 billion by 2100.
Hemsö	
• Hemsö fails to achieve collaboration on the reduction of CO_2 emissions with the company's partners.	• Hemsö and our partners succeed in collaboration to accelerate the low-carbon transition.

[1] Reference point Malmö, taking account for land uplift.



WORST-CASE scenario, identified risks and opportunities	BEST-CASE scenario, identified risks and opportunities
Physical risks:	
• Heavy rain, flooding and rising sea levels risk causing damage to Hemsö's properties and the surrounding environment and infrastructure. • More frequent heat waves could mean that current properties do not meet air conditioning and ventilation requirements. • Erosion could damage the environment around the properties. • Supply chain problems could arise due to, for example, a shortage of natural resources, materials, energy and raw materials needed for the operations. • Extreme weather events and a higher risk of flooding, landslides and avalanches could damage power stations and lead to electricity shortages if there is no back-up power for our properties.	• More frequent heavy rainfall events could damage the properties. • A slightly higher mean temperature increases the need for air conditioning and ventilation systems in the properties. • Raised sea levels could affect parts of the property portfolio.
Transition risks:	
• If cities and/or properties need to be relocated due to rising sea levels, this could make existing properties obsolete.	• Tougher requirements from, for example, customers, politicians and the capital market on Hemsö's climate-change adaptation and the standard of properties. • New technologies must be installed in the properties on a large scale, such as ventilation, air conditioning, energy and water, which is sometimes complex and requires high levels of both capital and expertise. • Risk that our public properties are located in areas where people do not want to live or work. • Lack of in-house expertise in the company for meeting the new and tougher requirements.
Opportunities:	
• Acquiring, developing and offering climate-resilient and resource-efficient public properties in areas at lower risk of climate-change impacts. • Energy and resource-efficient construction reduces costs.	• Hemsö can take a clear position by working pro-actively with climate-change adaptation, meeting the tougher requirements and using that as a competitive advantage. • Climate-proof the property portfolio by developing a strategy and making investments to ensure the resilience of existing properties to climate change. • Include criteria for climate adaptation in new acquisitions and new construction to ensure that future properties are climate-change resilient and located in low-risk areas. • Use materials and resources more efficiently. • Take advantage of opportunities to obtain green financing.



WORST-CASE scenario, identified risks and opportunities	BEST-CASE scenario, identified risks and opportunities
Potential impacts on Hemsö	
Financial impact:	
• The potential negative impact on Hemsö's financial results is deemed low in the short term, but certain costs for operation, maintenance and insurances may increase. • The market value of the properties may be affected, and the ability to obtain financing may change, if the capital market is reluctant to provide finance for properties in high-risk areas.	• The potential negative impact on Hemsö's financial results is deemed low in the short term, but some investments in re-development to adapt the existing property portfolio, such as the installation of air conditioning and ventilation systems, are considered necessary. That could also lead to some increase in insurance premiums, albeit less than for RCP 8.5. • The opportunity to increase the value of a climate-resilient property portfolio, while the value of properties that do not meet the new requirements can fall, or may need to be written down. • Increased rental income for climate-resilient properties in low-risk areas. • More resource-efficient systems can reduce costs for energy and water, for example.
Impact on strategy and operations:	
• Strategy for handling our properties should a worst-case scenario eventuate, such as being prepared to deal with a large number of emergencies. • Identification of properties in risk areas and taking action to reduce risk, and being prepared for several days with extreme weather, for example. Upgrade of properties that are less climate-change resilient. • Greater emphasis on climate scenario analysis for new construction or property acquisitions to identify business opportunities and minimise risks. • Offer back-up power in order to guarantee electricity so that social infrastructure can conduct business as usual in the event of a power outage due to extreme weather. • Prioritise properties where essential services are provided, enabling society to largely function despite, for example, extreme weather events.	• Incorporate climate-change adaptation into day-to-day operations and focus on the areas where the company has the greatest impact. • Cooperate with other stakeholders, such as municipalities, to meet the increasingly tougher requirements. • Continued focus on public properties – older people are living longer, which is increasing the need for nursing homes. • Greater emphasis on climate scenario analysis for new construction or property acquisitions to identify business opportunities and minimise risks. • Review the property portfolio and existing systems, and identify measures to address, for example, energy use and the ventilation systems of properties. • Clear responsibilities and communication, both within the organisation and in relation to stakeholders.

Resource efficiency and energy

Efforts to optimise energy use in our property portfolio are key to reducing the company's long-term climate impact and contributing to resource efficiency. Minimising resource use in operations is also about making material choices that last over time and that have a high degree of recyclable content, as well as minimising the amount of waste.

Hemsö's impacts, risks and opportunities related to resource efficiency and energy

			Main concentration in the value chain		
Sustainability matter	**Type**	**Description**	**Upstream**	**Own operations**	**Down-stream**
Energy	Actual negative impact	Energy consumption in material production, construction and refurbishment phases. Energy consumption in the management and use of the properties.	X	X	
Energy	Risk	Uncertain energy/electricity market characterised by substantial fluctuations and at times very high energy/electricity prices. Lack of capacity to meet stricter rules for energy efficiency.		X	
Resource efficiency	Actual negative impact	Use of large amounts of materials and natural resources in construction and refurbishment. Use of non-renewable resources/materials. Large volumes of waste from construction and refurbishment.	X	X	
Resource efficiency	Risk	Dependence on natural resources and raw materials, some of which are non-renewable and vulnerable to climate change. Inadequate circular processes and management of waste.	X	X	
Resource efficiency	Opportunity	Development and implementation of circular processes with reduced dependence on raw materials.	X	X	



Mälardalen University in Västerås – Gustavsborg 2.

Hemsö's energy targets

Energy target – 2030

- Reduce energy intensity by 20 per cent (Base year: 2022).

Operational targets 2025 – Development projects

- **Sweden:** 40% lower than NZEB (national building regulations).
- **Finland:** 25% lower than NZEB (national building regulations).
- **Germany:** 10% lower than NZEB (national building regulations).

Operational targets – Property management

- **Sweden:** 72 kWh/A-temp by 2030.
- **Finland:** 167 kWh/A-temp by 2030.



Our work to reduce energy intensity in the property portfolio is mainly focused on optimising energy use based on factors such as the property's age, location and design. In turn, using energy from renewable sources wherever possible helps to reduce our emissions. Energy-efficient properties are also a prerequisite for attracting financial capital.

Activities that drive energy efficiency forward

Optimisation of energy use is essentially about continuously recording and analysing the energy performance of each property as part of operational activities. In the next step, actions are taken that are deemed to have the greatest impact. These actions involve replacing old technology with new solutions, such as a heat pump system, equipping the property with sensors for demand-controlled heating and ventilation and installing energy-efficient lighting. The various types of environmental certification provide important support for creating conditions for energy-efficient operations and maintenance in conjunction with new construction and re-development, with major potential for yielding for lower energy costs.

Another important aspect is the origin of the electricity. In Sweden, electricity is procured with a guaranteed origin from hydropower, in Finland wind-generated electricity is procured and in Germany, tenants are responsible for procurement. We utilise the potential to generate own renewable energy when the right conditions exist for PV systems. At the end of 2025, 126 (113) properties were equipped with rooftop PV systems. The total installed capacity was 10,805 kWp and the estimated annual output for 2025 from the PV systems corresponded to 9,300 MWh.

Activities that drive resource efficiency forward

In addition to constructing and developing energy-efficient properties, resource efficiency means making smart material choices that will stand the test of time. The ambition should be to reuse or recycle materials as much as possible when they need to be replaced.

Similarly, it is important to have a long-term approach in the planning phase of a property or re-development and, for example, prioritise flexible premises that are easily adapted to changing needs during the operational phase of the property.

In collaboration with Mälardalen University (MDU) in Västerås, Carlstedt Arkitekter and NCC, Hemsö is pursuing an innovative re-use project as part of the conversion of one of MDU's buildings into offices and event spaces. The aim is to reduce the climate impact while improving the indoor comfort and energy efficiency of the building – without compromising on function and quality. As part of the development project, Hemsö is also testing the 50/50

model, which ensures that circular principles are incorporated into the project. It includes a practical checklist for circular construction where the development project compares options, documents impacts and improves each metric by at least 50 per cent compared to a benchmark value. The model helps us make more sustainable choices throughout the life cycle of the property. MDU's building will be complete by the end of 2026.

Resource-efficient management of waste

Minimising the amount of waste that arises as a result of our operations is key. The largest amounts of waste arise during new construction and re-development. In addition, waste is generated by everyday operations and the tenants' activities in the properties. The starting point for management of waste is the waste hierarchy, with priority given to minimising the amount of waste arising. This is followed by measures to handle the waste as resource efficiently as possible through re-use, recycling, energy recovery and – as a final stage – disposal to landfill or incineration.

Hemsö imposes a range of environmental and sustainability requirements in its procured construction projects. These are partly based on the Swedish Construction Federation's resource and waste guidelines for construction and demolition, as well as Sweden Green Building Council requirements. We also require reporting of waste statistics for all waste fractions in new construction or re-development, which then provide important information for the analysis and development of our process to minimise waste volumes.

In the property management phase, it is a matter of providing the necessary facilities to enable the tenant to sort their own waste.

Energy use in the organisation

The reporting period is 1 January–31 December 2025.

MWh	2025	2024	2023	2022
Electricity, renewable	81,312	87,005	82,511	78,497
District heating, renewable[1)]	90,849	120,102	128,196	98,198
District cooling, renewable	6,012	6,407	6,929	6,712
Biogas	810	–	–	–
Total renewable energy	**178,983**	**213,514**	**217,636**	**183,406**
District heating, fossil	28,488	12,749	22,321	49,354
Electricity, fossil	–	–	–	–
Oil	190	189	200	–
Natural gas	–	1,022	1,021	1,153
Total non-renewable energy	**28,678**	**13,961**	**23,542**	**50,507**
TOTAL	**207,661**	**227,475**	**241,179**	**239,914**

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

[1)] The proportion of renewable district heating is based on data from district heating companies.

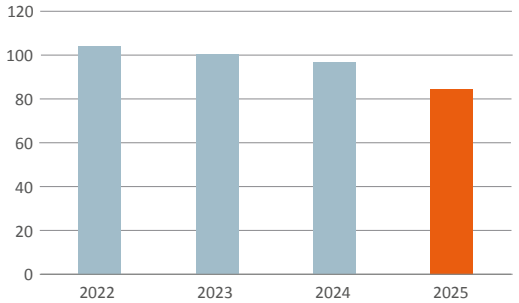
Outcome 2025

Sweden: Energy use in the comparable portfolio was reduced by 10.9 per cent compared with 2024. The main contributing factor to the good result was proactive energy optimisation. Heat calibration and adjustment of operating hours were the measures that yielded the best results. In addition, we also carried out energy projects and separated property electricity.

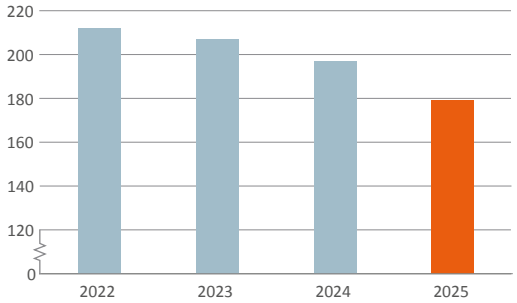
Finland: Energy use in the comparable portfolio was reduced by 6.1 per cent compared with 2024. Active energy optimisation efforts together with energy projects, including the installation of heat pumps, optimisation of ventilation and work to increase energy recovery from ventilation, contributed to the good result.

Germany: Tenants are increasingly interested in engaging us to supply their energy, which means we now have data on about 90 per cent of electricity and heating usage. The focus going forward is to continue to reduce energy use by our tenants. One action initiated was the calibration of property heating, which will have a positive impact going forward.

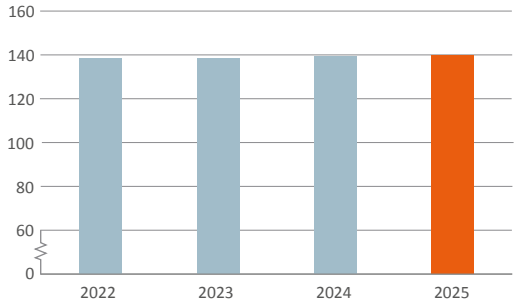
Energy intensity in Sweden kWh/m² A-temp



Energy intensity in Finland kWh/m² A-temp



Energy intensity in Germany kWh/m² A-temp



Ecosystem services

Our ambition is to protect, restore and promote our use of ecosystems on and around our properties and in our value chain. By supporting and enhancing ecosystem services, we see major potential to improve quality of life for people and strengthen biodiversity.

Hemsö's impacts, risks and opportunities related to ecosystem services

			Main concentration in the value chain		
Sustainability matter	**Type**	**Description**	**Upstream**	**Own operations**	**Down-stream**
Ecosystem services	Actual negative impact	Land conversion in the construction and re-development phase and in material extraction. Soil pollution and the spread of invasive species during construction and refurbishment.	X	X	
Ecosystem services	Potential positive impact	By preserving and providing green spaces and plant material with the potential to make a positive contribu-tion to the ecosystem services provided by nature within limited areas.		X	X
Ecosystem services	Risk	New construction in sensitive green spaces requiring extensive permits and costly adjustments to the property and local area.	X		



Educational property in Västerås – Ryttersborg 4.

Hemsö's target for ecosystem services

Target for ecosystem services 2040

- Increase the value of ecosystem services (Base year 2026).

Target for ecosystem services 2030

- No net loss of ecosystem services (Base year 2026).

The functions and benefits of ecosystem services are all the products and services that ecosystems provide to us humans and that promote our well-being and quality of life. Hemsö therefore considers it of the utmost importance to safeguard functioning ecosystem services in the built environment.

Actions to promote ecosystem services

To increase the capacity of ecosystems to deliver ecosystem services, Hemsö has adopted a long-term ambition to increase the value of ecosystem services, such as when we use land or restore areas on and around our properties. In the shorter term, our ambition is to integrate perspectives into development projects that minimise the net loss of ecosystem services. In this way, we can benefit from and enhance ecosystem services that contribute to surface water treatment, protection from high temperatures and increased pollination. By restoring nature and planning green spaces, we can facilitate climate change adaptation and mitigate the effects of extreme weather events such as floods and heatwaves. These actions also help us to create attractive properties and neighbourhoods, which can ultimately strengthen property values.

Own-developed measurement methodology

As part of our ambition to work in a more structured manner with ecosystem services and to measure which actions have the greatest impact, Hemsö has developed its own methodology, which has been tested at MDU in a first step. Fundamental to the methodology is a battery of questions that map biodiversity and the ecosystem on and around the property or land to be used. Questions include "are there at least three different tree species?", "are there flowering plants that attract butterflies and insects?" and "are there sheltered areas (pergola, tree shade)?" The questions also emphasise the link to Hemsö's specific responsibility as an owner of public properties by investigating:

- learning – how to design a location that both benefits ecosystem services and can impart knowledge to those who spend time there.
- the Skolgårdslyftet initiative – how we design a location that can promote children's movement and health, based on previous Hemsö projects.

In property management, this is first and foremost a matter of making an inventory of biodiversity and the ecosystems on and around existing properties using the battery of questions and then implementing relevant actions that further benefit ecosystem services. For development projects, it is a matter of carefully documenting the vegetation that is lost when land is used and planning to add at least the same amount of new vegetation when the project is completed. Hemsö will continue to refine and test the methodology with the aim of rolling it out in the organisation by 2027.

Partnerships that drive developments forward

During the year, Hemsö and IVL Swedish Environmental Research Institute continued their joint project in Pilparken on Campus Tensta, focusing on strengthening biodiversity. Work has been underway since 2023 to measure biodiversity by collecting insects in Malaise traps at three locations in the park. Measurements began before the park was upgraded, and in autumn 2025 new traps were placed in the restored park, now with new vegetation planted to promote biodiversity. Not surprisingly, the results showed that insects prefer grassy areas to gravel areas, prompting Hemsö to change its procedures for managing grassy areas and create meadow areas to better promote biodiversity.

As part of efforts to continue the development of our methodology and broaden our perspective, Hemsö conducted its first biodiversity LCA during the year, focusing on the impact on biodiversity in the value chain. Some general conclusions are that identifying measurement methodologies that demonstrate which measures have the greatest impact is highly complex. In addition, industry cooperation is needed to develop a methodology for data collection that significantly increases the reliability of the calculations.

ESG

People in focus

Hemsö provides nursing homes, schools and hospital beds that help to strengthen the backbone of society and its resilience. We promote good working conditions in all parts of our value chain and always put safety first. Our ambition is to improve the quality of life for people who live, work and spend time in our properties. We do this by providing safe, healthy and inclusive places that make people feel happy and content.

Beds/places created [1)]

Nursing homes
3,109
Since start
217
2025

Education
36,440
Since start
2,860
2025

[1)] No. of beds/places that Hemsö has added through completed development projects from 2009 until 31 December 2025.

Social sustainability

Our most important contribution to social infrastructure is to provide the justice system and the education and health care sectors with the right conditions so they can conduct their essential social services. Our operations affect and create opportunities for people who live, work and spend time in and around our properties.

Hemsö's impacts, risks and opportunities related to social sustainability

			Main concentration in the value chain		
Sustainability matter	**Type**	**Description**	**Upstream**	**Own operations**	**Down-stream**
Human rights, working conditions, equal treatment and diversity of workers in the value chain	Negative impact	Suppliers/contractors with a lack of respect for human rights, sub-standard working conditions, forced labour, unethical working practices, discrimination and lack of diversity.	X		X
Health and safety for workers in the value chain	Negative impact	Suppliers/contractors who neglect or ignore the health and safety of their employees in the workplace.	X		
Human rights, working conditions, equal treatment and diversity of workers in the value chain	Risk	Collaboration with and, to some extent, dependence on suppliers/contractors where a lack of respect for human rights, sub-standard working conditions, shortcomings in workplace safety, unethical working practices and discrimination may occur.	X		X
Community engagement and impact on the local community	Positive impact	Well-managed and accessible properties adapted to the needs of essential operations.	X		X
Customers and tenants	Negative impact	The inability to ensure that properties and the local areas are of a good and safe standard for learning, visiting, living and working.			X
Tenant health and safety	Risk	Deficiencies in work and maintenance that result in injury to a tenant or visitors in or on the property.			X

Hemsö's target for social sustainability

Vision

Zero-accident vision on our properties.

Target 2025 – Improve the quality of life for people

- Customer Satisfaction Index (CSI) of at least 75.
- 100 per cent of all new construction is to be environmentally certified.

Key ratio – Social infrastructure

- No. of nursing home beds created.
- No. of school places.

Providing the education and healthcare sectors, as well as the justice system, with the right conditions for conducting essential operations forms the basis for achieving Hemsö's vision of strengthening the resilience and backbone of society. Our role as a reliable and long-term owner of public properties presents opportunities to make a direct impact by providing premises adapted for various types of public services through new development and the refurbishment of existing properties.

Through our principal owner, the Third Swedish National Pension Fund, we are creating growth for Swedish pension funds and contributing to security for the elderly people in society. Expanded responsibility, which includes social sustainability, also offers us a solid basis for securing financing, such as sustainability bonds and loans.

Activities to improve quality of life

Our responsibility as property owners includes ensuring a safe and healthy environment in the properties where people work, live and learn and where essential operations are conducted.

The two tools – the Hemsö Flower and Hemsö Apple – allow us to take a holistic approach to how we can best create sustainable and high-quality nursing homes and schools The Hemsö Flower describes a number of important dimensions for nursing homes, highlighting soft values such as caring for staff as well as quality of life and safety for users. The Hemsö Apple describes the corresponding dimensions for schools and includes our combined property expertise, the operational knowledge of schools and research into learning environments.

We also continuously undertake various innovation projects aimed at developing our work with social sustainability. For example, we are exploring the possibility of multi-generational housing, where preschools and schools are combined with nursing homes. The projects give important lessons about both needs and opportunities when various activities are combined.

Customer in focus

Safeguarding and developing customer relationships is fundamental to Hemsö. In addition to an active dialogue with our tenants and customers, we regularly measure how they feel we are meeting their needs. For Swedish operations, the target is to reach a score of at least 75 on the Customer Satisfaction Index (CSI). In terms of the collaboration with Hemsö, customers generally perceive us as flexible and willing to listen. The area with potential for improvement is fault reports, primarily in regard to feedback and faster handling of cases.

Customers' responses are followed up by the responsible manager and good examples are highlighted in Hemsö's customer group as benchmarks for the continuous improvement of operations, customer relationships and offerings.

Certifications that create value

In 2025, 100 per cent of new developments were certified, providing important support for ensuring that properties have a good indoor environment based on ventilation, air quality, daylight and materials selection. Using SundaHus Material Data – a classification tool for products used by the construction and property industries – the Swedish operations are working in the construction phase to ensure that the materials used do not contain environmentally harmful substances.

In the day-to-day operation of the properties, Hemsö's property managers are responsible for maintaining a good indoor environment and preventing inconveniences such as damp, mould, radon and noise.

Zero vision for injuries and accidents

No person should be injured or killed in or around Hemsö's properties.

In our property management, we conduct preventive safety rounds and inspections in all properties at set intervals to check fire safety, fall protection and elevators. Should an accident linked to property owner negligence occur, an action plan has been drawn up and Hemsö's operations and maintenance providers are on call around the clock.

We are striving to maintain the zero vision by promoting a culture where safety is paramount and where accidents and incidents are always reported. Collecting data on incident reports provides important input for preventive improvement work, not least to ensure that our new construction and re-development projects are free from injuries. In 2026, there will be a particular emphasis on ensuring systematic and high-quality collection of data on accidents and incidents.

Community engagement and impact

To promote a more inclusive society, Hemsö works with a range of organisations. In 2025, Hemsö was a partner to Frihamnsdagarna (a Democracy Festival) in Gothenburg, and to Järvaveckan (a forum for social commitment) in Stockholm for the fourth consecutive year. Since 2023, Hemsö has had a partnership with En Frisk Generation (a Healthy Generation), which provides inspiring and free exercise for families and children in Tensta. In addition, there is the Hemsögåvan (the Hemsö Gift), which is awarded annually and enables tenants to apply for a donation to facilitate and enhance their everyday operations. In 2025, the Hemsö Gift was awarded to 13 tenants in the education segment.

Outcome 2025

Nursing home beds 2025	217
Nursing home beds since start [1]	3,109
Student and college/university places 2025	2,860
Student and college/university places since start [1]	36,440

In 2025, Hemsö completed development projects that will create 217 (140) new nursing home beds and 2,860 (1,760) new school places in the coming years.

100 per cent of all new construction was environmentally certified.[2]

SundaHus Miljödata – 89 per cent of assessed products were classified as A and B[3].

77.1 (73.4) – CSI[4]

[1] No. of beds/places that Hemsö has added through completed development projects from 2009 until 31 December 2025.

[2] Only new construction was included in the target for 2025. As of 2026, major refurbishment projects are also included in the target.

[3] SundaHus Material Data Assessments are divided into four levels, from A to D, where A is best in terms of minimal environmental impacts and sustainability.

[4] The result pertains to the 2024 customer survey (2022). Hemsö conducts customer surveys every second year and the next will take place in 2026.

Employees

Hemsö strives to be an attractive employer both for existing employees and future talents. Our employees play a key role in efforts to achieve compliance with requirements and to realise expectations and visions. To succeed in this respect, we must ensure that employees have the right conditions in place to do their jobs and that they are satisfied and can develop.

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

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

Strong focus on employeeship and leadership

Employee feedback is obtained in employee satisfaction surveys, follow-up interviews, after new recruitments and in exit interviews. The results are evaluated and lead to concrete improvements.
In 2025, company-wide workshops were concluded with a focus on values, culture, leadership and communication. All departments took part, led by the Head of HR and Head of Communications. The results were summarised and analysed and form an important part of Hemsö's leadership compass, which was developed during the year and is now being launched at an overall level.

The employee satisfaction survey conducted in 2025 showed that Hemsö remains above the high-performance benchmark, when compared with leading organisations globally (top 10) in terms of the Engagement Index (EI), management, team efficiency and organisational and social workplace. Hemsö's EI score was 91 and the leadership index 88. The percentage of ambassadors was very high, with an employee Net Promoter Score (eNPS) of 67, a result that is far above both the high-performance benchmark (55) and the global average (15).

Training and education

Hemsö is distinguished by a long-term approach, and many employees stay with us for a long time. One key reason is good opportunities for development, both in their own roles and within the organisation. This promotes commitment, motivation and a willingness to contribute.

As a basis for professional development, all employees have an individual development plan that is established together at their annual performance review. We offer ongoing professional development through training, and by giving employees more responsibility and more advanced tasks. Internal professional development includes our own training courses, the Hemsö Academy and Hemsö School. The 'Try someone else's job' project encourages employees to try out work duties in other parts of the organisation to strengthen cooperation, understanding and sharing of experiences.

Every year, we measure employees' perceptions of their professional development. In the latest employee survey, 87 per cent responded positively and 11 per cent neutrally to the question 'Are you able to develop in your role?'.

KARRIÄR FÖRETAG 2025

BRILLIANT AWARDS EMPLOYEE EXPERIENCE TOP 3 2025

Excellent attraktiv arbetsgivare™

Our distinctions in 2025

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

Excellent employer
Hemsö was selected as an Excellent Employer on Nyckeltalsinstitutet's Attractive Employer Index. We were also named best in the industry from among some 20 property companies.

Career company
Hemsö was selected as one of Sweden's best career companies. Hemsö has the highest number of nominations in the property industry.

Health and work-life balance

We aim to be a health leader by taking a proactive approach to health and well-being at work. We promote a work-life balance, opportunities for exercise and a long-term focus on health. All employees are offered health and well-being subsidies and regular

health checks. Hemsö's Workplace Handbook guides how occupational health and safety (OHS) issues are managed. In 2025, our employee attendance rate was 94.2 per cent and there were zero work-related accidents or fatalities registered among Hemsö's employees.

Diversity, equality and non-discrimination

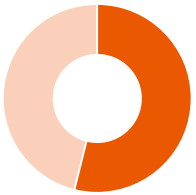
We see great value in recruiting employees with diverse experiences and backgrounds. It helps to broaden the company's knowledge base and creates a more dynamic work environment. Variation in terms of gender, age and background is important for Hemsö's growth and competitiveness.

One key factor in achieving diversity during recruitment is to follow our structured and competence-based recruitment process. Hemsö works actively to achieve equality in the workplace, focusing on both gender balance and equal pay for equal work. The gender balance is even across the company, also at senior management level. Our annual salary review identifies any gender pay gaps, and action is taken where necessary.

Hemsö has a zero tolerance approach to harassment and works preventively to create a safe work environment. We measure and monitor these issues regularly in, for example, the employee satisfaction survey. Our Code of Conduct describes how we are expected to act in day-to-day work based on our values and obligations and also provides guidance for external stakeholders. All new employees receive training in the Code of Conduct including practical examples through case studies. Our employees also took part in workshops to develop clear behavioural principles that are now part of Hemsö's employee and leadership compass.

Age and gender balance

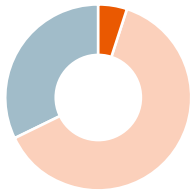
Gender balance, total



Gender balance, management



Age balance, total



Results and metrics, employees

	Women/men, %	<30 years	30–49 years	>49 years
2025				
Board	40/60			100%
Management	45/55		45%	55%
All employees	47/53	5%	63%	32%
2024				
Board	40/60	0%	0%	100%
Management	45/55	0%	45%	55%
All employees	46/54	7%	62%	31%
2023				
Board	50/50	0%	17%	83%
Management	45/55	0%	45%	55%
All employees	44/56	8%	66%	26%

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

New employee hires and employee turnover

Employee turnover, %	2025	2024	2023
Total	7.9	6.6	7.3
Men	6.4	7.8	4.5
Women	9.7	5.1	10.7

The number of new employees in 2025 was 14 (18). Hemsö does not report age group or region due to too few employees.
Calculation uses the formula: lowest number of employees started or ended, respectively/average number of employees. Comprises Sweden, Finland and Germany.

Employment contract type

No. of employees per employment contract	2025	2024	2023
Total no. of employees	176	175	169
Permanent employees	174	173	166
Temporary employees	2	2	3

All permanent employees are full-time employees. The working hours of temporary employees vary.
The calculations are based on the number of employees at 31 December 2025 and comprise Sweden, Finland and Germany.



ESG

Responsible at all levels

Hemsö promotes a transparent business climate and high standards of business conduct, and works actively to prevent corruption. In our collaboration with suppliers, we are guided by our core values – accessible, reliable and progressive.

Business conduct and transparency

High standards of business conduct and transparency should characterise everything we do as a developer, property owner and employer. We use internal procedures, quality control and external audits to ensure compliance with laws and regulations.

Hemsö's impacts, risks and opportunities related to business conduct and transparency

Sustainability matter	Type	Description	Main concentration in the value chain		
			Upstream	Own operations	Down-stream
Business conduct and transparency	Negative impact	Prevalence of corruption, bribery and shortcomings in business conduct in purchases, building permits, major procurements and other permits.	X	X	
Business conduct and transparency	Risk	Exposure to corruption, bribery and shortcomings in business conduct in business relationships. Non-compliance with laws, application or interpretation of existing laws and regulations.	X	X	

Hemsö's target for ethics and transparency

Vision

Zero corruption in our value chain.

Target – 2030

- 100 per cent of our business partners will sign our Code of Conduct for Suppliers.
- 100 per cent of our significant business partners will comply with our sustainability requirements.
- Collaboration with 100 per cent of our significant business partners for a sustainable future.

As Sweden's leading owner of public properties, we are entrusted with the task of managing, developing and owning properties for a range of essential operations. This requires responsible conduct in all parts of the value chain and operations that comply with applicable laws, regulations and international standards. In addition, we will use our industry influence to promote healthy competition in tender, procurement and purchasing processes, and to counter undue influence and bribery in all ways.

Internal training

Hemsö has a clear delegation of responsibilities within the company for statutory obligations and we provide regular training for the people concerned. Our principle for delegation of responsibilities is based on fields of expertise and the employee's ability to take responsibility for their own areas. Regulatory and legal changes that require action within the company are monitored regularly. Any need for action is materialised through various activities and included in the annual Group-wide business planning process.

Monitoring takes place at management level. In 2025, Hemsö was not subject to any legal proceedings due to non-compliance with laws and regulations.

Zero tolerance approach to corruption

Hemsö strives to maintain high standards of business conduct where we work in every way to combat corruption. We have guidelines and procedures in place for purchasing and signature authority to manage risks faced by functions with the greatest exposure

to corruption. If we discover non-compliance, this is handled according to a special procedure and is escalated in the organisation. No incidents of corruption were reported in 2025. New employees are required to attend the Hemsö School, which includes training in our Code of Conduct with anti-corruption as an important element. In 2025, nine people attended the Hemsö School.

Our whistleblowing system is available to both internal and external stakeholders and enables anonymous reporting of suspicion of serious grievances and irregularities. To ensure the reporter's anonymity, the system is managed by a third party. All incoming cases are handled promptly by the HR Manager and Chief Legal Counsel.

Responsible relationships across the supply chain

The Code of Conduct, central guidelines and processes provide an important basis to ensure our responsible sourcing. The high demands we make on ourselves and our suppliers are specified in our Code of Conduct for Suppliers, which is attached to our agreements. During the year, we conducted two central procurements where our suppliers were asked to sign Hemsö's Code of Conduct.

We see industry-wide cooperation as fundamental to ensuring responsible business. To more effectively identify operational and financial risks, we continuously develop our processes for ensuring supplier compliance, including sub-contractor chains, and we conduct ongoing background checks and site visits in conjunction with major construction projects.

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

Outcome 2025

No incidents of corruption were reported and Hemsö was not subject to any legal proceedings due to non-compliance with laws and regulations.



Employees at Hemsö's head office in Stockholm.

Sustainable financing

Hemsö is the first issuer of sustainability bonds in the Nordic region. The total amount issued since 2016 is SEK 24 billion.

First in the Nordic region

In 2016, Hemsö was the first Nordic company to issue a sustainability bond, which paved the way for continued issues of sustainability bonds. In 2025, Hemsö issued 15 sustainability bonds, with a total value of SEK 4,550 million. The proceeds were used exclusively for sustainable investments and properties. Hemsö's sustainability bond framework provides a clear definition of the project types and properties that can be financed. Hemsö was the first company in the Nordic region to incorporate social investment into its framework. The complete framework is available at hemso.se Hemsö's sustainability bonds are listed on the EURONEXT ESG Bond list – a community of ESG bond issuers (green, sustainability, blue and sustainability-linked bonds).

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

Qualified projects

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

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

In 2025, the allocation was only for existing properties. An amount corresponding to the issue proceeds is used to finance sustainable assets in accordance with the sustainable finance framework. The entire amount raised is allocated to existing green, social and sustainable assets, and thus the balance of Hemsö's sustainable accounts is zero.

Second opinion from Sustainalytics

Ratings firm Sustainalytics reviewed Hemsö's sustainability performance and bond framework terms. Sustainalytics is of the view that Hemsö's sustainability performance ranks highly in the property sector and that the company is well positioned to issue sustainability bonds that include both environmental and social aspects. Sustainalytics verifies that the investment categories included in the framework will contribute to greater sustainability. Read Sustainalytics' second opinion at hemso.se

Examples of development projects financed

Preschool and elementary school in Staffanstorp

Uppåkraskolan (Stora Uppåkra 12:303) was completed for the start of the 2016 autumn term. The school has 500 places for students from preschool to year 6. In addition to school operations, the school building also includes a full-size sports hall with stands.

Uppåkra preschool (Uppåkra 12:302), located next to Uppåkra School, has places for 120 children and was completed in September 2019. The preschool and school building are both certified under the Miljöbyggnad Silver certification system.



Stora Uppåkra 12:302 and 12:303 in Staffanstorp.



Kamreerintie 6 in Espoo, Finland.

Family centre in Espoo

At the Kamreerintie 6 property in central Espoo, Hemsö has carried out an extensive re-development that was completed in 2022.

The former office building from the 1980s was transformed into a modern family centre for the City of Espoo, where child and family services, such as a maternity clinic, child rehabilitation and family counselling are gathered under one roof.

The re-development involved a complete refurbishment, preserving only the frame of the building, while completely renewing the room layout and technical systems.

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

Category	Property	Amount, SEK million	Certification and level	Type of property	A-temp, m²	MWh/year	kWh/m²	tCO_2e/år	$kgCO_2e/m^2$	Beds/places created [1]
Sustainable	Anoraken 1	146	Miljöbyggnad Silver	Nursing home	11,564	903	78	3	0	144
Sustainable	Boden 56:51	61	Miljöbyggnad Silver	Nursing home	10,165	666	66	149	15	126
Sustainable	Bylegård 37	35	Miljöbyggnad Silver	Health care	5,623	159	28	2	0	86
Sustainable	Faunan 1	80	Miljöbyggnad Gold	Nursing home	6,060	203	33	3	0	92
Sustainable	Giffeln 1	305	Miljöbyggnad Silver	Nursing home	7,237	539	75	30	4	80
Sustainable	Gyllehemmet	30	Miljöbyggnad Silver	Nursing home/Assisted living facility	9,181	735	80	46	5	47
Green	Lanuv, Wuhanstraße 6.11[2]	595	LEED Gold & DGNB Gold	Education	16,563	3,600	217	456	28	n/a
Sustainable	Patienten 1	175	Miljöbyggnad Gold	Health care	29,579	2,186	74	65	2	n/a
Sustainable	Sandarna 26:2	422	Miljöbyggnad Silver	Education	12,907	691	54	48	4	388/100
Sustainable	Satakunnankatu 23	320	BREEAM Very Good	Education	23,664	3,565	151	70	3	n/a
Sustainable	Täckeråker 1:228	246	Miljöbyggnad Silver	Education	5,057	407	80	5	1	400
Total		**2,415**								

[1] The capacity of the buildings to provide public services (school places, nursing home beds, and so forth).

[2] The outcome includes business energy and non-seasonally adjusted data for heating. The contract is in the name of the tenant.

Allocated amount per category

Category	Amount, SEK million	Share, %
Green	12,514	87
Sustainable	1,820	13
Total	**14,334**	**100**

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

Category	Property	Amount, SEK million	Certification and level	Type of property	A-temp, m²	MWh/year	kWh/m²	tCO_2e/år	$kgCO_2e/m^2$
Green	Akka 8	100		Health care	4,965	504	101	10	2
Green	Anoraken 1	225	Miljöbyggnad Silver	Nursing home	11,564	903	78	3	0
Green	Arkadiankatu 24	293	BREEAM In-Use Excellent	Education	6,170	1,003	163	103	17
Green	Birka 1	63		Nursing home	3,423	266	78	20	6
Green	Boden 56:51	225	Miljöbyggnad Silver	Nursing home	10,165	666	66	149	15
Green	Borgaren 18	300		Education	14,586	1,323	91	19	1
Green	Borstahusen 1:8	55	Miljöbyggnad Silver	Education	2,400	195	81	10	4
Green	Borstahusen 1:9	270	Miljöbyggnad Silver	Education	6,104	555	91	21	4
Green	Bällsta 2:1087	140		Education	3,617	294	81	7	2
Green	Dona 1:38	250		Education	9,516	450	47	9	1
Green	Dragarbrunn 9:4	95		Nursing home	4,365	321	74	41	9
Green	Ekeby 2:275	50		Nursing home	3,387	309	91	1	0
Green	Elektroniikkatie 1	200	BREEAM Very Good	Justice system	6,400	1,483	232	8	1
Green	Fonden 49	25		Nursing home	6,015	461	77	20	3
Green	Gustavsborg 2	550		Education	20,200	1,749	87	107	5
Green	Haahkapolku 3	96		Nursing home	4,502	834	185	96	21
Green	Haavantie	29		Nursing home	1,013	260	257	17	16
Green	Hallen 4	195	BREEAM In-Use Very good	Nursing home	7,705	656	85	8	1
Green	Hantverkaren 2	150	Miljöbyggnad Silver	Nursing home	8,848	534	60	24	3
Green	Harjusalontie 2	75		Nursing home	2,845	404	142	30	11
Green	Höbalen 1	60		Nursing home	2,836	192	68	5	2
Green	Jullovet 1	36		Health care	1,584	125	79	4	3
Green	Kallkällan 13	35		Nursing home	3,922	336	86	12	3
Green	Kamreerintie 6	250		Health care	4,888	833	170	52	11
Green	Kannaksenkatu 22	420		Education	12,653	1,611	127	8	1
Green	Kappalaisenkuja 3	46		Nursing home	1,489	405	272	24	16
Green	Keskiyöntie 6–8	70		Nursing home	1,919	414	216	40	21
Green	Klockarkärleken 3	45		Nursing home	3,655	262	72	19	5

Cont.

Category	Property	Amount, SEK million	Certification and level	Type of property	A-temp, m²	MWh/year	kWh/m²	tCO_2e/år	$kgCO_2e/m^2$
Green	Krokslätt 147:2	75		Nursing home	3,845	318	83	19	5
Green	Kuparitie	130		Nursing home	3,081	920	299	112	36
Green	Laaksokatu 6	84		Education	2,174	318	146	2	1
Green	Lastenlinnantie	50		Nursing home	1,573	279	178	26	16
Green	Lindholmen 36:1	160	Miljöbyggnad Silver	Health care	5,261	297	56	17	3
Green	Luthagen 81:1	80		Nursing home	2,867	230	80	30	10
Green	Lövhagen 32	115		Nursing home	4,375	360	82	26	6
Green	Medicinaren 23	1,120	Miljöbyggnad Silver	Education	20,825	1,304	63	38	2
Green	Meesakatu 4	130		Nursing home	4,900	778	159	74	15
Green	Metsolantie 1	120	BREEAM In-Use Very good	Nursing home	4,115	301	73	4	1
Green	Milstolpen 8	35		Health care	2,924	185	63	9	3
Green	Mjölkudden 3:11	20		Health care	3,447	393	114	14	4
Green	Murmeldjuret 4	180		Health care	7,288	557	76	8	1
Green	Månen 110	40		Education	4,944	383	78	1	0
Green	Nyfors 1:24	40		Education	1,375	121	88	2	1
Green	Nässelodlingen 1	100		Education	4,258	280	66	26	6
Green	Patienten 1	730	Miljöbyggnad Gold	Health care	29,579	2,186	74	65	2
Green	Pirttivuorenkuja 7	98		Nursing home	2,700	430	159	10	4
Green	Pohjoinen rautatienkatu 9	315	BREEAM In-Use Very good	Education	4,924	1,271	258	91	18
Green	Puistokatu A	314		Nursing home	7,460	1,313	176	93	12
Green	Reparatören 5	90		Justice system	3,313	227	68	8	2
Green	Rickomberga 9:14	90		Nursing home	3,472	275	79	37	11
Green	Rydboholm 1:477	30		Health care	2,942	116	39	2	1
Green	Samariten 11	400		Education	11,885	937	79	42	4
Green	Sicklaön 12:9	130		Nursing home	5,077	185	37	3	1
Green	Skjutfältet 9	127		Nursing home	5,496	370	67	29	5
Green	Stadsön 1:1040	50		Nursing home	4,462	557	125	20	4
Green	Stanstorp 5:368	150	Miljöbyggnad Silver	Nursing home	4,209	110	26	2	0
Green	Stora Uppåkra 12:302	35		Education	1,217	25	21	14	12
Green	Stora Uppåkra 12:303	280	Miljöbyggnad Silver	Education	8,116	245	30	92	11
Green	Suotie 4	35		Education	1,996	315	158	29	14
Green	Tilkonmäenkatu 2	35		Nursing home	1,130	241	213	13	12
Green	Torp 2:19	73	BREEAM In-Use Very good/Good	Health care	4,740	327	69	7	1
Green	Verkmästaren 7	700	Miljöbyggnad Silver	Education	22,479	1,405	63	20	1
Green	Viertolantie 5	100		Nursing home	2,345	523	223	25	11
Green	Viilarinkatu 9	59	BREEAM In-Use Good	Nursing home	3,050	977	320	50	16
Green	Vilunda 19:2	670	BREEAM In-Use Very good	Education	15,300	1,014	66	69	5
Green	Västerås 1:25	115		Education	4,988	384	77	30	6
Green	Älgörten 1	380	Miljöbyggnad Silver	Education	9,114	635	70	6	1
Green	Ängsklockan 1	63		Nursing home	3,590	249	69	18	5
Green	Östra Daggrosen 1	23		Nursing home	3,432	207	60	15	4
Total		**11,919**							

Sustainability-linked loans

In 2025, Hemsö signed supplementary agreements with certain banks regarding sustainability linking of loans and credit facilities. These supplementary agreements link existing credit facility agreements to sustainability targets such as reductions in CO_2 and energy intensity. Meeting the sustainability targets results in a discount on the interest margin and commitment fees. If the sustainability targets are not met, the interest margin and commitment fee are increased accordingly. The annual adjustment amounts to between 0.002–0.025 percentage points.

Sustainability targets

- Climate: Absolute reduction of the Group's GHG emissions in Scope 1, 2 and 3 (excluding the capital goods category when calculating Scope 3), by 50 per cent by 2030 measured in tonnes of CO_2e compared to the base year 2022.
- Energy: Reduction of energy intensity (kWh/m² A-temp) by 20 per cent by 2030 in the Group's combined Finnish and Swedish property portfolio compared to the base year 2022.

Outcome 2025

Climate: -35 per cent
Energy: -16 per cent

GRI Content Index

Application level:	Hemsö has reported in accordance with the GRI Standards for the period 1 January 2025 to 31 December 2025.
GRI 1 used:	GRI 1: Foundation 2021.
Applicable GRI Sector Standards:	None.

General disclosures			Page	Comments
GRI 2: General Disclosures 2021	2	Organisational details	2–3, 95	
	2–2	Entities included in the organisation's sustainability reporting	3	
	2–3	Reporting period, frequency and contact point	3, 57	Contact person: Karolina Brick, Head of Sustainability, karolina.brick@hemso.se
	2–4	Restatements of information	37	
	2–5	External assurance	60	
	2–6	Activities, value chain and other business relationships	2, 11	
	2–7	Employees	50	Employee data broken down by region is not reported.
	2–8	Workers who are not employees		Not applicable. Hemsö does not currently have any information about workers who are not employees.
	2–9	Governance	28–29, 50, 82–86	
	2–10	Nomination and selection of the highest governance body	28, 82–84	
	2–11	Chair of the highest governance body	83, 86–87	
	2–12	Role of the highest governance body in overseeing the management of impacts	28–29	
	2–13	Delegation of responsibility for managing impacts	28-29, 83–84	
	2–14	Role of the highest governance body in sustainability reporting	29–30, 83–84	
	2–15	Conflicts of interest	84	
	2–16	Communication of critical concerns	28	
	2–17	Collective knowledge of the highest governance body	86-87	
	2–18	Evaluation of the performance of the highest governance body	83	In 2025, the Chair of the Board conducted an internal evaluation through interviews with the CEO and Board members. The evaluation serves as a basis for the ongoing development of the Board's working methods and for the Board to make informed decisions.
	2–19	Remuneration policies	29, 84	
	2–20	Process to determine remuneration	29, 84, 97–98	
	2–21	Annual total compensation ratio		The mean salary was SEK 62,202. The highest paid employee relative to the mean salary was 9.58. The highest paid employee's salary increase relative to the mean salary increase percentage was 142 per cent.
	2–22	Statement on sustainable development strategy	7–10, Year-end report 2025 page 3	
	2–23	Policy commitments	29	Hemsö's policy commitments are communicated via the intranet and the external website.
	2–24	Embedding policy commitments	28–29, 50	
	2–25	Processes to remediate negative impacts	28–29, 38–40, 74	
	2–26	Mechanisms for seeking advice and raising concerns	53	
	2–27	Compliance with laws and regulations	53	
	2–28	Membership associations	29	
	2–29	Stakeholder engagement	32	
	2–30	Collective bargaining agreements		All employees in Sweden (82 per cent of Hemsö's total number of employees) were covered by collective agreements. Similar terms are applied for employees in Finland and Germany.

Material topics			Page	Comments
GRI 3: Material Topics 2021	3–1	Process to determine material topics	30–31	
	3–2	List of material topics	30–31	
Economic performance				
GRI 3: Material Topics 2021	3–3	Management of material topics	26-27, 74–81, 84–85	
GRI 201: Economic Performance 2016	201–1	Direct economic value generated and distributed	59	
Anti-corruption				
GRI 3: Material Topics 2021	3–3	Management of material topics	26–27, 52–53, 79	
	205–2	Communication and training about anti-corruption policies and procedures	53, 58	All of our new employees (which also includes Group Management) are informed about our Code of Conduct, including business conduct when employed. During the year, 9 people participated in the Hemsö School – 7 from Sweden, 1 from Germany and 1 from Finland. Hemsö does not report the number and percentage of Board members, employees or business partners who have completed anti-corruption training.
	205–3	Confirmed incidents of corruption and actions taken	53	
Materials and chemicals				
GRI 3: Material Topics 2021	3–3	Management of material topics	26–27, 34–36, 42, 78	
Own	Hemsö–1	Materials in new development that meet Hemsö's environmental and health requirements	48	
Energy				
GRI 3: Material Topics 2021	3–3	Management of material topics	11, 13, 26–27, 41-42	
GRI 302: Energy 2016	302–1	Energy use within the organisation	43	
	302–4	Reduction of energy consumption	42–43	
Emissions				
GRI 3: Material Topics 2021	3–3	Management of material topics	26-27, 34–36, 38–40, 78	
GRI 305: Emissions 2016	305–1	Direct (Scope 1) GHG emissions	37	
	305–2	Energy indirect (Scope 2) GHG emissions	37	Hemsö does not report the source of emission factors or method of consolidation.
	305–3	Other indirect (Scope 3) GHG emissions	37	Hemsö does not report the source of emission factors.
Supplier environmental assessment				
GRI 3: Material Topics 2021	3–3	Management of material topics	26-27, 52–53, 79	
GRI 308: Supplier Environmental Assessment 2016	308–1	New suppliers that were screened using environmental criteria	52–53	
Employment				
GRI 3: Material Topics 2021	3–3	Management of material topics	47, 49–50, 78	
GRI 401: Employment 2016	401–1	New employee hires and employee turnover	50	
Training and education				
GRI 3: Material Topics 2021	3–3	Management of material topics	47, 49–50, 78	
GRI 404: Training and Education 2016	Hemsö–2	Percentage of employees who are satisfied with their opportunities for competence development.	49	
	404–3	Percentage of employees receiving regular performance and career development reviews	49, 58	100 per cent of the employees via performance reviews.
Diversity, equality and non-discrimination				
GRI 3: Material Topics 2021	3–3	Management of material topics	47, 50, 78	
GRI 405: Diversity and Equal Opportunity 2016	405–1	Diversity of governance bodies and employees	50	
	405–2	Ratio of basic salary and remuneration of women to men	50	
Local communities				
GRI 3: Material Topics 2021	3–3	Management of material topics	26–27, 47–48	
Own	Hemsö–5	Completed place availability	46, 48	

Material topics			Page	Comments
Supplier social assessment				
GRI 3: Material Topics 2021	3–3	Management of material topics	26–27, 52–53, 79	
GRI 414: Supplier Social Assessment 2016	414–1	New suppliers that were screened using social criteria	53	Two of the central procurements pertain to new suppliers.
Customer health and safety				
GRI 3: Material Topics 2021	3–3	Management of material topics	26–27, 29, 47–48, 79	
GRI 416: Customer Health and Safety 2016	416–1	Assessment of the health and safety impacts of product and service categories	47–48	
Product and service labelling				
GRI 3: Material Topics 2021	3–3	Management of material topics	26–27, 47–48, 78	
GRI 417: Marketing and Labelling 2016	CRE8	Sustainability certifications and ranking of the property portfolio	47–48, 55–56	
Customer satisfaction				
GRI 3: Material Topics 2021	3–3	Management of material topics	26–27, 47–48	
Own	Hemsö–4	Results of customer satisfaction surveys	48	

Annual Accounts Act table

Area	Disclosure	Reference
Overall	Business model	7–8
Environment	Policy and environmental issues	26–27, 29, 34
	Risks and risk management related to environmental issues	34, 41, 44, 78
	Targets and results related to environmental issues	35, 37, 42–43, 45
Employees and social conditions	Policy and social issues	26–27, 29, 47
	Risks and risk management related to social issues	47, 78
	Targets and results related to social issues	47–48, 50
Human rights	Policy and social issues	26–28, 53
	Risks and risk management related to social issues	47, 76, 79
	Targets and results related to social issues	52–53
Anti-corruption	Anti-corruption policy and approach	26–27, 53
	Risks and risk management related to anti-corruption	52, 79
	Targets and results related to anti-corruption	52–53

Economic value generated and distributed

SEK million	2025	2024	2023	Share, %
Direct economic value generated				
Property income	5,156	5,138	4,859	
Total income	**5,156**	**5,138**	**4,859**	
Economic value distributed				
Employees	308	251	228	6
Interest	1,162	1,177	1,154	23
Dividends	1,249	1,173	1,155	24
Operations	1,392	1,058	998	27
Tax	33	236	109	1
Economic value retained	**1,012**	**1,243**	**1,214**	**20**

Auditor's limited assurance report on Hemsö Fastighets AB's sustainability report

To Hemsö Fastighets AB,
corporate identity number 556779-8169

Conclusion

We have been appointed by the Board of Directors and the Chief Executive Officer of Hemsö Fastighets AB to conduct a limited assurance engagement of the sustainability report of Hemsö Fastighets AB for the financial year 2025. The sustainability report is included on pages 25–53 and 57–59 in this document.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability report is not, in all material respects, prepared in accordance with the sustainability reporting framework issued by GRI (Global Reporting Initiative), that are applicable for Hemsö Fastighets ABs sustainability report, as well as the company's own accounting and calculation principles.

Basis for conclusion

We have conducted the limited assurance engagement in accordance with ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. Our responsibility under this standard is further described in the section Auditor's responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the sustainability report in accordance with the applicable criteria, as described on pages 57–59 of the sustainability report. The applicable criteria consist of the sustainability reporting framework issued by GRI (Global Reporting Initiative) that are applicable for Hemsö Fastighets ABs sustainability report, as well as the company's own accounting and calculation principles. This responsibility also includes such internal control as the Board of Directors and the Chief Executive Officer determine is necessary to enable the preparation of a sustainability report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the sustainability report based on our review. The limited assurance engagement has been conducted in accordance with ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform our procedures to obtain limited assurance that the sustainability report is prepared in accordance with the criteria described in the section Responsibilities of the Board of Directors and the Chief Executive Officer.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of Hemsö Fastighets AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance engagement involves performing procedures to obtain evidence to support the sustainability report. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability report, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Chief Executive Officer prepares the sustainability report, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability report, performing analytical review, and conducting other review procedures. The review procedures primarily include:

- Inquiries and conformations
- Analytical review, including analysis of outcomes for Hemsö Fastighets AB
- Detailed review through sample-based testing of underlying documentation

Stockholm, date according to electronic signature.

KPMG AB

Peter Dahllöf
Authorized Public Accountant

Torbjörn Westman
Specialist Member of FAR

Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in Hemsö Fastighets AB, corporate identity number 556779-8169

Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the financial year 2025, included on pages 25–53, and that it is prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, date according to electronic signature.
KPMG AB

Peter Dahllöf
Authorised Public Accountant

Translation from the Swedish originals.



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Directors' Report

The Board of Directors and Chief Executive Officer of Hemsö Fastighets AB, Corp. Reg. No. 556779-8169 hereby present the 2025 Annual Report for the Group and the Parent Company.

About the operations

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

At 31 December 2025, Hemsö owned 478 properties with a market value of SEK 87 billion. The properties are located in Sweden, Finland and Germany. Tenants are mostly state, municipal and regional operators. In addition, Hemsö also has tenants who are private operators but provide taxpayer-funded services. The Third Swedish National Pension Fund is the majority owner and holds, directly and indirectly, 85 per cent of Hemsö. Hemsö presents some performance measures in the Annual Report that are not defined according to IFRS Accounting Standards. Calculations and definitions of these alternative performance measures (APMs) can be found on pages 118–120. Unless otherwise stated, all amounts in the Annual Report have been rounded to the nearest SEK million, which means that tables and calculations may not always add up.

Income

Rental income amounted to SEK 5,149 million (5,130) in 2025. Completed development projects and indexation increased income, while divested properties and negative currency effects reduced income. Rental income in the comparable portfolio decreased SEK 4 million with exchange rate changes having a negative impact of SEK 27 million on rental income.
At year-end, the economic occupancy rate was 97.9 per cent (97.7) and economic vacancies amounted to SEK 110 million (123). At period-end, contracted annual rent increased to SEK 5,201 million (5,100) before rent reductions. Hemsö's lease agreements typically include a Consumer Price Index (CPI) clause, enabling inflation-related adjustments. The lease duration was unchanged at 9.1 years (9.1). The high credit scores of tenants reduce the risk of credit losses.

Costs

Hemsö's property costs largely comprise operating costs such as maintenance, heating, electricity and water, and the cost of routine and planned maintenance. Property costs amounted to SEK 1,314 million (1,305), up SEK 9 million, mainly due to increased maintenance costs.

In the comparable portfolio, costs increased SEK 32 million, or 3 per cent.

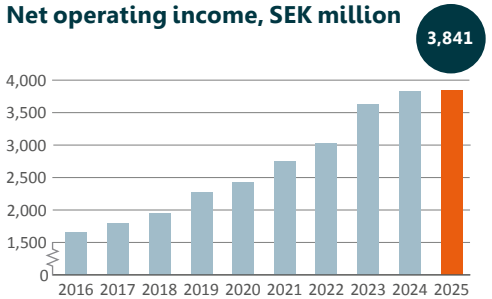
Profit from property management

SEK million	2025	2024	Δ%
Rental income	5,149	5,130	0.4
Other income	7	8	-13.5
Property costs	-1,314	-1,305	0.7
Net operating income	**3,841**	**3,833**	**0.2**
Central administrative expenses	-219	-216	1.5
Profit/loss from participations in joint ventures	150	157	-4.9
Operating profit	**3,772**	**3,775**	**-0.1**
Net interest income/expense	-1,162	-1,177	-1.3
Profit after net interest income	**2,610**	**2,597**	**0.5**
– of which Profit from property management	**2,541**	**2,498**	**1.7**
Operating cash flow	2,524	2,391	5.5
NOI margin	74.5%	74.6%	-0.1
Operating margin	73.2%	73.5%	-0.3

Profit from property management, SEK million



Net operating income, SEK million



Net operating income

Net operating income rose SEK 9 million to SEK 3,841 million (3,833). The increase was mainly attributable to higher property income. The NOI margin decreased slightly to 74.5 per cent (74.6) due to higher maintenance costs. The property yield of the property portfolio, excluding development properties, was 4.7 per cent (4.8).

In the comparable portfolio, net operating income declined SEK 37 million to SEK 3,574 million (3,611). Exchange rate effects had a negative impact of SEK 46 million on net operating income.

Administration

Administrative expenses increased to SEK 219 million (216), primarily due to higher personnel costs and investments in digitisation.

Net interest income/expense

Net interest expense decreased to SEK -1,162 million (-1,177) due to lower market rates. The interest-bearing liabilities decreased to SEK 51,241 million (52,185) and the average interest rate decreased to 2.1 per cent (2.2). The loan maturity was 4.0 years (4.8), and the fixed-rate period was 4.6 years (5.0). Net interest comprised interest expense of SEK -1,065 million (-1,091), other financial expenses of SEK -82 million (-95), interest income of SEK 26 million (50) and ground rent and leasehold properties of SEK -41 million (-41).

Profit from property management

Profit from property management rose 2 per cent to SEK 2,541 million (2,498) mainly due to lower interest expense and increased profit from property management from joint ventures.

Change in value of properties

During the year, changes in the value of investment properties amounted to SEK -685 million (-99), of which unrealised changes amounted to SEK -668 million (-60). This corresponds to a value change of -1 per cent (0). Value change attributable to property management and development projects was SEK -447 million (225), or -0.5 per cent (0.3). Value change related to market factors was SEK -221 million (-286), corresponding to a change of -0.3 per cent (-0.3).

Interest in public properties remains strong, and transaction volumes increased in Sweden, Finland and Germany. Some minor compression of valuation yields could be noted for prime properties in the most attractive locations. However, the German market remains cautious and valuation yields are unchanged compared with a year ago. A growing share of elderly people in the population of all three countries is strengthening the market for nursing homes in particular.

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

Comparable portfolio

	31 Dec 2025	31 Dec 2024	Change
No. of properties	398	398	–
Market value of properties, SEK million	74,831	75,902	-1.4%
Property yield, %	4.7	4.8	-0.1

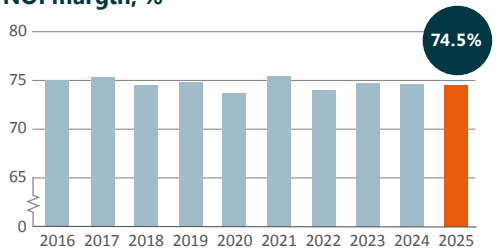
Amounts in SEK million	2025	2024	Change, %
Rental income	4,748	4,752	-0.1
Other income	7	8	-12.2
Operating costs	-751	-744	0.9
Maintenance costs	-328	-311	5.4
Other costs	-102	-94	9.1
Net operating income	**3,574**	**3,611**	**-1.0**

Pertains to properties owned and held for the entire period from 1 January 2024 until 31 December 2025 (excluding 77 development properties).

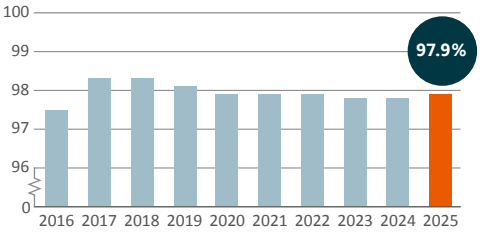
Net operating income per geographic market

	Sweden	Finland	Germany	Total
Property income, SEK million	3,258	1,080	818	5,156
Property costs, SEK million	-873	-269	-173	-1,314
Net operating income, SEK million	**2,386**	**811**	**645**	**3,841**
Key ratios				
Share of NOI, %	62	21	17	100
NOI margin, %	73.2	75.1	78.9	74.5

NOI margin, %



Economic occupancy rate, %



Value change, financial instruments

Changes in the value of financial instruments had an impact of SEK 59 million (-234) on profit. Changes in the value of interest-rate derivatives had an impact of SEK -13 million (45) on profit. Derivatives attributable to currency risk management had an impact of SEK 72 million (-279) on profit.

Tax

Recognised tax for the year amounted to SEK -88 million (-379), of which current tax accounted for SEK 59 million (-142) and deferred tax for SEK -147 million (-237).

Profit/loss for the year

Profit after tax for the year increased to SEK 1,896 million (1,886). The change in earnings was mainly due to positive deferred tax in the German operations offset by a higher negative change in the value of investment properties.

Profitability

Return on equity was 6.2 per cent (6.5).
The total yield amounted to 3.6 per cent (4.4).

Investments

Investments pertain to new development and investments in existing properties. Investments in existing properties usually take place in conjunction with new lettings, with the aim of adapting and modernising the premises and thus increasing the rental value. During the year, SEK 3,521 million (3,490) was invested, of which SEK 2,681 million (2,526) pertained to new construction, extension and re-development, and SEK 840 million (964) to improvements and new lettings.

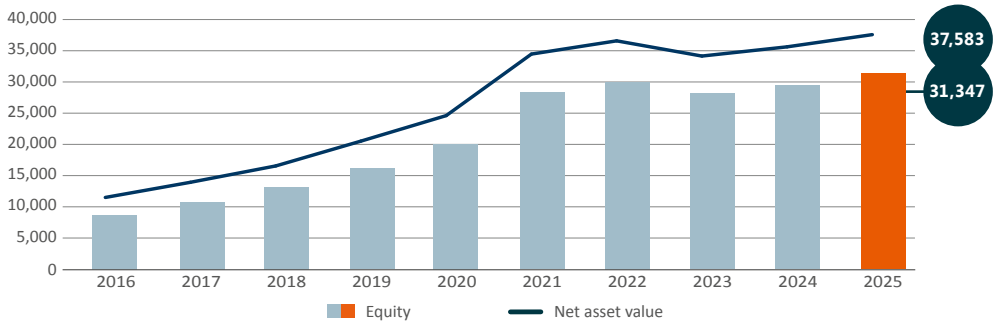
Cash flow

Hemsö's operating cash flow rose 6 per cent to SEK 2,524 million (2,391). 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 2,524 million (2,392). The change in working capital was SEK -347 million (-316). Investing activities had an impact of SEK -4,020 million (-2,631) on cash flow, while borrowings, loan repayments, shareholder contributions received and dividends had an impact of SEK 1,227 million (-184) on cash flow from financing activities. Overall, cash flow for the period totalled SEK -615 million (-738).

Balance sheet

SEK million	2025	2024	2023	2022	2021
Investment properties	87,231	85,973	82,624	84,879	75,737
Right-of-use assets	1,104	1,084	988	932	759
Participations in joint ventures	2,265	1,977	1,636	1,655	1,271
Derivatives	–	–	–	247	161
Other assets	1,563	1,352	2,390	1,209	892
Cash and cash equivalents	256	866	1,593	526	687
Assets	**92,418**	**91,253**	**89,231**	**89,447**	**79,508**
Equity	31,347	29,436	28,156	30,028	28,350
Interest-bearing liabilities	51,241	52,185	50,823	49,567	42,498
Derivatives	723	604	187	–	–
Lease liabilities	1,104	1,084	988	932	759
Deferred tax	6,240	6,197	5,954	6,557	6,082
Other liabilities	1,762	1,746	3,123	2,363	1,819
Equity and liabilities	**92,418**	**91,253**	**89,231**	**89,447**	**79,508**
Payment to shareholders					
Dividend, SEK million	1,249	1,173	1,155	1,072	905
Financial ratios					
Equity, SEK million	31,347	29,436	28,156	30,028	28,350
Equity/assets ratio, %	33.9	32.3	31.6	33.6	35.7
Net asset value, SEK million	37,583	35,626	34,149	36,586	34,466
Adjusted equity/assets ratio, %	40.7	39.0	38.3	40.9	43.3

Development of equity, SEK million



Parent Company

Parent Company sales amounted to SEK 160 million (133) and consisted of fees for services to the subsidiaries. Administrative expenses increased to SEK -287 million (-265), mainly due to higher personnel costs.

Financial items amounted to SEK 1,403 million (567). Financial items include interest income of SEK 1,538 million (1,604), interest expense of SEK -1,223 million (-1,332), profit of SEK 62 million (377) from sales of participations in Group companies, profit/loss of SEK -16 million (211) from participations in Group companies, and exchange rate effects of SEK 1,042 million (-293). The change in value of derivatives amounted to SEK -12 million (-482) and profit for the year totalled SEK 507 million (416).

Employees

At year-end, Hemsö had 176 (175) employees, of whom 83 (81) were women. Of all employees, 143 (144) were employed in Sweden, 17 (17) in Finland and 16 (14) in Germany.

Sustainability performance

The sustainability reporting comprises Hemsö's statutory Sustainability Report pursuant to the Swedish Annual Accounts Act and consists of pages 25–53.

Future trends

Tenant demand remains substantial in all of our market segments, indicating that Hemsö's vacancies are expected to remain low. Hemsö has many new construction projects that will contribute rental income on completion. Rent is adjusted in line with inflation, while the aim is to ensure that operating costs do not rise to the same extent, driven by economies of scale and operational efficiencies, which is expected to result in solid growth in net operating income. Hemsö continues to have good access to banks and capital markets, and the average loan maturity is 4.6 years. 69 per cent of the interest-bearing liabilities are hedged against rising rates and the average fixed-rate period is 4.0 years. This ensures low refinancing risks and stable net interest income.

Statement by the Board of Directors regarding the proposed dividend

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

The total number of shares in the company amounts to 100,001,000. The proposed dividend of SEK 12.699873 per share is based on the accounts for 2025, which will be presented for adoption on 28 April 2026, with consideration for the company's investment and liquidity requirements. After the dividend, the equity/assets ratio would be considered satisfactory in light of the continued profitability of the operations conducted by the Parent Company and the Group. Access to liquidity for both the Parent Company and the Group is expected to remain favourable. The Board's view is that the proposed dividend will not prevent the company, or any other Group companies, from meeting their short-term or long-term obligations, or from completing any necessary investments.

The proposed dividend can thereby be justified by reference to the provisions of the Swedish Companies Act, Chapter 17, Section 3, items 2–3 (the prudence concept).

Dividend Policy

According to Hemsö's Dividend Policy, dividends should amount to half of profit from property management. When determining the dividend proposal, the Board accounts for such factors as the company's investment plans, consolidation needs and financial position in general.

Proposed appropriation of profits

Unappropriated earnings available for distribution by the Annual General Meeting, SEK:	
Retained earnings	4,385,279,705
Share premium reserve	1,000,000,000
Profit for the year	507,233,045
Total	**5,892,512,750**

The Board proposes that the profits be appropriated as follows, SEK:	
To shareholders	1,270,000,000
To be carried forward:	
Share premium reserve	1,000,000,000
Retained earnings	3,622,512,750
Total	**5,892,512,750**

Project

Ongoing development projects

Hemsö has many ongoing development projects, particularly new schools and nursing homes. Hemsö's ongoing development projects exceeding SEK 100 million comprise a total investment of SEK 5,643 million, of which the remaining investment amount is SEK 2,528 million. These are expected to generate annual rental income of SEK 329 million. The total volume of ongoing new construction and re-development projects amounted to SEK 6,168 million, of which the remaining investment amount was SEK 2,942 million.

During the year, 15 major development projects were completed with a total investment of SEK 2,637 million. These generate annual rental income of SEK 218 million and have a 16-year lease duration.



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

Project	Municipality	Category	Lease duration, years	Area, sqm	Total investment, SEK million	Remaining investment, SEK million	Occupancy rate, %	Completion, year
Police station	Borlänge	Justice system	15	18,800	896	345	100	2026
Virket	Malmö	Health care	11	11,200	565	458	66	2027
Herkules hotel & town hall	Trelleborg	Other	20	10,300	553	73	100	2026
Rangsdorf School	Rangsdorf	Education	20	7,900	472	173	100	2026
Novum [1) 2)]	Huddinge	Health care	n/a	39,400	437	12	n/a	2026
Sätra ice arena	Stockholm	Education	25	10,500	387	356	100	2027
Pohjois-Pasila School	Helsinki	Education	20	7,200	369	294	100	2027
District court	Vänersborg	Justice system	15	7,000	352	154	100	2027
Ängegärde	Kungälv	Nursing home	15	8,400	302	11	100	2026
Stauderstrasse	Essen	Nursing home	20	5,900	224	7	100	2026
Selleberga	Bjuv	Nursing home	20	6,100	214	179	100	2026
Lund International School	Lund	Education	20	5,100	211	131	100	2027
Hjorten	Trelleborg	Nursing home	20	5,140	178	164	100	2027
Vallila elementary school [1)]	Helsinki	Education	20	2,800	173	64	100	2027
S-huset [1)]	Västerås	Education	10	6,000	168	86	100	2026
Byrådirektören [1) 2)]	Malmö	Nursing home	n/a	6,200	142	19	100	2026
Total				**157,940**	**5,643**	**2,528**		

[1)] Re-development.

[2)] Investment in maintenance, modernisation and energy optimisation of the property.

Public-sector tenant Private-sector tenant


Ektorp school and sports hall in Nacka


Upper-secondary school specialising in the arts in central Helsinki

Major completed development projects, 2025

Project	Municipality	Category	Lease duration, years	Area, sqm	Investment, SEK million	Occupancy rate [1], %
Tempelriddarorden	Stockholm	Nursing home	15	5,800	278	100
Körsbärsdalen preschool	Helsinki	Education	25	2,100	123	100
Sjöstöveln phase 1	Stockholm	Health care	7	3,000	61	100
Ektorp School	Nacka	Education	25	10,300	390	100
Brandvakten	Halmstad	Nursing home	15	4,200	48	100
Capella	Gothenburg	Education	10	10,200	313	100
Stenkumla	Västerås	Nursing homes	25	4,700	197	100
Siltavuorenpenger	Helsinki	Education	15	7,100	186	100
Sarvträsk	Nacka	Nursing homes	15	4,800	162	100
Rotviksbro	Uddevalla	Nursing homes	20	2,000	87	100
Finntorp	Nacka	Education	15	3,600	78	100
Campus Tensta	Stockholm	Education	10	16,800	314	50
Tallbacken, building 25	Turku	Health care	20	3,500	152	100
Turku International School	Turku	Education	20	6,500	125	100
Vallgraven Arenaområdet	Ystad	Health care	10	3,000	124	63
Total			**16**	**87,600**	**2,637**	

[1] Occupancy rate on completion.

Public-sector tenant Private-sector tenant

Completed place availability

Year	Number of development projects	Place availability schools	Place availability universities	Place availability nursing homes
2020	7	520	–	258
2021	14	3,710	–	192
2022	31	7,140	–	700
2023	22	2,830	180	676
2024	12	4,700	–	82
2025	16	2,860	–	217
Since start [1]	**148**	**29,310**	**7,130**	**3,109**

[1] No. of beds/places that Hemsö has added through completed development projects from 2009 until 31 December 2025.

Financing

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

Debt management

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

Good access to capital

In 2025, global financial markets made a clear recovery following the broad-based decline at the beginning of the year. Equity and credit markets performed strongly during the year, with both the US S&P 500 index and the Swedish OMXS30 rising by the equivalent of 16 per cent. Demand for credit remained strong in the latter part of the year, in line with the positive performance of the stock markets.

In the autumn, credit margins remained at historically low levels, with fund inflows and issue volumes reaching record-high levels. The risk premium to which the property sector in the European bond market was subject in previous years has gradually eased and the market's view of property companies has normalised. The financing climate was generally favourable during the year, both in international and Swedish markets.

There was a stabilisation of the interest rate market during the year as inflation was deemed to be under control. In December, Sweden's Riksbank left the policy rate unchanged at 1.75 per cent, a level that is believed to support the Swedish economy in a climate of subdued growth.

In 2025, Hemsö's access to financing remained favourable and the company could benefit from the improved market climate. Hemsö has been able to act selectively and adopt a long-term approach to the capital market, focusing on risk diversification, competitive terms and a well-balanced maturity structure, thereby creating stable conditions for the company's continued investments in public properties.

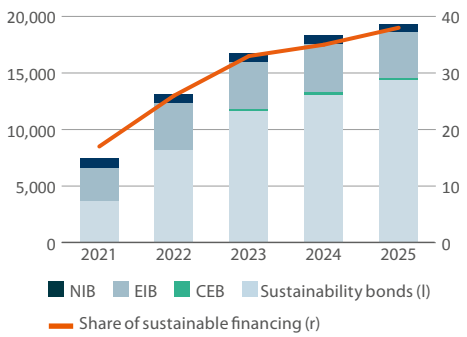
Higher proportion of sustainable finance

Sustainable finance is becoming an increasingly important element of Hemsö's overall borrowing and is growing year by year. In 2025, green bonds accounted for 93 per cent of all bonds issued; SEK 4,550 million of a total of SEK 4,886 million was issued under the sustainability bond framework. In addition, Hemsö raised a loan of SEK 700 million via the Nordic Investment Bank. The total amount of Hemsö's outstanding sustainable finance is SEK 19,315 million (18,341). After the close of the period in January 2026, Hemsö entered into a credit facility of EUR 200 million with the European Investment Bank and SEK 700 million with the Nordic Investment Bank.

Capital structure

SEK million	2025	2024
Interest-bearing liabilities	51,241	52,185
Cash and cash equivalents	256	866
Net debt	**50,986**	**51,319**
Market value of properties	87,231	85,973
Investments in joint ventures	2,325	1,981
Property assets	**89,556**	**87,954**
Loan-to-value ratio, %	56.9	58.3
Share of secured debt, %	1	1

Sustainable finance



Capital structure

Available liquidity
SEK 15.3 billion

Debt-coverage ratio
130%

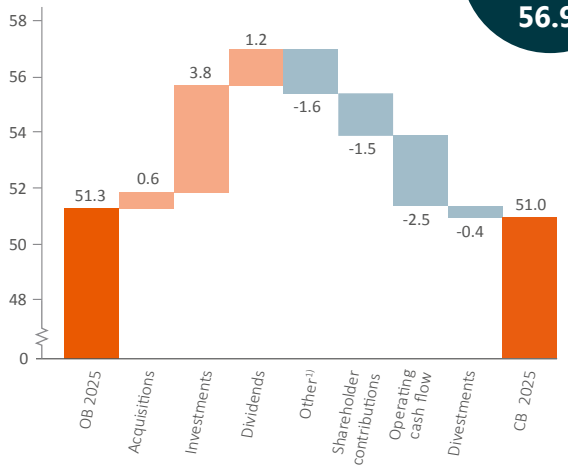
Interest-bearing debt
SEK 51.2 billion

Committed credit facilities and underwriting commitments

SEK million	2025	2024
Banks	9,082	7,500
Third Swedish National Pension Fund	6,000	6,000
Total	**15,082**	**13,500**
Cash and cash equivalents	256	866
Available liquidity	**15,338**	**14,366**
Short-term borrowings	11,805	9,166
Debt-coverage ratio, %	130	157

Change in net debt, SEK billion

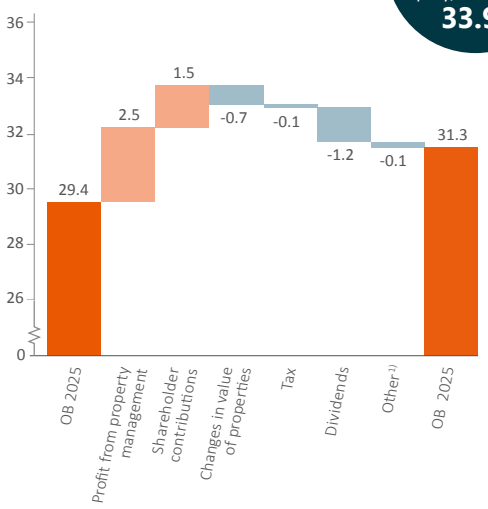
Net debt **SEK 51.0 billion**
Loan-to-value ratio **56.9%**



1) Exchange differences, capital gain, and changes in working capital.

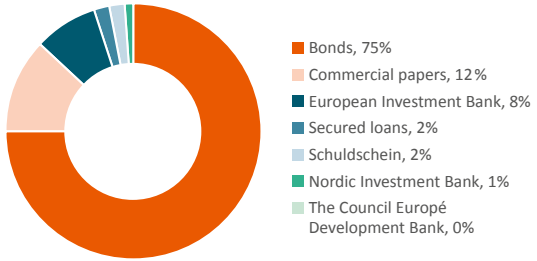
Change in equity, SEK billion

Equity **SEK 31.3 billion**
Equity/assets ratio **33.9%**

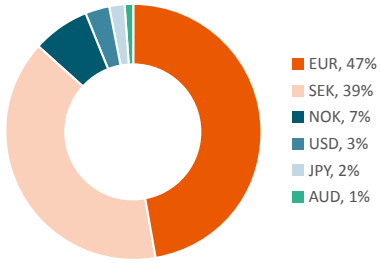


1) Translation reserve, minority share, adjustment of joint ventures and derivatives.

Sources of funding



Bonds



Hemsö's credit ratings

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

Capital structure

At year-end, the value of the property portfolio amounted to SEK 87,231 million (85,973). Hemsö financed its operations with equity of SEK 31,347 million (29,436), interest-bearing liabilities of SEK 51,241 million (52,185), deferred tax liabilities of SEK 6,240 million (6,197), interest-bearing liabilities right-of-use assets (lease liabilities) of SEK 1,104 million (1,084) and other liabilities of SEK 2,486 million (2,350). The interest-bearing liabilities comprised uncovered bonds of SEK 38,506 million (39,205), Schuldschein of SEK 811 million (861), commercial papers of SEK 5,944 million (5,831), unsecured loans of SEK 4,981 million (5,288) from CEB, EIB and NIB, and secured bank loans of SEK 1,000 million (1,000). At year-end, Hemsö's loan-to-value ratio was 56.9 per cent (58.3).

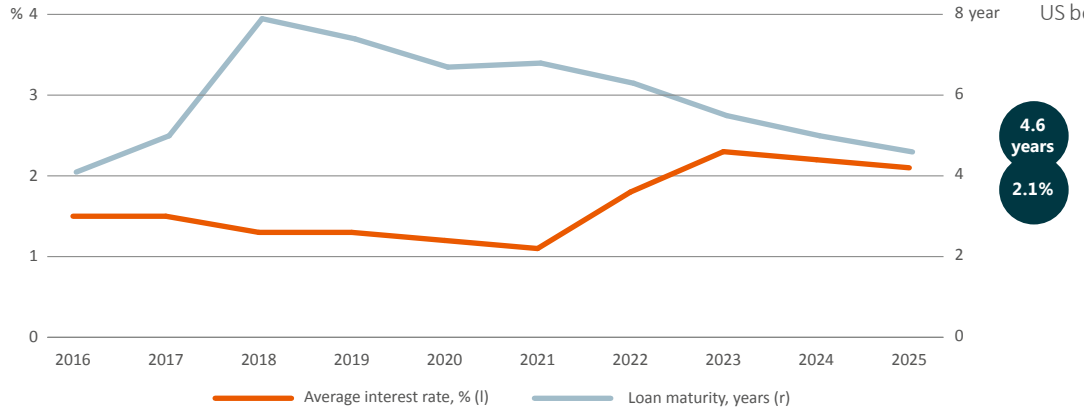
Diversified funding sources

Hemsö is an established issuer in the Swedish and European bond markets. At year-end, Hemsö had outstanding bonds of SEK 15,085 million (14,326) in the Swedish capital market, making the company one of the largest corporate bond issuers in Sweden. Hemsö has been issuing bonds in the European market since September 2016 and at year-end, the total issuance of outstanding EUR-denominated bonds corresponded to SEK 18,276 million (19,163), making Hemsö an established name among European investors. To further diversify its funding, Hemsö issued bonds in Asian markets and raised borrowings in the German Schuldschein market. In addition to SEK and EUR, Hemsö has also issued bonds in AUD, NOK, JPY and USD and at year-end, had the equivalent of SEK 308 million (343) in Australian bonds, SEK 2,848 million (3,006) in Norwegian bonds, SEK 885 million (1,047) in Japanese bonds and SEK 1,104 million (1,320) in US bonds.

Hemsö's credit rating

Credit rating agency	Long-term	Short-term	Outlook	Date
Fitch Ratings	AA-	F1+	Stable	19 Mar 2025
Moody's	A3	n/a	Stable	4 Feb 2025
Standard & Poor's	A-	A-2	Stable	10 Sep 2025

Average interest rate and loan maturity



Rating A-/AA-/A3

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

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

Fitch Ratings

MOODY'S RATINGS

S&P Global Ratings

Focus on stable cash flows

Hemsö works pro-actively to secure stable and predictable cash flows for the company. Through access to European capital markets and a well-planned borrowing strategy, the company had both a long fixed-rate period and a long-term loan maturity. At year-end, the fixed-rate period was 4.0 years (4.8), and loan maturity 4.6 years (5.0). At year-end, Hemsö's average interest rate was 2.1 per cent (2.2).

Interest-bearing liabilities

At year-end, Hemsö had interest-bearing liabilities of SEK 51,241 million (52,185), representing a loan-to-value ratio of 56.9 per cent (58.3). Of Hemsö's interest-bearing liabilities, SEK 40,688 million (43,533) carries fixed rates and SEK 10,553 million (8,653) variable rates. Of Hemsö's debt, 69 per cent had a fixed-rate period of more than one year.

Bonds

Hemsö has an EMTN programme with a ceiling of EUR 6,000 million. In 2025, Hemsö's bond issuance amounted to SEK 4,886 million in total. At 31 December 2025, the bond volume amounted to SEK 38,506 million (39,205), of which SEK 14,334 million (13,053) comprised 24 sustainability bonds. The EMTN bonds are traded on Euronext Dublin.

Commercial papers

Hemsö has a commercial paper programme with a ceiling of SEK 12,000 million. At 31 December 2025, Hemsö had SEK 5,944 million (5,831) in commercial papers outstanding. To reduce the company's liquidity and refinancing risk, Hemsö has committed credit facilities. Committed credit facilities can be drawn to refinance bonds, commercial papers or other debts due, and can also be used to finance operations. At 31 December 2025, Hemsö's undrawn committed credit facilities totalled SEK 15,082 million (13,500), comprising an underwriting commitment of SEK 6,000 million (6,000) from the Third Swedish National Pension Fund and committed credit facilities of SEK 9,082 million (7,500) from banks. At year-end, cash and cash equivalents amounted to SEK 256 million (866), bringing available liquidity to SEK 15,338 million (14,366).

Interest-rate derivatives and foreign exchange swaps

Hemsö uses interest-rate derivatives and foreign exchange and cross currency swaps to manage interest rate and currency risk. Interest-rate derivatives are used to manage the length of the fixed-rate period and thereby adjust the interest-rate risk to the desired level. Foreign exchange and cross currency swaps are used to manage and reduce the currency risk. At year-end, the deficit value of Hemsö's derivatives portfolio was SEK 723 million (604). The nominal value of interest-rate derivatives was SEK 6,175 million (6,975) at year-end. The value of cross currency swaps corresponded to SEK 6,834 million (8,122).

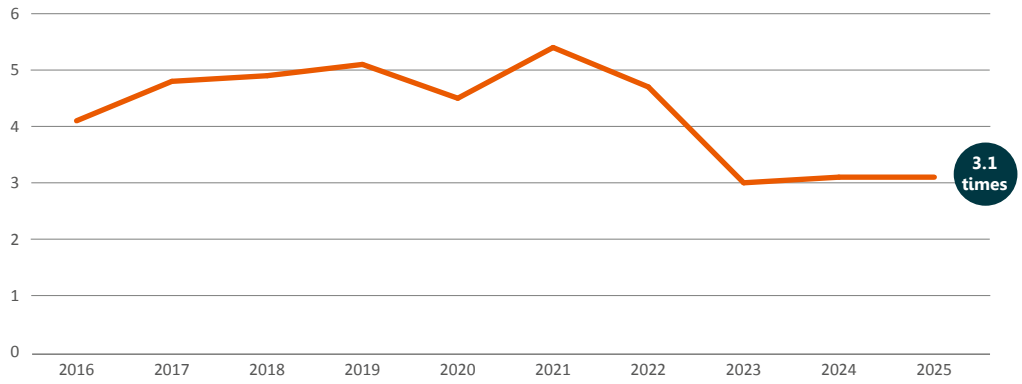
Interest-coverage ratio

3.1 times

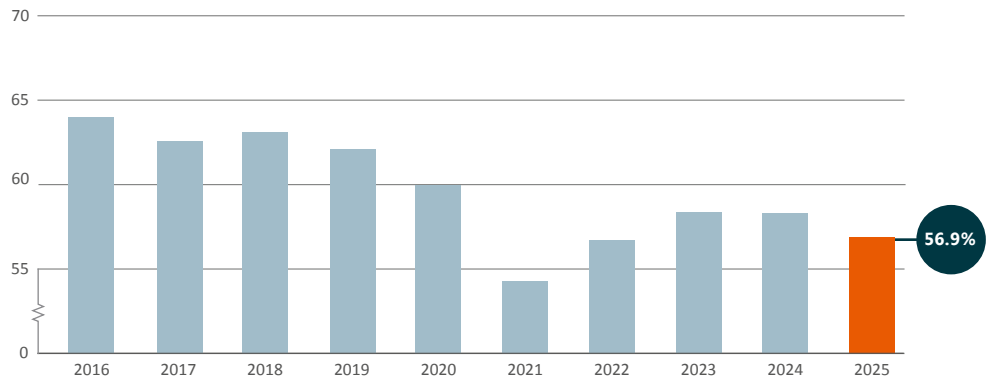
Average interest rate

2.1 %

Interest-coverage ratio, times



Loan-to-value ratio, %



Changes in value

Changes in the value of financial instruments had an impact of SEK 59 million (-234) on profit. Changes in the value of interest-rate derivatives had an impact of SEK-13 million (45) on profit. Derivatives attributable to currency risk management had an impact of SEK 72 million (-279) on profit.

Currency exposure

Exposure in currency is defined as the difference between the value of the company's assets in EUR (property value and cash and cash equivalents) and liabilities in the same currency. To minimise currency risk, Hemsö's assets in EUR will largely be financed with liabilities in EUR. Hemsö can also use foreign exchange and cross currency swaps to manage the currency exposure. At 31 December 2025, currency exposure, defined as property assets and cash and cash equivalents including currency hedges less interest-bearing liabilities, amounted to EUR 349 million, corresponding to 12 per cent of the Group's EUR assets, or 12 per cent of equity.

Currency exposure

SEK million	31 Dec 2025	31 Dec 2024
Properties, EUR	30,127	30,194
Joint ventures, EUR	1,869	1,556
Cash and cash equivalents, EUR	-14	101
Assets, EUR	**31,982**	**31,852**
Debt, EUR	22,438	23,582
Currency swaps, EUR	5,773	6,877
Exposure, EUR	**3,772**	**1,392**
Debt, NOK, USD, JPY, SEK and AUD	6,834	8,122
Currency swaps, NOK, USD, JPY, SEK and AUD	-6,834	-8,122
Exposure, NOK, USD, JPY, SEK and AUD	**0**	**0**
Currency hedging	–	–
Currency exposure	**3,772**	**1,392**
Equity	31,347	29,436
Currency exposure, % (max. 35%)	**12%**	**5%**
Currency exposure EUR assets, % (5–30%)	**12%**	**4%**

Interest-rate derivatives at 31 Dec 2025

Extendable Start	Due	Volume, SEK million	Pay	Receive	MV SEK million
12 May 2023	12 May 2028	375	3.0%	STIBOR	-6.4
19 May 2023	19 May 2028	500	2.9%	STIBOR	-7.8
12 Dec 2023	12 Dec 2029	500	2.7%	STIBOR	-4.3
18 Dec 2023	18 Dec 2029	500	2.4%	STIBOR	-0.5
27 Dec 2023	27 Dec 2030	500	2.3%	STIBOR	5.5
12 Mar 2024	12 Mar 2031	500	2.5%	STIBOR	0.2
7 Jun 2024	9 Jun 2032	500	2.7%	STIBOR	-0.9
20 Jun 2024	21 Jun 2032	500	2.6%	STIBOR	2.1
7 Aug 2024	7 Aug 2028	500	2.1%	STIBOR	1.6
7 Aug 2024	7 Aug 2029	500	2.1%	STIBOR	4.7
23 Aug 2024	23 Aug 2027	300	2.2%	STIBOR	-0.4
11 Sep 2024	11 Sep 2028	500	2.1%	STIBOR	2.8
13 Sep 2024	13 Sep 2029	500	2.0%	STIBOR	7.7
Total		**6,175**	**2.4%**		**4.2**



Kiel – Pickerstrasse 36, nursing home in Germany.

Financial Policy

Hemsö's Financial Policy is decided annually by the Board and provides frameworks for financing activities. The Policy describes the company's approach to financial risk management by regulating the distribution of responsibilities and risk management mandates, and establishing reporting, monitoring and control principles. The overall objective is to secure a stable, long-term and cost-efficient capital structure within the risk management mandates.

Summary of Financial Policy

Financing risk	Policy	Outcome
Loan-to-value ratio	Max. 60%	56.9%
Net debt/EBITDA	Max. 15 times	14.0 times
Loan maturity	At least 3 years	4.6 years
Loan maturity structure	Max. 25% < 1 year, thereafter maximum 20% per year	Fulfilled
Debt-coverage ratio	At least 125%	130%
Share of secured debt	Max. 20%	1%
Interest-rate risk		
Interest-coverage ratio	At least 2.5 times (rolling 12-month period)	3.1 times
Fixed-rate period	Average fixed-rate period, 3–8 years	4.0 years
Fixed-rate maturity	Max. 35% < 1 year, thereafter max. 20% per year	Fulfilled
Counterparty risk		
Financial instruments	Bank with a minimum credit rating of A- (S&P)	Fulfilled
Currency risk		
Currency exposure relative to equity	Max. 35%	12%
Currency exposure relative to assets in EUR	5–30%	12%

Loan maturity **4.6 years**

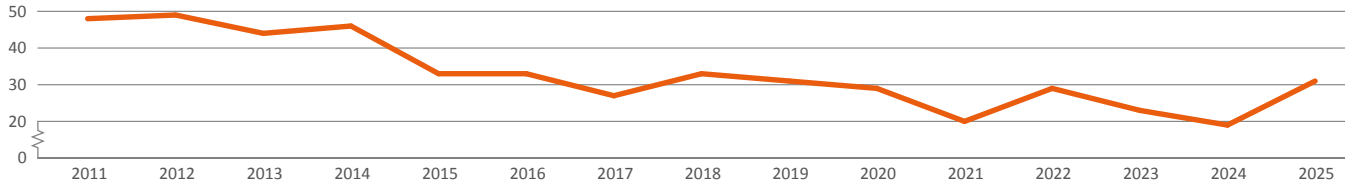
Fixed-rate period **4.0 years**

Share of secured debt **1%**

Loan maturity and fixed-rate period

	Loan maturity			Fixed-rate period	
Maturity year	Credit agreements, SEK million	Drawn, SEK million	Share, %	SEK million	Share, %
2026	5,862	5,862	11	15,871	31
2027	17,152	4,571	9	1,900	4
2028	8,941	8,941	17	9,150	18
2029	7,551	6,551	13	6,398	12
2030	7,027	5,527	11	4,575	9
2031	2,523	2,523	5	1,724	3
2032	1,474	1,474	3	2,474	5
2033	1,974	1,974	4	1,974	4
2034	1,082	1,082	2	1,082	2
2035	2,134	2,134	4	1,434	3
2036	–	–	0	–	0
2037	1,023	1,023	2	1,023	2
2038	954	954	2	954	2
2039	1,407	1,407	3	1,407	3
2040-	1,274	1,274	2	1,274	2
Total	**60,379**	**45,298**	**88**	**51,241**	**100**
Commercial papers		5,944	12		
Total		**51,241**	**100**		

Short-term interest rates, %



Risk management

Hemsö is exposed to various risks that may affect the company's operations, costs and results. Risks and opportunities are continuously identified and managed within the operations. The Board is ultimately responsible for the company's risk management.

Hemsö defines risk as a conceivable event that could affect the company's achievement of its targets. Risks and uncertainties do not necessarily have a negative impact. They may also have the potential to become a business opportunity.

In recent years, Hemsö has invested in the digitisation of its properties. While the resulting technical solutions offer significant potential to streamline operations, reduce energy consumption and enhance security and service, they also entail certain risks. Greater connectivity makes properties more vulnerable to cyber attacks and privacy breaches. There is also a risk that the technology will be complex to operate, requiring specific skills, security procedures and a clear division of responsibilities.

Hemsö takes a balanced approach, combining innovation with robust IT security and a clear focus on the needs of people.
We have a structured IT security process that involves continuous business intelligence monitoring, review of security risks and active security initiatives. Hemsö has also analysed its business-critical IT environments and prepared continuity plans for all crucial systems. Backup and recovery processes are tested regularly and efforts to secure property IT systems include having a separate network, monitoring and well-defined policies.

We are conscious of the high demands digital work methods place on employees, as they are often the weakest link in conjunction with various types of attacks. Accordingly, all IT users at Hemsö undergo regular training, micro-learning and simulated phishing tests to increase risk awareness and knowledge.

Strategic risks



Change in value of properties

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

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

Management
Hemsö's portfolio of public properties with stable cash flows is mainly concentrated to geographic markets characterised by population growth, economic growth and high liquidity in the transaction market. Hemsö's Board has adopted a Valuation Policy that governs Hemsö's valuation process. The property portfolio has a wide geographical spread in three countries, which balances the risk profile.

Hemsö performs continuous market analyses and assessments of the property portfolio's value. The market value of all properties is determined each quarter using external valuations and/or Hemsö's internal calculation model.

Opportunity
An active approach to valuation reduces the risk of miscalculations and increases the potential for value growth of our properties. The value of properties may be increased through proactive work in such areas as performance improvements and climate change mitigation.

Strategic risks, cont.



Income and vacancy risk

Risk
Risk factors for Hemsö's rental income and vacancy rate include cyclical fluctuations and the market's need for public properties which, in turn, depends on the demographic trend.

Management
Most of Hemsö's tenants conduct operations that are directly or indirectly publicly funded, have long-term lease agreements and high creditworthiness. Income-loss risk and vacancies are therefore considered low. The risk of bad debt loss is limited because Hemsö always performs credit assessments before signing new lease agreements, and continuously monitors the creditworthiness of its tenants. 62 per cent of Hemsö's tenants are state, municipalities and regions with high creditworthiness, which also limits the risk. The occupancy rate has been high and stable over time.

In 2025, the occupancy rate was 97.9 per cent. Hemsö's target is an average remaining lease duration of at least seven years. In 2025, the lease duration was 9.1 years.

Opportunity
Hemsö's extensive experience of supplying public properties to customer categories in or on behalf of the public sector offers high potential to combine long-term leases and planning. This provides predictability and security for both Hemsö and its tenants.



Political and macroeconomic risk

Risk
Macroeconomic risks are risks related to overall economic demand, inflation and a general lack of access to financing. Political risk is risk associated with changed conditions due to policy decisions that affect Hemsö.

Management
Hemsö performs ongoing macroeconomic monitoring and analysis to update the risk register. Hemsö also maintains ongoing dialogue with shareholders and other stakeholders. Macroeconomic factors, credit markets and Hemsö's other markets, as well as transactions, are regularly monitored by Hemsö's business council and finance council.

Opportunity
Hemsö is able to respond more rapidly to changes that require action by continuously monitoring and analysing the external environment. Close dialogue with owners and stakeholders improves access to capital, even in times of macroeconomic turbulence.



Composition of the property portfolio

Risk
When acquiring existing properties or land on which Hemsö intends to construct new buildings (through development projects), there is a risk that the property is situated in a sub-market, city or location that may be unfavourable in relation to future growth and the need for premises. There is also a risk that Hemsö holds obsolete properties, meaning properties that do not meet technical standards, or customer requirements and expectations.

Management
Through our extensive experience and footprint in three markets, Hemsö develops skills and expertise in order to provide its tenants with cost-efficient and purpose-built premises. Hemsö works continuously with macroanalyses and analyses of its sub-markets' conditions, including demographic trends, the rental market and so forth. Hemsö regularly reviews the portfolio and its exposure in various sub-markets and segments. Through its own local property management organisation, Hemsö also maintains good contact and dialogue with stakeholders, including municipalities, and ongoing dialogue with customers to achieve a better understanding of their current and future needs.

Opportunity
Being one of the largest owners of public properties provides us with a platform for engaging in broad and constructive dialogue with municipalities and regions in our markets. Demand for public properties is directly linked to the demographic trend, where the proportion of people aged 80 and over is setting the tone. Given Hemsö's segments, including our niche segments, we can be a long-term property partner to the public sector, and meet most of its premises requirements. This enables proactive risk management in terms of the composition of the property portfolio.

Operational risks



Property costs

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

Management
Hemsö works intentionally to reduce property costs by maintaining an efficient organisation with specialised expertise, a structured purchasing process and procurements in order to limit costs and seek economies of scale wherever possible. Hemsö works continuously to reduce its energy use by conducting energy projects and operational optimisation. Hemsö hedges most of the electricity consumed. In most cases, tenants are charged for costs related to electricity and heating. Unforeseen damage and repairs could have a negative impact on earnings and are prevented through proactive and long-term maintenance.

Opportunity
A structured approach to purchasing and procurement processes enables Hemsö to be cost-efficient, freeing up capital that can be used for new investments or development projects. Digitisation of property management gives us a better overview of costs and enables us to be proactive. Energy optimisation and other targeted projects have the potential to increase the market value of properties while reducing costs, thereby strengthening earnings and the attractiveness of properties.



Liability risk

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

Management
The risks are limited by Hemsö complying with all regulatory requirements and having full value insurance for all properties. Hemsö is also covered by property damage liability insurance. Furthermore, Hemsö reduces this risk by performing self-assessments and working preventively to reduce the risk of injuries, and by specifying requirements in supplier contracts. Prior to acquisitions, and within the due diligence framework, an environmental inventory is carried out to identify any interior or exterior environmental liabilities and rectify environmental risks if necessary, and a technical investigation is carried out to identify any maintenance liabilities. The risk of human rights violations in the supply chain is prevented through central governing documents such as Hemsö's purchasing process and by specifying supplier requirements through, for example, Hemsö's Code of Conduct for Suppliers.

Opportunity
By taking a preventive approach that involves inspections and maintenance, Hemsö can reduce costs for damage while also creating value by extending the service life and raising the standards of its properties. Hemsö can establish a supply chain that strengthens the company's sustainability profile and reduces the risk of negative events by clearly specifying requirements in supplier agreements and in its Code of Conduct for Suppliers.



Crises

Risk
Risks may include external events such as terrorist and cyber attacks, extreme weather events, pandemics, environmental disasters and serious accidents, information leaks, negative branding and business disruptions. Crises can also arise internally, such as non-compliance with procurement directives, bribery and embezzlement, unethical conduct and leaks of inside information. Outages or errors in critical systems can have a negative impact on Hemsö, primarily in relation to business continuity and financial reporting.

Management
Hemsö works actively with crisis prevention. Hemsö has an established crisis organisation, guidelines for crisis management and an IT continuity plan. Hemsö also works continuously to improve internal processes and procedures to prevent crises from arising, and to reduce any damage that may arise. Furthermore, Hemsö conducts annual crisis simulations involving the entire organisation.

Opportunity
Hemsö's preventive efforts increase the likelihood that crises will not occur or that they will be addressed before reaching crisis level, which is positive for tenants, the company, employees and the brand.

Operational risks, cont.



Tax

Risk
Changes in the rules for corporate tax, property tax and VAT could have either a positive or negative effect on Hemsö's earnings. Legislation and regulations have also become more complex with enhanced disclosure requirements. One risk is that Hemsö does not comply with current tax legislation or incorrectly interprets applicable rules.

Management
To ensure that Hemsö manages tax in accordance with applicable laws and regulations, Hemsö has effective procedures for internal control. Correct management is ensured through both internal and external quality assurance, established procedures and regular training for employees. Hemsö's Board has adopted a Tax Policy for Hemsö's tax management. Hemsö maintains a commercial approach to tax expense, but also applies the prudence concept in line with our core values of acting sustainably and reliably. Hemsö continually monitors proposed legal and regulatory changes in order to respond early, establish procedures and thereby adapt the operations.

Opportunity
Well-developed procedures and controls enable Hemsö to stay one step ahead in terms of understanding, interpreting and applying new regulations, thereby strengthening the company's adaptability and reducing the risk of errors. Hemsö can also demonstrate to investors and tenants that the company is a secure and reliable operator, which can strengthen customer relationships and access to capital.



Project risk

Risk
Project prerequisites may be subject to several types of risks in conjunction with new construction, extension and re-development. Zoning plan processes can be protracted, leading to delays and higher costs. The conditions for project implementation or returns may be impacted by new policy decisions, regulations or changes in financing terms. Higher costs for materials and delivery that cannot be matched by corresponding increases in income may adversely impact the project's finances. External organisations responsible for project implementation also present a risk in the form of construction contractors or other partners that do not meet agreed quality, time and cost requirements.

Management
Hemsö limits these risks by investing in development projects in markets with favourable demand and where the company has solid local knowledge. Close dialogue with municipalities and authorities throughout the process is used to mitigate planning and political risks. Risks related to costs are managed by conducting careful cost calculations and by continuously monitoring project finances. The risk is also limited by using turnkey contracts for most development projects and, in general, by not starting construction until the property is fully let. Hemsö also uses standardised internal processes, clear monitoring procedures and a high level of internal development project expertise to ensure project quality.

Opportunity
Established processes, a high level of expertise and close cooperation between internal and external stakeholders ensure that risks are managed effectively and that best practices can be replicated in new development projects. Focusing on high-growth regions and stable tenants creates the conditions for long-term value growth and reduced market risk.



Property acquisitions

Risk
Risks associated with acquisitions mainly comprise misjudgements of market yield requirements, rental levels, vacancies, the ability of tenants to pay, the acquired company's obligations, environmental conditions and technical liability.

Management
Acquisition risk is reduced by quality-assured and standardised internal processes and tools. Hemsö always performs a required due diligence and analysis of the micro-market (such as the geographical location), economics, agreements and the property's technical conditions and appropriateness with the assistance of internal and external specialists. All acquisitions are carried out with the intention of long-term ownership and management. Completed acquisitions are followed up internally.

Opportunity
By conducting in-depth analyses, Hemsö can identify potential in properties that other operators may not see. This can provide an opportunity for creating value through, for example, refurbishments, energy efficiency measures or social development projects that support societal development and a good balance in Hemsö's property portfolio.

Operational risks, cont.



Environment and climate

Risk
Environmental and climate-related risks refer to the company's impact on the environment and society, and the risks that climate change poses for the company. Environmental impacts occur from both construction and the daily operation of properties. Changed legislation, regulatory requirements and growing customer demands can entail a risk of higher cost and financial losses. Climate change entails transition risks, political and regulatory risks, and physical risks such as rising sea levels and increased precipitation.

Management
By certifying our newly constructed buildings and evaluating materials, Hemsö strives to achieve a good indoor environment, energy efficiencies and use of renewable energy, sustainable material choices and safe handling of chemicals and waste in our properties. Our climate risks are assessed annually to minimise our impact and to prepare for the effects of climate change. The focus for sustainability initiatives is determined in agreement with stakeholders and is reviewed annually to capture any changes in needs or requirements. These efforts are followed-up and communicated to stakeholders in the annual sustainability report. Management is based on a Sustainability Policy and Sustainability Guidelines.

Opportunity
Energy optimisation, environmental certifications and renewable energy initiatives reduce operating costs and increase the value of properties. A clear approach to counteracting climate change also increases access to green capital and makes Hemsö's properties more attractive to public-sector tenants with their own sustainability targets. Hemsö strengthens its competitiveness and long-term returns by offering future-proof and climate-smart premises.



Employees

Risk
Employee risk mainly relates to Hemsö's inability to meet its own needs for competence, and the risks associated with employee health. If we are unable to attract qualified employees, or if key people leave Hemsö, this could have a negative impact on the operations. Risks related to employee health include the risk of occupational injury and problems associated with sick leave which, in addition to the problems these cause for individuals, may also cause problems related to the handling of work tasks and continuity.

Management
Hemsö works with competence development and health. We are a reliable employer and strive for an open work environment based on our values. Hemsö's systematic OHS management has targets that are reviewed annually by the HR department and by Hemsö's Health and Safety Committee, which includes work environment representatives from all regions. We work preventively with employee wellness, which includes regular health checks and wellness activities for all employees. Analysis of health and illness metrics and annual employee satisfaction surveys are used to monitor the results, and one metric is the Net Promoter Score (NPS). We work continuously to maintain a pipeline of talented employees through internal and external training programmes. Succession planning is in place for key people and senior positions. Hemsö's internal Code of Conduct contains a number of principles that describe how we are expected to act in our professional roles. We are to act in an ethical, non-discriminatory and professional manner and treat everyone with respect.

Opportunity
By investing in training, leadership programmes and succession planning, Hemsö can position itself as an employer that offers long-term development prospects. Hemsö works continuously to develop its onboarding and offboarding procedures, thereby strengthening its brand in the labour market and facilitating skills provision. Hemsö promotes healthier employees through preventive health initiatives and regular health checks, which mitigates risks, enhances efficiency and job satisfaction and improves financial results.

Changed regulations and regulatory compliance as well as the supply chain



Changed regulations

Risk
Most of our tenants conduct taxpayer-funded operations on behalf of the state, a municipality or a region. Tenant activities are largely dependent on state policy and regulatory requirements in regard to premises, property ownership and rental levels. New legislation, ordinances and regulations could have an adverse effect on Hemsö's operations and financial results.

Management
Hemsö monitors proposals for new legislation, ordinances and regulations to enable it to respond and adapt operations in a timely manner. We participate actively in matters of public debate that affect us and submit consultation responses to proposed legislative changes.

Opportunity
Hemsö is an active participant in the public debate and submits consultation responses aimed at promoting regulations that favour long-term and sustainable investments in public properties. By monitoring and analysing legislative changes, Hemsö can ensure that its operations comply with new requirements and remain at the forefront of responsible property management and development.



Human rights, regulatory compliance as well as fraud and corruption

Risk
Non-compliance with human rights, laws and regulations, as well as the occurrence of fraud and corruption within the company or its supply chain, could result in legal consequences, financial losses, business interruptions and damage to Hemsö's reputation. This could impede the company's ability to conduct and develop its business.

Management
Hemsö ensures operational stability through structured internal control procedures, clear and documented processes and continuous quality assurance. External audits are conducted annually. The risk of irregularities and operational disruptions is mitigated through guidelines for purchasing and authentication, codes of conduct for employees and suppliers, anti-corruption training and an established whistleblowing system.

Opportunity
Systematic ethics and compliance procedures strengthen confidence in Hemsö as a business partner, reduce operational risks and support stable and long-term business relationships. This enhances Hemsö's competitiveness and facilitates continued growth and cooperation with public and private operators.

Financial risks



Financing

Risk
Financing risk is the risk of not being able to access the capital required by Hemsö's operations, or that financing can only be obtained at a significantly higher cost. Most of Hemsö's capital is raised on capital markets, mainly supplied by bonds and commercial papers. As these loans mature, they must be repaid or refinanced.

Management
Hemsö has diversified sources of funding, a well-balanced maturity spread and a long-term loan maturity. At year-end, the loan maturity was 4.6 years. Short-term debt mainly comprises commercial papers, but also maturing bonds and bank loans. To further reduce financing risk and manage its short-term debt, Hemsö has undrawn committed credit facilities. At 31 December 2025, these amounted to SEK 15,082 million and were issued by several Nordic banks and Hemsö's owners. Hemsö's Financial Policy regulates the distribution of responsibilities and risk mandates, and establishes principles for reporting, monitoring and internal control.

Opportunity
A stable and diversified financing structure provides Hemsö with good financial flexibility. Access to multiple sources of funding and long-term relationships with investors and owners enable the company to take a proactive approach to investment and refinancing decisions, even in periods of financial uncertainty. This supports competitive financing terms and conditions, efficient capital allocation and long-term value creation.



Interest

Risk
Interest-rate risk relates to the risk that market-rate fluctuations and credit margins will have a negative impact on Hemsö's cash flow, or on the fair value of financial assets and liabilities. Given that interest expenses comprise Hemsö's single largest cost item, the trend in interest rates and fixed-rate periods is particularly significant for the company's earnings and financial stability.

Management
Interest-rate risk is managed using a combination of fixed rate borrowing and interest rate derivatives to adapt the fixed-rate period of the variable rate debt. Interest-rate derivatives are used to extend the fixed-rate period to different maturities, thereby ensuring a balanced interest-rate maturity structure. According to Hemsö's Financial Policy, the average fixed-rate period is to range between three and eight years, and no more than 35 per cent of interest is to be due within 12 months. At 31 December 2025, the average fixed-rate period was 4.0 years and 31 per cent of interest maturities occurred within 12 months.

Opportunity
A clear and consistent strategy for the fixed-rate period supports stable and predictable cash flows over time. This strengthens Hemsö's standing as a long-term and responsible operator in the capital market and increases the company's attractiveness to investors and lenders. The well-balanced management of interest-rate risk also creates scope for structured action in the event of changed market conditions.



Counterparty

Risk
Counterparty risk refers to the risk that a counterparty will not fulfil its financial obligations to Hemsö. The risk arises mainly in conjunction with investment of cash and cash equivalents, derivative transactions, banking relationships and, to a limited extent, from accounts receivable. Financial losses may be incurred if a counterparty experiences payment difficulties or enters bankruptcy.

Management
Counterparty risk is managed by imposing stringent requirements on creditworthiness, limiting exposure per counterparty and routine monitoring of the financial position of counterparties. Only counterparties that meet the requirements of Hemsö's Financial Policy – mainly major Nordic banks and financial institutions with high credit ratings – are used for investing cash and cash equivalents and for derivative instruments. Exposures are spread across multiple counterparties to mitigate concentration risk. Accounts receivable are deemed to have a low risk since Hemsö's tenants are largely public operators with high solvency.

Opportunity
Stability and confidence in Hemsö's financial relationships is achieved by applying a structured and restrictive approach to the selection of counterparties. Long-term partnerships with creditworthy counterparties support efficient implementation of financing and risk management and enable banking and capital market transactions to be conducted on competitive terms.

Financial risks, cont.



Currency

Risk

In addition to the property portfolio in Sweden, Hemsö owns properties in Finland and Germany. Operations in these countries generate income, expenses, assets and liabilities in EUR, exposing Hemsö to currency risk. Accordingly, changes in exchange rates can impact the consolidated income statement and balance sheet.

Management

Hemsö's currency risk is limited to EUR exposure. The foreign properties are largely financed with external financing in EUR, which mitigates the net exposure and thus the currency risk. According to Hemsö's Financial Policy, currency exposure may not exceed 35 per cent of the Group's equity and, at the same time, must be in the range of 5 and 30 per cent of total EUR assets.

At 31 December 2025, net exposure – defined as property assets and cash and cash equivalents including currency hedges less interest-bearing liabilities – amounted to EUR 348.6 million, corresponding to SEK 3,772 million. This was equivalent to 12 per cent of consolidated equity, and 12 per cent of the Group's total EUR assets.

Opportunity

Income and assets in EUR mean that Hemsö is not fully dependent on the performance of the SEK. Some geographical and currency risk diversification helps to balance income and costs across markets and can thereby strengthen the Group's resilience to macro-economic fluctuations.



Liquidity

Risk

Liquidity risk refers to the risk that Hemsö will not have sufficient cash and cash equivalents to meet its payment obligations. The company's current cash flows consist mainly of operating and maintenance costs, investments and interest payments. Loan maturities account for the largest individual payment obligations.

Management

Hemsö's business model is based on stable and predictable cash flows. Liquidity forecasts are prepared on an ongoing basis to ensure good predictability. These cover current payment flows, future loan maturities and other major payment commitments. According to Hemsö's Financial Policy, the company must maintain an adequate liquidity buffer. The debt/equity ratio, defined as available liquidity in relation to short-term borrowings, should be at least 125 per cent. At year-end, the ratio was 130 per cent.

Opportunity

Structured liquidity forecasting ensures greater predictability and enables a proactive approach to refinancing and new borrowing. This strengthens Hemsö's negotiating position and supports more favourable terms and conditions. The preparation of a forecast also enables a cost-effective balance to be struck between short-term borrowing and investment of surplus liquidity, thereby supporting effective liquidity management over time.

Sensitivity analysis

	Change	Earnings effect before tax, SEK million
Rental income	+/- 1%	+/- 51
Economic occupancy rate	+/- 1 percentage point	+/- 53
Property costs	+/- 1%	-/+ 13
Interest rates, market	+/- 1 percentage point	-/+ 94
Valuation yield, change in value of properties	+/- 0.1 percentage points	-1,690/+1,758
EUR/SEK (effect on profit from property management)	+/- 10%	+/- 106

Corporate governance

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

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

Shares and ownership

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

Annual General Meeting

The Annual General Meeting (AGM) is the company's highest decision-making body. All shareholders registered in the share register by the record date and who have notified their participation in time are entitled to participate in the Meeting. Decisions at the AGM are normally made by simple majority. Under the Swedish Companies Act, some decisions, such as amendment of the Articles of Association, require a qualified majority. The AGM is to be held within six months of the end of the financial year. The AGM decides on matters including dividends, adoption of the income statement and balance sheet, discharge from liability for Board members and the CEO, the election of Board members, Board Chair and auditors, and fees to Board members and auditors. The Articles of Association contain no restrictions on the number of votes any one shareholder may cast at the AGM.

2025 Annual General Meeting

The 2025 AGM was held on 25 April 2025 in Stockholm. All shares were represented. The financial statements for 2024 were approved and the Board members and CEO were granted discharge from liability. Decisions were also made regarding the election of Board members, Chair of the Board and auditors, and the fees paid to Board members, Committee members and auditors. Kerstin Hessius (Chair), Staffan Hansén, David Mindus, Johanna Skogestig and Johan Thorell were re-elected as ordinary members. The AGM did not authorise the Board to issue new shares or repurchase own shares.



Board of Directors

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

Board work

Board work mainly follows an annual cycle of regular meetings on specific dates, adapted to the Board's assignment of assuring the financial reporting. At regular meetings, the CEO also provides general information about the business operations, such as important events in the operations, business plan follow-ups, the Group's economic and financial position, major ongoing development projects and transactions and, if necessary, the Group's financing. In addition to scheduled Board meetings, extra meetings are also held when needed, such as when a business decision requires the Board's approval. In 2025, eight scheduled Board meetings were held, including the statutory Board meeting, as well as three extra Board meetings.

Chair of the Board

The Chair of the Board is to work closely with the CEO to monitor the company's performance, and to chair Board meetings. The Chair is responsible for ensuring that other members receive sufficient information to carry out their duties efficiently. The Chair is also responsible for evaluating both the Board and the CEO.

The Board's evaluation

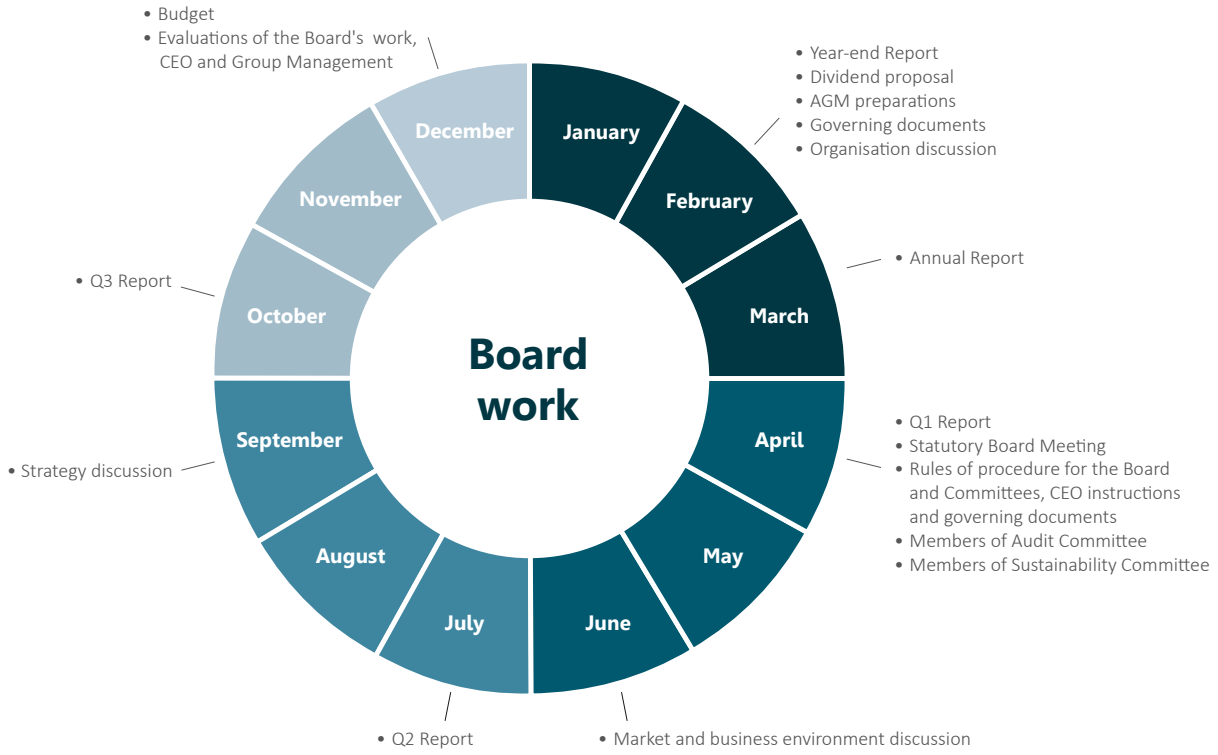
The performance of the Board and the CEO is evaluated annually in a systematic and structured process reported to the Board. This year, the evaluation was carried out by the Chair of the Board through interviews with the CEO and Board members.

Committees

The Board has established two preparatory committees from within its own ranks, the Audit Committee and Sustainability Committee. The committees have no independent decision-making authority.

Audit Committee

The Audit Committee has been assigned by the Board to continuously monitor and evaluate the auditors' work. The Audit Committee is also to make recommendations to the Board on the election



of auditors and fees, the company's accounts and internal control, risk management, external audit and financial information. The Audit Committee held three meetings during the year. The Committee's members are Johan Thorell (Chair), David Mindus and Staffan Hansén.

Sustainability Committee

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

Composition of the Board

According to the Articles of Association, Hemsö's Board is to consist of at least three and at most eight AGM-elected members for a term extending until the end of the next AGM. The 2025 AGM resolved that the number of ordinary Board members should be five, including the Chair of the Board, with no deputies. There is no representative of Group Management on the Board and no employee representatives or deputies have been appointed to the Board. The Board is presented on page 86.

Remuneration of the Board and Committees

The AGM resolves on remuneration of the Board. No Board or Committee fees are paid to members who are employed by any of the company's owners. Staffan Hansén is employed by the Third Swedish National Pension Fund and David Mindus by AB Sagax. The 2025 AGM resolved that fees of SEK 630,000 (600,000) would be paid to the Chair of the Board, and SEK 300,000 (285,000) to each of the other Board members. In addition, for committee work, the AGM resolved that remuneration of SEK 150,000 (145,000) be paid to the Chair of the Audit Committee, and SEK 80,000 (75,000) to each of the Committee's other members, and SEK 100,000 (100,000) to the Chair of the Sustainability Committee and SEK 50,000 (50,000) to each of the Committee's other members.

CEO and Group Management

The CEO is responsible for the company's ongoing management and daily operations. The division of work between the Board and the CEO is set out in the Board's terms of reference the CEO's instructions. The CEO is also responsible for preparing reports and compiling information from management prior to Board meetings, and for presenting the material at Board meetings. According to the financial reporting instructions, the CEO is responsible for Hemsö's financial reporting and must therefore ensure that the Board regularly receives enough information to make an assessment of the Group's financial situation. The CEO should also ensure that the Board remains continuously informed about Hemsö's operations, earnings and financial position. The CEO is also to ensure that the Board receives information about important operational matters, including acquisitions and divestments, approved investments, marketing activities and other strategic initiatives. The CEO and other senior executives are presented on page 87.

Auditors

The auditor's task is to review the company's annual report and accounts, and the management of the Board and the CEO. The auditor participates in the Board meeting that addresses the annual accounts and consolidated financial statements. At the Board meeting, the auditor presents the financial information and discusses the audit with Board members without the attendance of the CEO and other senior executives. The company's auditor performs an annual review of the internal control relevant to the company's presentation of its financial statements. In addition, an in-depth review of material areas is conducted. The 2025 AGM elected KPMG AB as auditor, with Peter Dahllöf as Auditor-In-Charge. The company's current auditors attended two Board meetings and two meetings with the Audit Committee.

Internal control

Under the Swedish Companies Act, the Board is responsible for the company's internal control. The objective of internal control is to achieve operational effectiveness and efficiency, and to ensure the reliability of financial reporting and information about the operations, and compliance with applicable laws, regulations, policy and guidelines. Hemsö's organisation consists of 176 employees in three countries. All of these people are employed in the Parent Company, except for 27 employees in Hemsö Development AB, 16 employees in Germany and 17 in Finland. All property operations are conducted in six segments (East, Central, North and South in Sweden, and Germany and Finland) and through the property-owning subsidiaries. Financing activities are conducted by the Parent Company. This means that the finance function serves as the controller function for Property Management in Sweden, Germany and Finland, and for the Treasury Department. The CFO and Director of Finance also report directly to the Audit Committee in

Composition of the Board

Name	Year of election	Independent of the company	Independent of major shareholders	Meeting attendance in 2025		
				Board of Directors	Audit Committee	Sustainability Committee
Kerstin Hessius	2009	Yes	Yes	11/11		
David Mindus	2009	Yes	No	11/11	3/3	
Johan Thorell	2013	Yes	Yes	11/11	3/3	3/3
Johanna Skogestig	2022	Yes	Yes	11/11		3/3
Staffan Hansén	2023	Yes	No	11/11	2/3	3/3

matters related to observations and measures related to regulatory compliance. Against this background, the Board does not consider there is any need to establish a separate internal audit function.

Control environment

The Board has appointed an Audit Committee to present recommendations in regard to internal control over financial reporting. The internal control system is based on documented policies, guidelines, process descriptions, delegation of responsibilities and duties including the Board's terms of reference, the CEO's instructions with related delegation lists and authorisation instructions, Financial Policy and financial reporting instructions. Compliance is continuously monitored and evaluated. The risk of errors in financial reporting is continuously identified, analysed and eliminated through new or revised guidelines for internal control.

Risk management

Risk assessment and management is an integral part of the company's processes. Various methods are used to evaluate risks and to ensure that the relevant risks for Hemsö are managed in accordance with established policies and guidelines.

Control activities

The Board monitors and evaluates the effectiveness of internal control over financial reporting through the CEO's instructions, and by addressing the Audit Committee's reports, recommendations and proposals for decisions and actions. The Audit Committee receives regular status reports of the Group's internal control over financial reporting and accounting policies.

Information and communication

Hemsö's Communication Policy sets out the framework for how Hemsö's communication activities should be conducted, and the overall delegation of responsibilities in regard to the company's internal and external information. The Communication Policy is designed to comply with Swedish legislation and the regulatory frameworks applicable to issuers on Nasdaq Stockholm and Euronext Dublin.

Management and monitoring

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

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



Hemsö is developing a new preschool and elementary school in Pohjois-Pasila, Helsinki.

Board of Directors



Kerstin Hessius born 1958

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

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

Other current assignments: Board member of Svenska Handelsbanken AB, Lumera AB and Uppsala University Foundation Management Economic Association.



Staffan Hansén born 1965

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

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

Other current assignments: CEO of the Third Swedish National Pension Fund. Board member of Vasakronan AB, Vasakronan Holding AB, Hemsö Intressenter AB and Nordnet Pensionsförsäkring AB.



David Mindus born 1972

Board member since 2009.
Member of the Audit Committee.

Education and professional experience:
MBA. Management positions in property companies since 2000.

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



Johanna Skogestig born 1974

Board member since 2022.
Chair of the Sustainability Committee.

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

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



Johan Thorell born 1970

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

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

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



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

Senior executives

Nils Styf

President and CEO since 2016. Born 1976.

Education: MBA, Stockholm School of Economics.

Most recent position: Chief Investment Officer, Citycon Oyj.

Rutger Källén

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

Education: Studies in Economics, Uppsala University.

Most recent position: Head of Finance, Kungsleden.

Karolina Brick

Head of Sustainability since 2023. Born 1979.

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

Most recent position: Head of Sustainability, Riksbyggen.

Staffan Arwidi

Head of Transactions since 2020. Born 1967.

Education: MSc, Royal Institute of Technology in Stockholm.

Most recent position: Senior Investment Manager, Vasakronan.

Ulrika Haglert

Head of Property Management Sweden, Head of Region, East, since 2025. Born 1973.

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

Most recent position: Business Unit Manager, Corem.

Jarkko Leinonen

Head of Region, Finland since 2014. Born 1971.

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

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

Anna Marand

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

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

Most recent position: Project Developer, Hemsö.

Jens Nagel

Head of Region, Germany since 2011. Born 1971.

Education: Property economist, Chamber of Commerce and Industry, Berlin.

Most recent position: Own consulting business in the property industry.

Anna Oom Lindroos

Chief Human Resources Officer since 2023. Born 1979.

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

Most recent position: Chief People Officer, Puzzel.

Åsa Thoft

Head of Communications since 2020. Born 1977.

Education: Master's Degree in Social and Cultural Analysis, Linköping University.

Most recent position: Head of Communications, If Försäkring.

Mats Wilborg

Chief Legal Counsel since 2014. Born 1969.

Education: Master of Laws, Stockholm University.

Most recent position: Corporate lawyer, Vasakronan.

Multi-year overview

Amounts in SEK million	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Income statement										
Property income	5,156	5,138	4,859	4,097	3,639	3,293	3,046	2,618	2,375	2,204
Property costs	-1,314	-1,305	-1,228	-1,065	-896	-867	-770	-668	-587	-552
Net operating income	**3,841**	**3,833**	**3,631**	**3,032**	**2,742**	**2,425**	**2,276**	**1,950**	**1,788**	**1,652**
Central administrative expenses	-219	-216	-196	-183	-156	-158	-135	-146	-130	-182
Profit/loss from participations in joint ventures	150	157	-14	82	177	1	-2	11	1	–
Operating profit	**3,772**	**3,775**	**3,421**	**2,931**	**2,764**	**2,268**	**2,139**	**1,815**	**1,659**	**1,470**
Net interest expense	-1,162	-1,177	-1,154	-613	-486	-500	-419	-372	-345	-359
Profit after net interest income	**2,610**	**2,597**	**2,267**	**2,317**	**2,278**	**1,768**	**1,720**	**1,443**	**1,314**	**1,111**
– of which Profit from property management [1]	***2,541***	***2,498***	***2,345***	***2,309***	***2,145***	***1,810***	***1,760***	***1,439***	***1,314***	***1,111***
Value change, properties	-685	-99	-5,287	589	7,587	2,441	2,037	2,060	1,682	2,072
Value change, financial instruments	59	-234	-225	251	209	-72	-25	91	135	-208
Current tax	59	-142	-23	-190	-107	-115	-78	-36	-63	-49
Deferred tax	-147	-237	547	-403	-1,779	-688	-543	-466	-477	-583
Profit/loss for the year	**1,896**	**1,886**	**-2,721**	**2,563**	**8,189**	**3,333**	**3,111**	**3,092**	**2,591**	**2,343**
Other comprehensive income	-236	67	4	187	58	-88	-87	22	31	81
Comprehensive income for the year	**1,660**	**1,953**	**-2,717**	**2,750**	**8,247**	**3,245**	**3,198**	**3,114**	**2,622**	**2,424**
Balance sheet										
Investment properties	87,231	85,973	82,624	84,879	75,737	62,240	55,027	46,236	38,883	33,629
Right-of-use assets	1,104	1,084	988	932	759	605	582	–	–	–
Participations in joint ventures	2,265	1,977	1,636	1,655	1,271	698	635	112	101	–
Derivatives	–	–	–	247	161	–	–	–	–	–
Other assets	1,563	1,352	2,391	1,209	892	758	713	608	559	392
Cash and cash equivalents	256	866	1,593	526	687	891	988	450	1,134	932
Total assets	**92,418**	**91,253**	**89,231**	**89,447**	**79,508**	**65,193**	**57,945**	**47,406**	**40,677**	**34,953**
Equity	31,347	29,436	28,156	30,028	28,350	20,082	16,714	13,199	10,795	8,672
Deferred tax liabilities	6,240	6,197	5,954	6,557	6,082	4,270	3,600	3,067	2,591	2,103
Derivatives	723	604	187	–	–	231	211	281	544	723
Interest-bearing liabilities	51,241	52,185	50,823	49,567	42,498	38,652	35,542	29,728	25,575	22,483
Lease liabilities	1,104	1,084	988	932	759	605	582	–	–	–
Non-interest-bearing liabilities	1,762	1,746	3,123	2,363	1,819	1,353	1,296	1,131	1,172	972
Total equity and liabilities	**92,418**	**91,253**	**89,231**	**89,447**	**79,508**	**65,193**	**57,945**	**47,406**	**40,677**	**34,953**

Key ratios	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Financial ratios										
Loan-to-value ratio, % [2]	56.9	58.3	58.4	56.7	54.3	60.0	62.1	63.1	62.6	64.0
Interest-coverage ratio, times [3]	3.1	3.1	3.0	4.7	5.4	4.5	5.1	4.8	4.8	4.1
Share of secured debt, %	1.1	1.2	1.2	0.0	0.0	0.0	0.0	0.0	3.1	7.7
Equity/assets ratio, %	33.9	32.3	31.6	33.6	35.7	30.8	28.8	27.8	26.5	24.8
Average interest rate, %	2.1	2.2	2.3	1.8	1.1	1.2	1.3	1.3	1.5	1.5
Return on profit from property management, %	7.5	7.8	7.3	7.1	8.0	8.9	10.6	10.8	12.1	13.0
Total yield, %	3.6	4.4	-1.9	4.5	15.8	8.5	8.7	9.7	9.8	12.8
Net asset value, SEK million [4]	37,583	35,626	34,149	36,582	34,466	24,609	20,525	16,547	13,930	11,498
Property-related ratios										
Market value of properties, SEK million	87,231	85,973	82,624	84,879	75,737	62,240	55,027	46,236	38,883	33,629
Property yield, %	4.7	4.8	4.7	4.1	4.0	4.5	4.7	4.9	5.2	5.7
NOI margin, %	74.5	74.6	74.7	74.0	75.4	73.7	74.8	74.5	75.3	75.0
Economic occupancy rate, %	97.9	97.7	97.8	97.9	97.9	97.9	98.1	98.3	98.3	97.5
Market value of properties, SEK/sqm	35,316	35,453	33,619	35,371	35,759	31,042	29,208	26,695	23,763	20,528
No. of properties	478	477	488	480	441	392	370	365	346	356
Lettable area, tsqm	2,470	2,425	2,458	2,400	2,118	2,005	1,884	1,732	1,636	1,638

[1] For the calculation of Profit from property management and key ratios, refer to Key ratio calculations on page 118.

[2] The definition of loan-to-value ratio was updated in 2019 and now includes investments in joint ventures. 2017 and 2018 have been restated.

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

[4] The definition of net asset value was updated in 2021 and now includes interest-rate derivatives only. The figures for 2020 have been restated.

Consolidated statement of comprehensive income

Amounts in SEK million	Note	2025	2024
Property income			
Rental income		5,149	5,130
Other income		7	8
Total property income	*3–4*	**5,156**	**5,138**
Property costs			
Operating costs	*5*	-851	-855
Maintenance costs		-349	-339
Other property costs		-114	-112
Total property costs		**-1,314**	**-1,305**
Net operating income	*3*	**3,841**	**3,833**
Central administrative expenses	*6–8*	-219	-216
Profit from participations in joint ventures		150	157
Operating profit		**3,772**	**3,775**
Net interest income/expense			
Interest income and similar profit items	*10*	26	50
Interest expense and similar loss items	*10*	-1,188	-1,227
Total net interest income		**-1,162**	**-1,177**
Profit after net interest income		**2,610**	**2,597**
– of which Profit from property management [1]		***2,541***	***2,498***
Changes in value			
Properties, realised	*14*	-17	-39
Properties, unrealised	*14*	-668	-60
Financial instruments, realised	*10*	-9	5
Financial instruments, unrealised	*10*	69	-239
Total changes in value	*11*	**-626**	**-333**
Profit before tax		**1,984**	**2,265**
Current tax	*12*	59	-142
Deferred tax	*12*	-147	-237
PROFIT FOR THE YEAR		**1,896**	**1,886**
Other income, items that may be reclassified to profit or loss			
Translation difference for the year, including tax		-236	67
COMPREHENSIVE INCOME FOR THE YEAR		**1,660**	**1,953**

Amounts in SEK million	Note	2025	2024
Profit/loss for the year attributable to			
Parent Company shareholders		1,803	1,848
Non-controlling interests		93	38
Comprehensive income for the year attributable to			
Parent Company shareholders		1,571	1,912
Non-controlling interests		89	40
Data per share (no dilutive effect, since there are no potentially dilutive shares)			
Average no. of shares, 000s		100,001	100,001
Earnings/loss per share for the year, SEK		18.96	18.86

Comments on the Statement of comprehensive income are provided in the Directors' Report on pages 62–67.

[1] For the calculation of Profit from property management, refer to Key ratio calculations on page 118.

Consolidated statement of financial position

Amounts in SEK million	Note	31 Dec 2025	31 Dec 2024
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development costs	*13*	15	18
Total intangible assets		**15**	**18**
Tangible assets			
Investment properties	*14*	87,231	85,973
Right-of-use assets	*4*	1,104	1,084
Machinery and equipment	*15*	7	8
Total tangible assets		**88,342**	**87,066**
Financial assets			
Participations in joint ventures	*17*	2,265	1,977
Non-current receivables in joint ventures	*20*	53	–
Other long-term assets	*20*	68	125
Total financial assets		**2,386**	**2,102**
Total non-current assets		**90,743**	**89,185**
Current assets			
Current receivables			
Rent and accounts receivable	*18*	64	58
Tax assets		16	109
Other current receivables		1,086	791
Prepaid expenses and accrued income		254	242
Total current receivables	*20*	**1,419**	**1,201**
Cash and cash equivalents	*23*	256	866
Total current assets		**1,675**	**2,067**
TOTAL ASSETS		**92,418**	**91,253**

Amounts in SEK million	Note	31 Dec 2025	31 Dec 2024
EQUITY AND LIABILITIES			
Equity			
Share capital		1	1
Other capital contributions		8,731	8,480
Reserves		225	456
Retained earnings including profit for the year		20,977	19,174
Equity attributable to Parent Company owners		**29,934**	**28,112**
Non-controlling interests		1,413	1,324
Total equity		**31,347**	**29,436**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	*12*	6,240	6,197
Derivatives	*20*	723	604
Interest-bearing liabilities	*20*	39,436	43,019
Lease liabilities		1,104	1,084
Total non-current liabilities		**47,503**	**50,904**
Current liabilities			
Interest-bearing liabilities	*20*	11,805	9,166
Accounts payable		420	497
Current tax liabilities		86	43
Other current liabilities		128	-61
Accrued expenses and deferred income	*25*	1,128	1,267
Total current liabilities		**13,568**	**10,913**
Total liabilities	*20*	**61,071**	**61,817**
TOTAL EQUITY AND LIABILITIES		**92,418**	**91,253**

Comments on the statement of financial position are provided in the Directors' Report under Financing on pages 68–73.

Consolidated statement of changes in equity

Amounts in SEK million	Share capital	Other capital contributions	Translation reserve	Retained earnings	Non-controlling interests	Total equity
Opening equity, 1 Jan 2024	1	8,180	392	18,261	1,322	28,156
Dividends	–	-200	–	-973	–	-1,173
Shareholder contributions received	–	500	–	–	–	500
Reversal of non-controlling interests	–	–	–	39	-39	–
Comprehensive income	–	–	64	1,848	40	1,953
Closing equity, 31 Dec 2024	**1**	**8,480**	**456**	**19,174**	**1,324**	**29,436**
Opening equity, 1 Jan 2025	1	8,480	456	19,174	1,324	29,436
Dividends	–	-1,249	–	–	–	-1,249
Shareholder contributions received	–	1,500	–	–	–	1,500
Comprehensive income	–	–	-232	1,803	89	1,660
Closing equity, 31 Dec 2025	**1**	**8,731**	**225**	**20,977**	**1,413**	**31,347**

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

Consolidated statement of cash flows

Amounts in SEK million	Note	2025	2024
Operating activities			
Profit from property management [1]		2,541	2,498
Adjustment for non-cash items	*23*	-49	-41
Dividends from joint ventures		29	28
Tax paid		3	-93
Cash flow before changes in working capital		**2,524**	**2,392**
Changes in working capital			
Increase (–)/decrease (+) in operating receivables		-200	1,086
Increase (+)/decrease (–) in operating liabilities		-147	-1,402
Cash flow from operating activities		**2,177**	**2,077**
Investing activities			
Acquisition of properties	*14, 23*	-631	-276
Investment in new construction, extension and re-development	*14*	-3,521	-3,482
Divestment of properties	*14, 23*	404	1,310
Investments in financial assets		-270	-175
Other non-current assets		-2	-7
Cash flow from investing activities		**-4,020**	**-2,631**
Financing activities	*23*		
Interest-bearing loans raised		7,356	8,756
Repayment of interest-bearing liabilities		-6,360	-8,272
Financial instruments realised		-20	5
Shareholder contributions received		1,500	500
Dividends paid		-1,249	-1,173
Cash flow from financing activities		**1,227**	**-184**
Cash flow for the year		-615	-738
Opening cash and cash equivalents		866	1,593
Exchange-rate differences in cash and cash equivalents		5	12
Cash and cash equivalents, closing balance		**256**	**866**

[1] For the calculation of Profit from property management, refer to Key ratio calculations on page 118.

Parent Company income statement

Amounts in SEK million	Note	2025	2024
Net sales		160	133
Central administrative expenses	*7–8*	-287	-265
Operating profit/loss		**-127**	**-132**
Income from financial items			
Profit from participations in Group companies	*9, 10*	45	587
Interest income and similar profit items	*10*	1,538	1,604
Interest expense and similar loss items	*10*	-180	-1,625
Change in value of derivatives	*10*	-12	-482
Profit/loss from property management		**1,265**	**-47**
Appropriations			
Group contributions received		191	647
Group contributions paid		-909	-294
Profit before tax		**546**	**306**
Current tax	*12*	–	0
Deferred tax	*12*	-39	110
PROFIT FOR THE YEAR		**507**	**416**

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



Parent Company balance sheet

Amounts in SEK million	Note	31 Dec 2025	31 Dec 2024
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development costs	*13*	15	18
Total intangible assets		**15**	**18**
Tangible assets			
Equipment	*15*	3	4
Total tangible assets		**3**	**4**
Financial assets			
Participations in Group companies	*16*	20,845	19,498
Deferred tax assets	*12*	133	171
Other non-current receivables from Group companies	*20*	29,698	31,613
Total financial assets		**50,677**	**51,282**
Total non-current assets		**50,695**	**51,303**
Current assets			
Current receivables			
Receivables from Group companies		7,996	6,617
Tax assets		–	88
Other receivables		736	545
Prepaid expenses and accrued income		77	95
Total current receivables	*20*	**8,808**	**7,346**
Cash and bank balances		0	5
Total current assets		**8,808**	**7,351**
TOTAL ASSETS		**59,503**	**58,655**

Amounts in SEK million	Note	31 Dec 2025	31 Dec 2024
EQUITY AND LIABILITIES	*19*		
Equity			
Restricted equity			
Share capital [1]		1	1
Total restricted equity		**1**	**1**
Non-restricted equity			
Share premium reserve		1,000	1,000
Retained earnings		4,385	3,718
Profit for the year		507	416
Total non-restricted equity		**5,893**	**5,134**
Total equity		**5,894**	**5,135**
Provisions			
Deferred tax liabilities	*12*	31	30
Total provisions		**31**	**30**
Non-current liabilities			
Derivatives		817	805
Interest-bearing liabilities		34,557	37,845
Non-current liabilities, Group companies		4,885	5,186
Total non-current liabilities		**40,259**	**43,836**
Current liabilities			
Interest-bearing liabilities		11,805	9,166
Accounts payable		9	19
Liabilities to Group companies		1,076	19
Other current liabilities		4	12
Accrued expenses and deferred income	*25*	426	456
Total current liabilities		**13,320**	**9,653**
TOTAL EQUITY AND LIABILITIES		**59,503**	**58,655**

[1] The share capital amounted to 100,001,000 shares at SEK 0.01 per share.

Parent Company statement of changes in equity

	Restricted equity	Non-restricted equity		
Amounts in SEK million	**Share capital**	**Share premium reserve**	**Retained earnings including profit for the year**	**Total equity**
Opening equity, 1 Jan 2024	1	1,000	4,391	5,392
Dividends	–	–	-1,173	-1,173
Shareholder contributions received	–	–	500	500
Profit for the year	–	–	416	416
Closing equity, 31 Dec 2024	**1**	**1,000**	**4,134**	**5,135**
Opening equity, 1 Jan 2025	1	1,000	4,134	5,135
Dividends	–	–	-1,249	-1,249
Shareholder contributions received	–	–	1,500	1,500
Profit for the year	–	–	507	507
Closing equity, 31 Dec 2025	**1**	**1,000**	**4,893**	**5,894**

Parent Company statement of cash flows

Amounts in SEK million	**Note**	**2025**	**2024**
Operating activities			
Profit/loss from property management		1,265	-47
Adjustment for non-cash items	*23*	-1,044	380
Dividends received, and withdrawals from limited partnerships		–	29
Tax paid		89	-1
Cash flow from operations before change in working capital		**310**	**361**
Changes in working capital			
Increase (–)/decrease (+) in operating receivables		-172	1,159
Increase (+)/decrease (–) in operating liabilities		656	-909
Cash flow from operating activities		**794**	**611**
Investing activities			
Shareholder contributions paid and contributed capital		-1,450	-2,590
Divestment of shares and participations in subsidiaries		124	421
Intra-Group lending		-719	784
Intra-Group borrowing		–	486
Acquisition of other non-current assets		-2	-9
Cash flow from investing activities		**-2,046**	**-2,177**
Financing activities	*23*		
External borrowings		7,356	8,756
Repayment of external borrowings		-6,360	-7,787
Shareholder contributions received		1,500	500
Dividends paid		-1,249	-1,173
Cash flow from financing activities		**1,247**	**1,567**
Cash flow for the year		-5	0
Opening cash and cash equivalents		5	5
Cash and cash equivalents, closing balance		**0**	**5**

Note 1 Accounting policies

GROUP

Applied standards and legislation

The consolidated financial statements have been prepared in accordance with IFRS™ Accounting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee, as adopted by the EU. In addition, the consolidated financial statements have been prepared in accordance with Swedish law, and with application of the Swedish Corporate Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups. Unless otherwise stated, the accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements. The new policies applied in 2025 are set out below. On 26 March 2026, the Board approved these annual accounts and consolidated financial statements, which will be presented to the Annual General Meeting (AGM) on 28 April 2026 for adoption.

New policies applied in 2025

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

New and revised IFRS accounting standards effective on or after 1 January 2026

A number of new or amended IFRS accounting standards are in issue but not yet effective, and have not been applied in advance in the preparation of Hemsö's financial statements. The new standards and interpretations effective from 2026 are not expected to have any material effect on the current or future periods' consolidated financial statements, or on future transactions.

IFRS 18 Presentation and Disclosure in Financial Statements will become effective on 1 January 2027. IFRS 18 contains requirements for the presentation of financial statements and replaces IAS 1 Presentation of Financial Statements. This standard will mainly lead to changes in the presentation of the Group's income statement requiring a classification into three categories: operating category, investing category and financing category, and two new subtotals – operating profit or loss, and profit or loss before financing and income taxes. For Hemsö, the biggest change will be that value changes of investment properties will be included as a component of operating profit. Accordingly, it will not be possible to present several key performance measures for the property sector in the income statement. Instead, these will be presented in the notes as management-defined performance measures (MPMs).

Basis of preparation of financial statements

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Group. Unless otherwise stated, all amounts are presented in millions of SEK and pertain to the 1 January–31 December period of 2025 (2024) for profit/loss items, and 31 December 2025 (2024) for balance-sheet items. Due to rounding, some totals may not correspond with the sum of notes and tables. Assets and liabilities are recognised at their historical cost, except for investment properties and some financial instruments that are measured at fair value. Changes in fair value are recognised in profit or loss.

Estimates and judgements

The judgements made by management when applying IFRS accounting standards that have the most significant effect on the company's financial statements and the estimates made are described in Note 2.

Consolidated financial statements

The consolidated financial statements include the Parent Company and subsidiaries. Subsidiaries are entities over which the Parent Company has a controlling interest. The consolidated financial statements were prepared in accordance with the acquisition method.

Hemsö owns 50 per cent of the participations in Hemsö Norden KB. Since Hemsö has unlimited liability for the company's obligations and, by agreement, is individually entitled to manage the company's affairs, Hemsö Norden KB is included with subsidiaries in the consolidated financial statements.

Acquisitions and divestments of properties and companies are recognised at the transfer date.

Asset acquisitions

Indirect property transactions often taken place with companies holding properties, and not through direct property transactions. When an asset is acquired through a company transaction, the acquisition is treated as a direct property transaction. This type of acquired company normally has no employees, organisation or activities other than those directly attributable to the property holding. Deferred tax is not recognised as a liability on initial temporary differences attributable to the acquisition. Any deductions for deferred tax (discounts) obtained in addition to the recognised tax in acquired companies reduces the property's cost instead. In the subsequent valuation, the value changes are thus affected by the tax discounts. All acquisitions in 2025 and 2024 were classified as asset acquisitions.

Income

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

Investment properties

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

Transactions in foreign currency

Transactions in foreign currency are translated using the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate, and exchange differences are recognised in profit or loss. Assets and liabilities of foreign operations are translated to SEK using the current exchange rate at the closing date. Income and expenses of foreign operations are translated to SEK using an average rate that approximates the exchange rates prevailing at the transaction date. Translation differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve under equity.

PARENT COMPANY

Applied standards and legislation

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. Statements issued by the Swedish Corporate Reporting Board have also been applied.

The accounting policies applied are presented in the relevant parts of the Group's accounting policies, with the following additions for the Parent Company.

Group contributions

Hemsö recognises Group contributions both paid and received as appropriations.

Financial instruments

For a description of accounting policies for financial instruments, refer to Note 20, Parent Company. Accordingly, financial assets in the Parent Company are measured at amortised cost and current assets according to the lowest value principle, with the application of impairment for expected credit losses according to IFRS 9 for assets that are debt instruments. For all other financial assets, impairment is based on the asset's market value. Derivative instruments with negative fair value are recognised as a liability at their negative fair value with the value change in profit or loss.

Group information

Hemsö Fastighets AB has its registered office in Stockholm and the address of the Head Office is Linnégatan 2. Hemsö is 85-per cent owned, directly and indirectly, by the Third Swedish National Pension Fund, Corp. Reg. No. 802014-4120, with its registered office in Stockholm, Sweden, and 15-per cent owned, indirectly, by AB Sagax, Corp. Reg. No. 556520-0028, with its registered office in Stockholm, Sweden.

Note 2 Special considerations and judgements

The presentation of financial statements in accordance with IFRS accounting standards and generally accepted accounting principles requires making judgements and assumptions that affect the assets, liabilities, income, expenses and other information recognised in the annual accounts. These judgements and assumptions are based on historical experience and other factors considered reasonable under the circumstances. Actual results may differ from these judgements under different assumptions or conditions. The financial statements are particularly sensitive to the judgements and assumptions used in the valuation of investment properties. For more information about the assumptions and judgements made, refer to Note 14. Most of Hemsö's property acquisitions are made via acquisition transactions. A key area of accounting judgement is whether properties acquired indirectly through an acquisition transaction should be classified as a business combination or an asset acquisition. For asset acquisitions, no deferred tax asset is recognised for the acquisition, but any discounts reduce the cost of the property. This means that the tax discounts will affect the value changes on subsequent measurement. Every acquisition transaction is assessed separately.

Note 3 Segment information

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

2025	East	Central	North	South	Germany	Finland	Unallocated items	Group
Rental income	1,228	701	787	536	818	1,079	–	5,149
Other income	4	1	0	1	0	0	–	7
Property income	1,232	702	788	537	818	1,080	–	5,156
Property costs	-284	-192	-229	-169	-173	-269	–	-1,314
Net operating income	**948**	**510**	**559**	**368**	**645**	**811**	**–**	**3,841**
Central administrative expenses	–	–	–	–	–	–	-219	-219
Profit from participations in joint ventures	–	–	–	–	–	–	150	150
Net interest income	–	–	–	–	–	–	-1,162	-1,162
Profit/loss after net interest income	**948**	**510**	**559**	**368**	**645**	**811**	**-1,232**	**2,610**
Changes in value								
Properties, realised	-14	–	0	-3	0	–	–	-17
Properties, unrealised	-212	-266	-130	-135	10	66	–	-668
Financial instruments, realised	–	–	–	–	–	–	-9	-9
Financial instruments, unrealised	–	–	–	–	–	–	69	69
Total changes in value	**-226**	**-266**	**-130**	**-138**	**10**	**66**	**59**	**-626**
Current tax	–	–	–	–	–	–	59	59
Deferred tax	–	–	–	–	–	–	-147	-147
Profit/loss for the year	**722**	**244**	**429**	**230**	**654**	**877**	**-1,260**	**1,896**
Investment properties – investments, acquisitions, divestments per segment								
Investments, new construction, extension and re-developments	592	499	680	690	422	637	–	3,521
Acquisitions	4	–	-2	38	0	590	–	631
Divestments and disposals	-431	–	–	-3	0	0	–	-434
Total	**165**	**499**	**678**	**726**	**423**	**1,226**	**–**	**3,717**
Assets per segment at period-end								
Investment properties	22,865	10,703	14,072	9,463	14,385	15,742	–	87,231
Unallocated corporate assets	–	–	–	–	–	–	5,187	5,187
Total assets	**22,865**	**10,703**	**14,072**	**9,463**	**14,385**	**15,742**	**5,187**	**92,418**

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

Note 4 Leases

Lessor

Accounting policies rental income

Lease agreements are classified as operating leases since all of the risks and rewards of owning the properties are not substantially transferred to the tenants as the property remains in Hemsö's ownership, even when the term of the agreement is 25 years or more. All rental income is notified in advance and accrued in profit or loss on a straight-line basis, based on the terms of the lease agreements. Rental income includes additions such as water consumption, invoiced property tax and heating costs. Advance rent is recognised as deferred rental income.

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

Group	31 Dec 2025	31 Dec 2024
Contracted rental income within 12 months	4,969	4,923
Contracted rental income within 1–2 years	4,795	4,801
Contracted rental income within 2–3 years	4,460	4,495
Contracted rental income within 3–4 years	4,022	4,145
Contracted rental income within 4–5 years	3,733	3,729
Contracted rental income later than 5 years	26,607	27,124
Total	**48,587**	**49,216**

Lessee

Accounting policies lessees

As lessee, Hemsö initially recognises a right-of-use asset and a lease liability on the commencement date of the lease. The majority of Hemsö's right-of-use assets are ground leases. These are considered a perpetual contract and are measured at fair value, which means that the ground rent is discounted using the average interest rate implicit in the lease. The starting point has been the 3 per cent interest rate implicit in 10-year ground leases, which is applied by the Land and Environmental Courts and the Supreme Court. Since Hemsö's average ground lease term is 30 years, the interest rate used to obtain the value of the right-of-use assets is adjusted for the longer term and set at 4 per cent. Ground leases are not depreciated, the value remains unchanged until the ground rent is renegotiated. The lease liability associated with the ground leases is not depreciated since the contract, and therefore the liability, is perpetual. Ground rent is recognised as an interest expense on the income statement. Other leases, such as company vehicles and premises, are initially measured at cost and then depreciated on a straight-line basis from the date of commencement until their expiry date.

The value of leases with a term of 12 months or less, or an underlying asset of low value, was insignificant in the Hemsö Group, and no right-of use asset was recognised for these leases.

Group	Ground leases	Other leases	Total Right-of-use assets
Opening balance, 1 Jan 2025	**1,005**	**79**	**1,084**
Depreciation for the year	–	-27	-27
Currency effects	-47	0	-47
Additional	85	8	93
Closing balance, 31 Dec 2025	**1,043**	**60**	**1,104**

Amounts recognised in profit or loss	2025	2024
Depreciation	-27	-15
Interest expense	-41	-41
Leases of 12 months or less	-2	-2

Total cash flow for leases was SEK 70 million (57).

Maturity analysis of lease liabilities[1)]

Group	31 Dec 2025	31 Dec 2024
Due within 1 year	22	25
Due within 1–5 years	39	54
Due later than 5 years	–	–
Total	**60**	**79**

[1)] Excluding ground leases, which are considered perpetual.

Parent Company

The rules for recognising leases under IFRS 16 are not applied in the Parent Company. This means that lease payments are recognised as an expense on a straight-line basis over the lease term, and that right-of-use assets and lease liabilities are not included on the Parent Company's balance sheet.

Note 5 Operating costs

Group	2025	2024
Media usage	351	370
Supervision	452	424
Other operating costs	48	61
Total	**851**	**855**

Note 6 Central administrative expenses

Group	2025	2024
Personnel costs	289	269
Premises and office expenses	26	27
Services purchased	93	89
Depreciation	5	2
Other operating expenses	13	9
Less re-invoicing	-207	-180
Total	**219**	**216**

Note 7 Employees, personnel costs and remuneration of senior executives

Accounting policies employee benefits

Employee benefits, such as salaries and payroll overheads, holidays and paid sick leave, are recognised as the employees render services. Commitments to employees are secured through defined-contribution or defined-benefit pension plans according to ITP. Defined-contribution plans are plans in which the company's obligation is limited to the contributions the company has undertaken to pay. A defined-benefit pension plan means the employee is guaranteed a pension that corresponds to a certain percentage of the final salary. The company's obligations for contributions to defined-contribution plans are recognised as an expense in net profit as they are earned by the employees' services to the company during a period.

The Group's ITP pension plan is secured through insurance with Alecta, which according to a statement from the Swedish Corporate Reporting Board, UFR 10, is considered a defined-benefit plan covered by many employers. However, the plan has been treated as a defined-contribution plan, since Alecta has not been able to produce the values required to recognise the plan as a defined-benefit plan.

	2025			2024		
Group	Total	Women	Men	Total	Women	Men
Average no. of employees	173	81	92	167	77	90
No. of Group Management	12	6	6	11	5	6
No. of Board of Directors	5	2	3	5	2	3

At period-end, Hemsö had 176 employees (175), of whom 83 were women and 93 men. 116 were employed in the Parent Company (116), 27 (28) in Hemsö Development AB, 16 (14) in Germany and 17 (17) in Finland.

Note 7, cont.

Group	2025		2024	
Salaries and remuneration, SEK 000s	**Salaries and fees**	**Variable remuneration**	**Salaries and fees**	**Variable remuneration**
Board	1,508	–	1,398	–
CEO	7,275	–	6,884	–
Deputy CEO	3,174	–	3,039	–
Other senior executives	11,642	–	10,397	–
Other employees	101,551	6,690	94,790	4,811
Total Sweden	**125,150**	**6,690**	**116,508**	**4,811**
Other senior executives	4,962	–	5,100	–
Other employees	26,710	1,402	25,464	1,229
Total Foreign	**31,672**	**1,402**	**30,564**	**1,229**
Total Group	**156,822**	**8,092**	**147,072**	**6,040**

Group	2025		2024	
Payroll overheads, SEK 000s	**Payroll overheads, incl. special employer's contribution**	**Pension costs**	**Payroll overheads, incl. special employer's contribution**	**Pension costs**
Board	342	–	439	–
CEO	2,905	2,311	2,693	1,940
Deputy CEO	1,231	799	1,160	687
Other senior executives	4,697	3,624	4,238	3,245
Other employees	42,052	20,764	38,359	19,317
Total Sweden	**51,227**	**27,498**	**46,889**	**25,189**
Other senior executives	255	751	218	564
Other employees	3,226	2,508	2,717	2,672
Total Foreign	**3,481**	**3,259**	**2,935**	**3,236**
Total Group	**54,708**	**30,757**	**49,824**	**28,425**

	2025			2024		
Parent Company	**Total**	**Women**	**Men**	**Total**	**Women**	**Men**
Average no. of employees	115	55	60	111	53	58
No. of Group Management	9	5	4	8	4	4
No. of Board of Directors	5	2	3	5	2	3

Parent Company	2025		2024	
Salaries and remuneration, SEK 000s	**Salaries and fees**	**Variable remuneration**	**Salaries and fees**	**Variable remuneration**
Board	1,508	–	1,398	–
CEO	7,275	–	6,884	–
Deputy CEO	3,174	–	3,039	–
Other senior executives	9,859	–	8,675	–
Other employees	77,602	5,028	70,548	3,346
Total Sweden	**99,418**	**5,028**	**90,544**	**3,346**
Total Foreign	**–**	**–**	**–**	**–**
Total Parent Company	**99,418**	**5,028**	**90,544**	**3,346**

Parent Company	2025		2024	
Payroll overheads, SEK 000s	**Payroll overheads, incl. special employer's contribution**	**Pension costs**	**Payroll overheads, incl. special employer's contribution**	**Pension costs**
Board	342	–	439	–
CEO	2,905	2,311	2,693	1,940
Deputy CEO	1,231	799	1,160	687
Other senior executives	4,007	3,120	3,543	2,755
Other employees	31,388	14,216	28,093	12,678
Total Sweden	**39,873**	**20,446**	**35,928**	**18,060**
Total Foreign	**–**	**–**	**–**	**–**
Total Parent Company	**39,873**	**20,446**	**35,928**	**18,060**

Remuneration of the Board

The Chair and other members of the Board of Hemsö Fastighets AB are remunerated in accordance with a resolution adopted by the AGM. Remuneration of the Chair amounts to SEK 630,000, while each of the other Board members is paid an amount of SEK 300,000. The Chair of the Board's Audit Committee is paid remuneration of SEK 150,000 and other members are paid SEK 80,000. The Chair of the Board's Sustainability Committee is paid remuneration of SEK 100,000 and other members are paid SEK 50,000. Members of the Board who are employed by the owners receive no remuneration.

Variable remuneration

Hemsö's variable remuneration scheme for 2025 included all permanent employees except for senior executives. Under the scheme, most employees can receive up to one monthly salary in variable remuneration, while a smaller number of employees can receive up to two monthly salaries subject to the achievement of predefined targets. The targets are 25 per cent based on the company's financial performance, and 75 per cent based on individual, team or department performance, depending on the employee's role. The variable remuneration scheme is determined annually by the Board.

Pensions

Under the CEO's contract, Hemsö is required to pay premiums for occupational pension and health insurance amounting to 30 per cent of gross salary. Senior executives and other employees are covered by the ITP plan. The age of retirement is 65 for the CEO, and 67 for other senior executives. 65 employees (66) have defined-benefit ITP plans with continuous payments to Alecta. The year's contributions for defined-benefit pension plans with Alecta amounted to SEK 11,217,000 (9,921,000). Alecta's surplus can be distributed to the policyholders and/or insured. At 31 December 2025, Alecta's surplus in the form of the collective funding ratio was 167 per cent (December 2024: 162 per cent). The collective funding ratio is the market value of Alecta's assets as a percentage of the insurance commitments calculated using Alecta's actuarial assumptions, which are not consistent with IAS 19.

Severance pay

An agreement has been reached whereby the CEO will be eligible for severance pay in the event of termination by the company. The severance pay corresponds to 12 months' fixed salary, in addition to the mutual six-month notice period. The severance pay is not pensionable, is fully deductible and not payable upon retirement. Other senior executives have a mutual notice period of six months.

Note 8 Auditor fees and remuneration

	Group		Parent Company	
	2025	2024	2025	2024
Audit engagement				
KPMG	5	5	3	3
Audit activities in addition to the audit engagement	0	0	0	0
Other assignments	1	1	1	1
Total	**6**	**6**	**4**	**4**

The audit engagement refers to the statutory audit of the annual accounts and of the administration of the Board and the CEO. Audit activities in addition to the audit engagement refer to reviews of the administration or financial statements pursuant to statute. Other assignments refer to consultation that cannot be linked to any of the other categories.

Note 9 Profit/loss from participations in Group companies

Parent Company	2025	2024
Profit from sales of shares and participations	61	376
Dividends	23	197
Profit from unlimited and limited partnerships	11	16
Impairment	-50	-2
Total	**45**	**587**

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

Note 10 Income from financial items

Accounting policies financial items

Interest income is recognised in the accounting period to which it relates. Derivatives are used to achieve the desired fixed-rate period. Income and expenses relating to derivatives are recognised on a continuous basis. Income and expenses deriving from redemption and renegotiation of derivatives, as well as lost-interest compensation, are recognised when they occur.

Financial income and expenses recognised in profit/loss, SEK million	Group 2025	Group 2024
Assets and liabilities required to be measured at fair value through profit or loss:		
Interest received, derivatives that do not qualify for hedge accounting	2,544	2,334
Interest paid, derivatives that do not qualify for hedge accounting	-2,501	-2,242
Total	**43**	**92**
Assets and liabilities measured at amortised cost:		
Interest income from rent and accounts receivable	1	2
Interest income, other financial assets	25	47
Total interest income, effective interest method	**26**	**50**
Interest expense, loans	-1,106	-1,178
Interest expense, other financial liabilities	–	–
Total interest expense, effective interest method	**-1,106**	**-1,178**
Exchange-rate differences, financial items	4	-2
Commitment fees	-29	-28
Other financial expenses	-100	-111
Total	**-125**	**-141**
Total recognised in net interest income	**-1,162**	**-1,177**
Assets and liabilities required to be measured at fair value through profit or loss:		
Gains from the change in value of derivatives that do not qualify for hedge accounting	-121	-299
Loss from the change in value of derivatives that do not qualify for hedge accounting	180	65
Total	**59**	**-234**
Total recognised in profit/loss	**-1,103**	**-1,411**

Financial income and expenses recognised in profit/loss, SEK million	Parent Company 2025	Parent Company 2024
Interest income	1,538	1,604
Interest expense, loans	-1,164	-1,277
Other financial expenses	-59	-55
Profit from participations in Group companies	45	587
Change in value of derivatives	-11	-482
Exchange rate effects	1,042	-293
Total	**1,391**	**85**

Note 11 Value changes

Investment properties

The value changes attributable to investment properties amounted to SEK -685 million (99). The value changes were SEK -17 million (-39) in realised changes, and SEK -668 million (-60) in unrealised changes. This corresponds to a value change of -0.8 per cent (-0.1). The realised value change is the combined result of property sales before tax. The result of property sales after tax amounted to SEK 33 million (79).

The unrealised value change can be divided into property management and development-related value change and general market value change, respectively. Value change attributable to property management and development projects was SEK -447 million, corresponding to -0.5 per cent. Maintenance measures and adjusted operating costs had a negative impact on property management in Sweden. The market-related value change amounted to SEK -221 million, corresponding to a change of -0.3 per cent, which was mainly attributable to the upward adjustment of valuation yields in Germany and Sweden. The change in the estimated average valuation yield compared to year-end 2024 in Finland is relatively substantial. This was mainly the result of a change of valuation agencies that have different views on valuation methodology.

Unrealised value changes, SEK million	2025	2024
Property management and development-related value change	-568	-119
General market value change	-176	-25
Subtotal Sweden	**-743**	**-144**
Property management and development-related value change	121	345
General market value change	-46	-261
Subtotal Foreign	**76**	**84**
Total unrealised value changes	**-668**	**-60**

Note 11, cont.

Change in value of derivatives

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

At period-end, the nominal value of the interest-rate derivatives portfolio was SEK 6,175 million (6,975). Derivatives attributable to currency risk management comprise cross currency swaps, which corresponded to SEK 6,834 million (8,122). The surplus value of the interest-rate derivatives was SEK 4 million (7), and the deficit value of the cross currency swaps was SEK -728 million (-611).

Changes in the value of financial instruments had an impact of SEK 59 million (-234) on profit. Changes in the value of interest-rate derivatives had an impact of SEK -13 million (45) on profit, of which the unrealised change in value was SEK -3 million (45). Changes in value of derivatives had an impact of SEK 72 million (-279) on profit, of which the unrealised change in value was SEK -50 million (-299).

At year-end, the Swedish ten-year swap rate was 2.9 per cent (2.7).

Note 12 Tax

Accounting policies tax

The income statement includes current and deferred income tax for Swedish and foreign Group units, unless the underlying transaction is recognised in other comprehensive income or directly in equity, whereby the associated tax effect is recognised in other comprehensive income or in equity. The Group's companies are taxable under the applicable laws of each country. In 2025, the tax rate in Sweden was 20.6 per cent, and is calculated on nominal recognised income adding non-deductible items and deducting non-taxable income. The tax rate was 20.0 per cent in Finland and 16 per cent in Germany. However, the German corporate tax rate is set to be gradually reduced, amounting to 10 per cent by 2032, excluding the solidarity surcharge (DE: solidaritätszuschlag).

	Group		Parent Company	
	2025	2024	2025	2024
Recognised profit/loss before tax	**1,984**	**2,265**	**546**	**306**
Current tax	60	-140	–	–
Deferred tax	-147	-237	-39	110
Tax attributable to prior years	-1	-1	–	0
Total tax recognised in profit or loss	**-88**	**-379**	**-39**	**110**

	Group		Parent Company	
Tax expense analysis	2025	2024	2025	2024
Recognised profit/loss before tax	1,984	2,265	546	306
Reversal of profit/loss from joint ventures	-150	-157	–	–
Profit/loss before tax excluding profit/loss from joint ventures	1,834	2,107	546	306
Expected tax expense at Swedish rate	-378	-434	-113	-63
Difference in foreign tax rates	33	28	–	–
Tax attributable to prior years	-1	-1	–	0
Effect of change in German tax rate	232	–	–	–
Tax effect of				
Utilisation of previously uncapitalised tax losses	18	–	–	–
Uncapitalised tax losses	-11	-16	–	–
Non-taxable sales	45	102	13	78
Impairment of participations	–	–	-10	0
Tax exempt income	0	0	0	0
Non-deductible expenses	-1	-54	-1	-1
Other tax adjustments	-25	-4	66	53
Dividends	–	–	5	41
Profit from unlimited/limited partnerships	–	–	1	3
Recognised tax expense	**-88**	**-379**	**-39**	**110**
Effective tax rate	*-5%*	*-18%*	*-7%*	*n/a*

Expected tax expense at the current rate refers to the tax that would be payable if tax was calculated on recognised profit without tax adjustments. No effective tax is recognised in the event of negative earnings. The Group's effective tax expense has historically accounted for about 19 per cent of consolidated profit before tax. The lower effective tax rate this year is mainly due to a gradual reduction in the German corporate tax rate in the future, thereby reducing the deferred tax liability in the German operations.

	Group		Parent Company	
Deferred tax recognised on the income statement	2025	2024	2025	2024
Derivatives	-16	49	-23	96
Investment properties	-90	-304	-1	-1
Untaxed reserves	-23	3	–	–
Tax deficit	-18	15	-16	16
Total deferred tax recognised on the income statement	**-147**	**-237**	**-39**	**110**

	Group		Parent Company	
Deferred tax recognised on the balance sheet	2025	2024	2025	2024
Derivatives	-114	-114	-133	-156
Investment properties	6,345	6,343	31	30
Untaxed reserves	24	1	–	–
Tax deficit	-15	-33	–	-16
Lease liabilities	-211	-214	–	–
Right-of-use assets	211	214	–	–
Total deferred tax recognised on the balance sheet	**6,240**	**6,197**	**-103**	**-142**

Deferred tax assets on tax loss carryforwards in the Group that are considered likely to be used after more than 12 months amounted to SEK 15 million (33). In the Parent Company, they amounted to SEK - million (16). Deferred tax liabilities considered likely to be offset after more than 12 months amounted to SEK 6,580 million (6,558) in the Group and SEK 31 million (30) in the Parent Company. Unrecognised tax assets on tax loss carryforwards and non-deductible net interest income amounted to SEK 161 million (167). Of these, tax loss carryforwards and non-deductible net interest income corresponding to a tax asset of SEK 76 million (65) had an indefinite life. Of the tax assets recognised, SEK 15 million (33) had an indefinite life.

Note 13 Capitalised development costs

	Group		Parent Company	
	2025	2024	2025	2024
Accumulated cost, opening balance	24	17	24	17
Cost for the year	1	7	1	7
Total	**25**	**24**	**25**	**24**
Accumulated depreciation, opening balance	-6	-5	-6	-5
Depreciation for the year	-4	-1	-4	-1
Total	**-10**	**-6**	**-10**	**-6**
Carrying amount, closing balance	**15**	**18**	**15**	**18**

Note 14 Investment properties

Accounting policies investment properties

IAS 40 is applied and the property holding is measured at fair value. Properties are initially recognised at cost. Within the Group, properties are measured at fair value in accordance with the method stated below. Any deductions for deferred tax (discounts) received on the purchase of properties via companies (asset acquisitions) are recognised as a reduction of the cost of the property. In the subsequent valuation, the value changes are thus affected by the tax discounts.

Costs incurred for new construction, extension or re-development of properties are recognised as investment properties. Interest expense related to the specific financing of major new construction, extension and re-development of properties is expensed as incurred. Work related to routine maintenance, maintenance measures in connection with re-development and tenant adaptations are capitalised when they are considered to yield future economic benefits compared with the situation before the measures were carried out and can be valued reliably.

Group	31 Dec 2025	31 Dec 2024
Market value of properties, opening balance	85,973	82,624
Acquisitions	631	276
Investments in new construction, extension and re-development	3,521	3,490
Divestments	-431	-1,367
Disposals	-3	-2
Exchange rate changes	-1,792	1,011
Unrealised value changes	-668	-60
Market value of properties, closing balance	**87,231**	**85,973**
of which recognised in profit or loss	-685	-99

At 31 December 2025, the estimated market value, corresponding to the carrying amount, totalled SEK 87,231 million (85,973). Total value change amounted to SEK 1,258 million (3,349), corresponding to 1.5 per cent (4.1). The table on page 19 shows the estimated market value per property category and segment.

Valuation method

In accordance with the company's Valuation Policy, the market value of each property is assessed individually each quarter. At year-end, 443 properties were externally valued out of a total of 478 properties. Hemsö determines the market values using external valuations and Hemsö's internal calculation model. The valuation method is mainly based on 10–20 year cash flow analyses using the property's net operating income. Opening value-impacting factors, such as yield requirement, are assessed using the location-based pricing method. The location's market rental level, long-term vacancy rate and potential for development rights are also assessed. Each property is assessed using property-specific value-impacting events, such as newly signed and renegotiated lease agreements, terminated lease agreements and investments. Market value refers to the price that would probably be received if the property was put up for sale in a free and open market, without party relations and undue pressure. The valuations have accounted for the best use of the properties. The measurements are categorised within Level 3 of the fair value hierarchy in IFRS 13. No properties have been transferred to other fair value hierarchies. The same valuation method is applied for all of Hemsö's properties. Buildings under construction for future use as investment properties are recognised at fair value in accordance with IAS 40 with consideration for project risk and deductions for remaining investments. The valuation yield and future earnings capacity of the property have been measured in a uniform manner and applied consistently in the valuations.

Valuation yield assumptions

The valuation yield is based on underlying assumptions of real interest rates, real value change and risk premiums. The valuation yield is individual for each property and is assessed based on the location of the property, the characteristics of the location and the intended use of the property. Additional parameters that are taken into account include the appropriateness and design of the premises, the standard and condition of the property, the rental term and type of tenant. The valuation yield applied has been determined on the basis of knowledge of completed transactions in the markets in which Hemsö operates, and in bidding processes in which Hemsö has participated.

Cost of capital assumptions

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

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

Cash flow assumptions

When assessing each property's future earnings capacity, the existing contract stock has been analysed. For each property, future rental income is calculated based on current lease agreements. Rental income for future rental periods, and for vacant premises, is calculated based on individual assessments of market rent and long-term vacancy rates for each property. The assumed long-term vacancy rate was between 0 and 11 per cent.

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

Inflation assumptions

Assumptions of the coming year's inflation are made for each country, based on the market's inflation expectations. The following table shows the current inflation assumptions for each country for 2026 and onwards.

Inflation per country	2026	Long-term inflation
Sweden	1.5%	2.0%
Germany	1.9%	2.0%
Finland	2.0%	2.0%

Uncertainty range and sensitivity analysis

Property valuation is the result of an estimate of the value of a particular property at a given date. The market value of properties is calculated using assumptions of expected rental income, property costs, economic vacancy and yield requirements. These factors vary depending on the economy, demand for properties and interest rates. The valuation assumes an uncertainty range of +/- 5 per cent, corresponding to values in the range of SEK 91,592 – 82,869 million (90,271 – 81,674). In the sensitivity analysis, net operating income has been adjusted +/- 1 per cent to show how cash flow changes affect the total value. Similarly, the yield requirement has been adjusted +/- 0.1 percentage points to show how the overall value is affected.

The sensitivity analysis provides a schematic view of the effect of input parameters on the value. The various assumptions regarding cash flow and yield requirement are linked together, and one isolated parameter is rarely changed. In the calculation models, there is a correlation between the difference between the valuation yield and the cost of capital, which generally amounts to the weighted average long-term inflation assumption. An exception is made for the cost of capital for cash flow, since lease agreements have long durations and counterparties are states, municipalities or the equivalent bodies.

Cushman & Wakefield performed the valuation of the Swedish portfolio, CBRE the German portfolio, and Cushman & Wakefield the Finnish portfolio. Properties must be inspected at least once every three years. Of the 443 externally appraised properties, 80 per cent were subject to an inspection in 2025. A desktop valuation was performed on the remaining properties. Seven properties were acquired during the year. External valuations have not been performed on some of the year's acquisitions or early-stage development projects ahead of year-end 2025.

Sensitivity analysis

	Change	Valuation effect, SEK million
Net operating income	+/- 1%	+/- 872
Valuation yield	+/- 0.1 percentage points	-1,690/+1,758

Material obligations

Hemsö has the following material obligations in relation to the acquisition and divestment of investment properties: Hemsö has entered into an agreement to acquire one property in Germany for SEK 32 million with transfer in 2026. In Sweden, Hemsö has entered into agreements to acquire seven properties for a total of SEK 70 million, of which five will be transferred in 2026 and two in 2027. After the close of the financial year, the company entered into an agreement to divest one property for SEK 82 million. The total volume of ongoing new construction and re-development projects amounted to SEK 6,168 million (6,331), of which the remaining investment amount was SEK 2,942 million (2,849).

Note 14, cont.

Market value of properties per property category and segment at 31 December 2025, SEK million

	Outcome 2025						Valuation assumptions, 31 December 2025						
	Property valuation, SEK million	No. of properties	Property income, SEK million	Net operating income, SEK million	Occupancy rate, %	Lettable area, tsqm	Estimated rental level, SEK/sqm [1]	Operating and maintenance costs, SEK/sqm [1]	Long-term vacancy rate, %	Cost of capital – cash flow, % [2]	Cost of capital – residual value, % [2]	Valuation yield, %	Average valuation yield, %
Nursing home	5,143	20	283	196	97.2	128	2,401	492	2.0	6.2	6.6	4.4 – 6.9	4.7
Education	7,998	42	417	334	98.9	175	2,617	376	3.2	5.6	6.8	4.5 –10.0	4.9
Health care	7,095	11	395	308	93.5	109	3,407	634	4.3	6.0	6.7	4.3 – 5.8	4.7
Justice system	2,628	2	137	111	99.7	43	3,226	386	2.9	6.1	6.5	4.3 – 4.5	4.4
Sweden, Region East	**22,865**	**75**	**1,232**	**948**	**96.9**	**456**	**2,821**	**473**	**3.3**	**5.9**	**6.7**	**4.3 – 10.0**	**4.7**
Nursing home	3,027	28	172	118	99.4	107	1,897	449	2.3	5.8	7.0	4.5 – 6.7	5.0
Education	4,825	31	313	242	97.3	158	2,024	388	3.8	5.8	7.3	4.5 – 6.5	5.3
Health care	1,867	25	144	96	98.0	79	1,901	491	4.5	7.4	7.8	5.3 – 6.7	5.9
Justice system	984	5	72	53	100.0	33	2,143	429	4.1	6.7	7.1	4.9 – 6.4	5.2
Sweden, Region Central	**10,703**	**89**	**702**	**510**	**98.2**	**376**	**1,976**	**431**	**3.5**	**6.2**	**7.3**	**4.5 – 6.7**	**5.3**
Nursing home	5,792	38	336	225	97.1	193	2,122	448	1.6	5.9	6.9	4.4 – 7.0	4.9
Education	5,864	21	338	251	99.2	165	2,078	398	3.1	5.7	7.1	4.4 – 6.6	5.1
Health care	198	3	16	9	93.6	9	1,875	537	4.3	7.8	7.8	5.6 – 7.0	5.9
Justice system	2,218	6	98	74	100.0	39	2,231	296	2.1	6.0	7.0	4.7 – 5.4	4.9
Sweden, Region North	**14,072**	**68**	**788**	**559**	**98.3**	**406**	**2,110**	**414**	**2.3**	**5.9**	**7.0**	**4.4 – 7.0**	**5.0**
Nursing home	2,964	24	167	111	95.5	94	2,336	544	1.8	6.4	6.9	4.7 – 6.7	5.0
Education	5,503	37	325	227	95.1	175	2,288	486	3.5	6.4	7.4	5.0 – 7.5	5.5
Health care	628	8	21	11	96.0	15	1,573	393	2.5	7.9	8.1	4.9 – 7.6	6.0
Justice system	369	3	23	19	100.0	9	2,599	339	1.7	6.5	7.2	4.7 – 6.9	5.2
Sweden, Region South	**9,463**	**72**	**537**	**368**	**95.5**	**294**	**2,241**	**489**	**2.8**	**6.5**	**7.3**	**4.7 – 7.6**	**5.3**
Nursing home	10,930	77	628	480	99.9	414	1,505	126	n/a	5.5	5.0	4.1 – 7.3	5.4
Education	2,387	5	113	104	100.0	38	2,977	148	n/a	5.0	4.3	4.2 – 5.6	4.6
Justice system	1,068	5	77	61	100.0	34	2,181	118	n/a	4.2	3.5	2.9 – 5.4	3.7
Germany	**14,385**	**87**	**818**	**645**	**100.0**	**487**	**1,690**	**128**	**n/a**	**5.3**	**4.7**	**2.9 – 7.3**	**5.1**
Nursing home	3,972	45	310	251	99.6	127	2,360	425	4.3	7.7	7.7	4.9 – 12.0	5.7
Education	6,574	23	369	289	99.4	169	2,710	557	3.5	7.2	7.2	4.5 – 8.0	5.2
Health care	2,097	11	191	123	100.0	83	2,407	792	6.8	7.0	7.0	4.7 – 6.7	5.0
Justice system	3,099	8	210	149	94.2	72	2,906	746	7.8	6.7	6.7	4.5 – 5.8	4.7
Finland	**15,742**	**87**	**1,080**	**811**	**98.5**	**451**	**2,585**	**594**	**5.0**	**7.2**	**7.2**	**4.5 – 12.0**	**5.2**
Nursing home	31,827	232	1,896	1,381	98.5	1,064	1,926	223	n/a	n/a	n/a	4.1 – 12.0	5.1
Education	33,152	159	1,876	1,446	98.2	880	2,394	409	n/a	n/a	n/a	4.2 – 10.0	5.1
Health care	11,886	58	767	548	95.9	296	2,544	616	n/a	n/a	n/a	4.3 – 7.6	5.1
Justice system	10,365	29	617	466	97.9	230	2,617	420	n/a	n/a	n/a	2.9 – 6.9	4.6
Total	**87,231**	**478**	**5,156**	**3,841**	**97.9**	**2,470**	**2,238**	**359**	**n/a**	**n/a**	**n/a**	**2.9 – 12.0**	**5.1**

[1] The landlord has a major commitment towards the tenant regarding the provision of operation and maintenance in Sweden and Finland. In Germany, the responsibility of the tenant is much greater (triple net lease) and operating and maintenance costs are thus much lower for the property owner.
[2] The cost of capital in Sweden and Finland is presented in nominal terms, while the cost of capital in Germany is presented in real terms.

Note 15 Equipment

Accounting policies equipment

Machinery and equipment are recognised at cost less accumulated depreciation according to plan and any impairment. Machinery and equipment are depreciated on a straight-line basis over five years.

	Group		Parent Company	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Accumulated cost, opening balance	23	20	14	12
Acquisitions	0	3	0	2
Total	**23**	**23**	**14**	**14**
Accumulated depreciation, opening balance	-14	-13	-11	-10
Depreciation for the year	-1	-1	-1	-1
Total	**-16**	**-14**	**-12**	**-11**
Carrying amount, closing balance	**7**	**8**	**3**	**4**

Note 16 Participations in Group companies

Accounting policies participations in Group companies

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

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

Parent Company				Participation, %		Carrying amount
Subsidiaries	**Corp. Reg. No.**	**Reg. office**	**Country**	**Direct**	**Indirect**	**31 Dec 2025**
Hemsö Vårdfastigheter AB	556657-9958	Stockholm	Sweden	100.0		1,265
Fastighets AB Fordonsskolan	556691-2654	Stockholm	Sweden	100.0		177
Tipton Erik AB	556617-6128	Stockholm	Sweden	100.0		13
Hemsö Bänken AB	556718-3396	Stockholm	Sweden	100.0		355
Hemsö Tavlan 08 AB	556746-9852	Stockholm	Sweden	100.0		22
Fastighets AB Beckomberga 1:12	556753-3780	Stockholm	Sweden	100.0		29
Hemsö Vreten AB	556417-3952	Stockholm	Sweden	100.0		479
Hemsö Draget Fastigheter AB	556340-0869	Stockholm	Sweden	100.0		68
Nya Vilunda Fastighets AB	556781-6789	Stockholm	Sweden	100.0		8
Hemsö Köping Fastigheter AB	556845-8912	Stockholm	Sweden	100.0		11
Hemsö Dona Fastigheter AB	556795-8987	Stockholm	Sweden	100.0		148
Hemsö Botkyrka Fastigheter AB	556786-3427	Stockholm	Sweden	100.0		13
Hemsö Krokslätt Fastigheter AB	556259-2815	Stockholm	Sweden	100.0		16
Hemsö Gransångaren Fastigheter AB	556591-2994	Stockholm	Sweden	100.0		40
Hemsö Rosengård Fastigheter AB	556766-4817	Stockholm	Sweden	100.0		42
Hemsö Patienthotell AB	556910-1362	Stockholm	Sweden	100.0		185
Hemsö Upplands Väsby Fastigheter AB	556911-7855	Stockholm	Sweden	100.0		150
Hemsö Skolfastigheter AB	556537-6901	Stockholm	Sweden	100.0		641
Bokbacken Fastigheter AB	556340-5538	Stockholm	Sweden	100.0		1,534
Hemsö Öresund KB	969647-9295	Stockholm	Sweden	99.0	1.0	5
Förvaltningsbolaget Krokslätt KB	969601-3839	Stockholm	Sweden	10.0	90.0	4
Förvaltningsbolaget Hanen 4 KB	969601-3862	Stockholm	Sweden	10.0	90.0	3
Bokbacken Fastigheter Fiskebäck KB	916850-4570	Stockholm	Sweden	10.0	90.0	6
Bokbacken Fastigheter Solskiftet KB	916434-5549	Stockholm	Sweden	10.0	90.0	0
KB S:t Jörgen Äldreboende	969673-1430	Stockholm	Sweden	10.0	90.0	9
FB Fair Fyrtiotre KB	916630-7455	Stockholm	Sweden	1.0	99.0	4
Bjölahemmet KB	916849-3212	Stockholm	Sweden	1.0	99.0	26
Hemsö Britsen AB	556718-3388	Stockholm	Sweden	100.0		9
Ystad Liv 1 Fastighets AB	556640-8737	Stockholm	Sweden	100.0		104
Hemsö Hissen 08 AB	556746-9837	Stockholm	Sweden	100.0		470
Hemsö Klockarkärleken AB	556750-0862	Stockholm	Sweden	100.0		78
Hemsö Valsätra AB	556761-3749	Stockholm	Sweden	100.0		5
Hemsö Söderport AB	556752-5554	Stockholm	Sweden	100.0		36
Hemsö Beckomberga Fastigheter AB	556617-6151	Stockholm	Sweden	100.0		1
Hemsö Development AB	556873-8529	Stockholm	Sweden	100.0		10
Hemsö LSS-Fastigheter Holding	556923-9527	Stockholm	Sweden	100.0		165
Hemsö Kadetten Ekonomisk förening	769633-2639	Stockholm	Sweden		100.0	–
Hemsö Göteborg Stampen 6:23	556693-4880	Stockholm	Sweden		100.0	–
Hemsö Krokom Holding AB	559384-7253	Stockholm	Sweden		100.0	–
Hemsö Krokom Fastighets AB	559284-7965	Stockholm	Sweden		100.0	–
Hemsö Hissmon 1305 Fastighets AB	559409-7973	Stockholm	Sweden		100.0	–

Note 16, cont.

Parent Company Subsidiaries	Corp. Reg. No.	Reg. office	Country	Participation, % Direct	Participation, % Indirect	Carrying amount 31 Dec 2025
Hemsö Intende AB	556802-4789	Stockholm	Sweden	100.0		1,034
Hemsö Norden KB	969769-2961	Stockholm	Sweden		50.0	–
Hemsö Komplementär AB	556951-8086	Stockholm	Sweden		50.0	–
Hemsö Nacka 1 KB	969780-4194	Stockholm	Sweden		50.0	–
Hemsö Äldreboende KB	969781-6206	Stockholm	Sweden		50.0	–
Hemsö Norrbottenfastigheter KB	969780-9839	Stockholm	Sweden		50.0	–
Hemsö Kvarnberget KB	969789-1704	Stockholm	Sweden		50.0	–
Hemsö Bäckagård 1:17 KB	916850-7201	Stockholm	Sweden		50.0	–
Hemsö 316 Bäckagård KB	916850-7219	Stockholm	Sweden		50.0	–
Hemsö Excellensen 5 AB	559087-5760	Stockholm	Sweden		100.0	–
Hemsö Tenstafastigheter AB	559333-0573	Stockholm	Sweden		100.0	–
Hemsö Bråstaborg 1 i Sala AB	559351-4416	Stockholm	Sweden		100.0	–
Hemsö Baggen AB	556709-6812	Stockholm	Sweden	100.0		343
Hemsö Vårdträdet AB	559132-9775	Stockholm	Sweden		100.0	–
Hemsö Cullberg Holding AB	556932-8080	Stockholm	Sweden		100.0	–
Hemsö Båthöjden AB	559079-7642	Stockholm	Sweden		100.0	–
Hemsö Bjuvfastigheter AB	559079-7600	Stockholm	Sweden		100.0	–
Hemsö Wallander AB	559105-1296	Stockholm	Sweden		100.0	–
Hemsö Giffeln 1 AB	559217-4725	Stockholm	Sweden		100.0	–
Hemsö Jungfruholmen Holding AB	556937-6493	Stockholm	Sweden	100.0		0
Hemsö Jungfruholmen HB	916585-3921	Stockholm	Sweden		100.0	–
Hemsö Kvillebäcken AB	556874-5292	Stockholm	Sweden	100.0		29
Hemsö Medicinaren AB	556822-2359	Stockholm	Sweden	100.0		335
Hemsö Sandudden Fastigheter AB	556928-1958	Stockholm	Sweden	100.0		4
Hemsö Hjärup Fastigheter AB	556973-2752	Stockholm	Sweden	100.0		260
Hemsö Tegen AB	556761-8938	Stockholm	Sweden	100.0		415
Hemsö Hälsan AB	556658-9510	Stockholm	Sweden	100.0		44
Hemsö Centrumhuset i Göteborg AB	556991-6249	Stockholm	Sweden	100.0		6
Alexander Holding 1 AB	556989-1491	Stockholm	Sweden	100.0		–
Hemsö 404 Fastighets AB	559538-4420	Stockholm	Sweden		100.0	–
Blå Kruset 1 AB	556989-0014	Stockholm	Sweden	100.0		128
Hemsö Gävle Norrtull AB	559085-6943	Stockholm	Sweden		100.0	–
Hemsö Benzelius AB	556856-8165	Stockholm	Sweden		100.0	–
Hemsö Svindersvik Fastigheter AB	556674-6045	Stockholm	Sweden		100.0	–
Hemsö Knivsta Skolfastigheter AB	559411-9892	Stockholm	Sweden		100.0	–
Blå Kruset 17 AB	556992-5679	Stockholm	Sweden	100.0		114
Hemsö Mejeriet i Gävle AB	559152-5323	Stockholm	Sweden		100.0	–
Hemsö Filborna Fastighets AB	559231-5609	Stockholm	Sweden		100.0	–
Hemsö Nävan i Malmö AB	559073-2904	Stockholm	Sweden		100.0	–
Hemsö Utvecklingsfastigheter 1 AB	559365-1788	Stockholm	Sweden		100.0	–
Hemsö Utvecklingsfastigheter 3 AB	559365-1804	Stockholm	Sweden		100.0	–
Blå Kruset 9 AB	556989-0089	Stockholm	Sweden	100.0		248
Hemsö Verkmästaren Holding AB	559083-3926	Stockholm	Sweden		100.0	–
Hemsö Verkmästaren Fastigheter AB	559042-0534	Stockholm	Sweden		100.0	–
Hemsö Juristen 4 AB	556761-9118	Stockholm	Sweden		100.0	–
Hemsö Brämaregården 37:1 AB	556761-9134	Stockholm	Sweden		100.0	–
Hemsö Notarieängen 8 AB	556802-9192	Stockholm	Sweden		100.0	–

Parent Company Subsidiaries	Corp. Reg. No.	Reg. office	Country	Participation, % Direct	Participation, % Indirect	Carrying amount 31 Dec 2025
Hemsö Haninge Skolfastigheter AB	559110-7221	Stockholm	Sweden		100.0	–
Hemsö 788 Fastighets AB	559549-6059	Stockholm	Sweden		100.0	–
Hemsö 278 Fastighets AB	559549-6067	Stockholm	Sweden		100.0	–
Blå Kruset 13 AB	556989-0162	Stockholm	Sweden	100.0		195
Hemsö Solvändan 3 AB	559115-3639	Stockholm	Sweden		100.0	–
Hemsö Lagerqvist AB	559056-1873	Stockholm	Sweden		100.0	–
Hemsö 276 Fastighets AB	559520-2218	Stockholm	Sweden		100.0	–
Hemsö 277 Fastighets AB	559520-2200	Stockholm	Sweden		100.0	–
TKV Fastighets AB	556900-1323	Stockholm	Sweden	100.0		196
TKV2 Fastighets AB	556967-4624	Stockholm	Sweden	100.0		339
Hemsö Gotland Holding Fastigheter AB	556930-2713	Stockholm	Sweden	100.0		282
Hemsö Vittran AB	559214-5675	Stockholm	Sweden		100.0	–
Hemsö Hjorten 14 Fastighets AB	559260-6098	Stockholm	Sweden		100.0	–
Hemsö Fräsen 1 AB	559255-4868	Stockholm	Sweden		100.0	–
Hemsö Life Holding AB	559017-8314	Stockholm	Sweden	100.0		789
Scandinavian Life Science Två AB	559015-3531	Stockholm	Sweden		100.0	–
Hemsö Författaren AB	559014-3664	Stockholm	Sweden		100.0	–
Hemsö Kronåsen AB	559288-0701	Stockholm	Sweden		100.0	–
Hemsö Huginerva AB	559002-6570	Stockholm	Sweden	100.0		98
Hemsö Arttiv Fastigheter AB	556745-4979	Stockholm	Sweden	100.0		26
Hemsö Skarpnäck AB	556757-1186	Stockholm	Sweden	100.0		33
Hemsö Ystad Tonsättaren AB	559005-5348	Stockholm	Sweden	100.0		41
Hemsö skolfastigheter i Järvastaden AB	559017-4354	Stockholm	Sweden	100.0		11
Hemsö Borstahusen Fastigheter AB	559017-4586	Stockholm	Sweden	100.0		191
Hemsö Kungshamn Fastigheter AB	556805-3085	Stockholm	Sweden	100.0		25
Hemsö Lindholmen AB	559011-5233	Stockholm	Sweden	100.0		171
Hemsö Sandarna 26:2 AB	556750-6547	Stockholm	Sweden	100.0		282
Hemsö Stafvre AB	559021-5660	Stockholm	Sweden	100.0		161
Hemsö Kopparormen AB	556762-2195	Stockholm	Sweden	100.0		14
Hemsö Hantverkaren 2 AB	556929-7889	Stockholm	Sweden	100.0		137
Hemsö Holding AB	556920-8050	Stockholm	Sweden	100.0		112
Hemsö Höbalen 1 AB	556673-5188	Stockholm	Sweden		100.0	–
Hemsö 769 Holding AB	559070-4358	Stockholm	Sweden	100.0		436
Hemsö Gyllehemmet Holding AB	556787-5694	Stockholm	Sweden		100.0	–
Hemsö Gyllehemmet Fastigheter AB	559136-8039	Stockholm	Sweden		100.0	–
Hemsö Odensala Holding AB	559175-4808	Stockholm	Sweden		100.0	–
Hemsö Odensala Fastighets AB	559175-4816	Stockholm	Sweden		100.0	–
Hemsö Treasury Oyj	3166158-1	Helsinki	Finland	100.0		1
Hemsö Finland AB	556948-0139	Stockholm	Sweden	100.0		5,767
Hemsö Yhteiskuntakiinteistöt Oy	2601763-6	Helsinki	Finland		100.0	–
Koy Kornetintie 8	2552093-4	Helsinki	Finland		100.0	–
Koy Louhelan Hoivakodit	2552379-9	Helsinki	Finland		100.0	–
Koy Kuparitie 2	2552080-3	Helsinki	Finland		100.0	–
Koy Espoon Kiltakallionrinne 1	2552077-4	Helsinki	Finland		100.0	–
Koy Kuopion Koiravedenkatu 10	2552078-2	Helsinki	Finland		100.0	–
Koy Espoon Kattilatanhua 6	2552076-6	Helsinki	Finland		100.0	–
Koy Vaasan Huvilatie 2	2552091-8	Helsinki	Finland		100.0	–

Note 16, cont.

Parent Company / Subsidiaries	Corp. Reg. No.	Reg. office	Country	Participation, % Direct	Participation, % Indirect	Carrying amount 31 Dec 2025
Koy Pitkäniemen R15	2552085-4	Helsinki	Finland		100.0	–
Koy Arppentie 6 B	2552075-8	Helsinki	Finland		100.0	–
Koy Kontinkankaan Kuntoutussairaala	2552100-5	Helsinki	Finland		100.0	–
Koy Hoivakoti Villa Olavi	2552096-9	Helsinki	Finland		100.0	–
Koy Kuninkaanlaakson Hoivakoti	2552099-3	Helsinki	Finland		100.0	–
Koy Palvelutalo Untuva	2552094-2	Helsinki	Finland		100.0	–
Koy Hyvinkään Haavantie 4	2552097-7	Helsinki	Finland		100.0	–
Koy Jämsän Hotellitie 1	2552098-5	Helsinki	Finland		100.0	–
Koy Laihian Vallinmäentie 47	3007065-9	Helsinki	Finland		100.0	–
Koy Helsingin Keskiyöntie 6	2536809-8	Helsinki	Finland		100.0	–
Koy Kangasalan Herttuatar	2713658-1	Helsinki	Finland		100.0	–
Koy Tampereen Tilkonmäenkatu 2	2734576-2	Helsinki	Finland		100.0	–
Koy Klaukkalan Palvelukoti	2730171-9	Helsinki	Finland		100.0	–
Koy Lohjan Maksjoen Palvelukoti	2430602-0	Helsinki	Finland		100.0	–
Koy Pälkäneen Lastenlinnantie	2751230-5	Helsinki	Finland		100.0	–
Koy Tampereen Niemenrannan Johannes	2400537-5	Helsinki	Finland		100.0	–
Koy Hämeenlinnan Turuntie 13	2729637-4	Helsinki	Finland		100.0	–
Koy Espoon Kivennavantie 15	2803647-8	Helsinki	Finland		100.0	–
Koy Avian Elämänkaarikodit	1704871-3	Helsinki	Finland		100.0	–
Koy Rettinginpuisto Kaarina	2839609-4	Helsinki	Finland		100.0	–
Koy Pirttipuistikko Turku	2859382-1	Helsinki	Finland		100.0	–
Koy Espoon Jänismäki	1992386-8	Helsinki	Finland		100.0	–
Koy Keravan Terveyslähde	1933749-8	Helsinki	Finland		100.0	–
Koy Oulun Mielikintie 8	2262427-9	Helsinki	Finland		100.0	–
Koy Espoon Suurpellon Puistokatu	2755679-7	Helsinki	Finland		100.0	–
Koy Espoon Suotie 4	2758356-8	Helsinki	Finland		100.0	–
Turun seudun sosiaali- ja terveyspalveluki-inteistöt Oy	2718451-6	Turku	Finland		100.0	–
Koy Mäntsälän Kaakkumäentie 6	3127144-4	Helsinki	Finland		100.0	–
Tapaninkylän Liikekeskus Oy	0757940-6	Helsinki	Finland		100.0	–
Koy Nurmijärven Vehnäpellontie 6	3104958-7	Helsinki	Finland		100.0	–
Koy Espoon Solisevantie 2	3282016-9	Helsinki	Finland		100.0	–
Koy Kuopion Rahkakatu 34	3282091-9	Helsinki	Finland		100.0	–
Koy Kellokosken Höyläämjänkujan Hoiva	3277459–6	Helsinki	Finland		100.0	–
Koy Karkkilan Nyhkäläntien Hoiva	3289201-5	Helsinki	Finland		100.0	–
Koy Sipoon Söderkullan Hoiva Oy	3310103-5	Helsinki	Finland		100.0	–
Koy Tampereen Lääkärinkallionkatu 6	3283679-3	Helsinki	Finland		100.0	–
Koy Tampereen Romsinpolku 6	3283680-6	Helsinki	Finland		100.0	–
Koy Tampereen Taavankuja 1	3283681-4	Helsinki	Finland		100.0	–
Koy Siuntion Linnoitustien Hoiva	3316253-2	Helsinki	Finland		100.0	–
Koy Lahden Kilpiäistentien Hoiva	3339832-6	Helsinki	Finland		100.0	–
Koy Nummelan Nummenjuohun Hoiva	3283761-4	Helsinki	Finland		100.0	–
Hemsö Suomi Oy	2699026-8	Helsinki	Finland		100.0	–
Koy Porin Asema-aukio	0165693-3	Helsinki	Finland		100.0	–
Fastighets Ab Academill	1508596-7	Helsinki	Finland		100.0	–
Koy Arkadiankatu 24	1487244-0	Helsinki	Finland		100.0	–
Koy Haapaniemenkatu 6	0117833-7	Helsinki	Finland		100.0	–
Koy Nervanderinkatu 13	2871086-4	Helsinki	Finland		100.0	–
Koy Pohjoinen Rautatiekatu 9	2871081-3	Helsinki	Finland		100.0	–
Koy Joensuun Yliopistokatu 4	3007061-6	Helsinki	Finland		100.0	–
Koy Elektroniikkatie 1	3007058-7	Helsinki	Finland		100.0	–
Fastighets Ab Helsingfors Arkadiagatan 28	2870911-8	Helsinki	Finland		100.0	–
Koy Jyväskylän Wilhelm Schildtin katu 2	3118934-4	Helsinki	Finland		100.0	–
Koy Ylöjärven Hiitintie	3139992-3	Helsinki	Finland		100.0	–
Koy Liedon Paloasema	2385041-1	Helsinki	Finland		100.0	–
Koy Kannaksenkatu 20	3177213-4	Helsinki	Finland		100.0	–
Koy Kannaksenkatu 22	3177216-9	Helsinki	Finland		100.0	–
Koy Kirkkokatu 16	3177212-6	Helsinki	Finland		100.0	–
Koy Laaksokatu 6	3177211-8	Helsinki	Finland		100.0	–
Koy Turun Lemminkäisenkatu 30	1879924-4	Helsinki	Finland		100.0	–
Karistonkulma Oy	0507064-9	Helsinki	Finland		100.0	–
Koy Helsingin Salmisaarentalo	2696431-8	Helsinki	Finland		100.0	–
Koy Teuvo Pakkalankatu 7	3222841-3	Helsinki	Finland		100.0	–
Koy Espoon Asemakulma	1638223-4	Helsinki	Finland		100.0	–
Koy Siltavuorenpenger 10	3202323-1	Helsinki	Finland		100.0	–
Lappeenrannan Tieto-Sähkötalo Oy	1536976-7	Helsinki	Finland		100.0	–
Koy Kangasalan Hampuntie 25	3215828-3	Helsinki	Finland		100.0	–
Koy Lauritsalantie 9	3214148-1	Helsinki	Finland		100.0	–
Koy Kuopion Teletie 4-6	3146859-7	Helsinki	Finland		100.0	–
Koy Kouvolan Tehtaakaari 9	3315158-5	Helsinki	Finland		100.0	–
Koy Kouvolan Kauppalankatu 45	3315160-6	Helsinki	Finland		100.0	–
Koy Kouvolan Uimahallintie 2	3315161-4	Helsinki	Finland		100.0	–
Koy Kouvolan Varuskuntakatu 11	3315159-3	Helsinki	Finland		100.0	–
Koy Kouvolan Toukotie 11	3315162-2	Helsinki	Finland		100.0	–
Koy Kouvolan Huovihongantie 3	3315164-9	Helsinki	Finland		100.0	–
Koy Kouvolan Utinkatu 85	3315165-7	Helsinki	Finland		100.0	–
Koy Helsingin Hämeentie 80	3315154-2	Helsinki	Finland		100.0	–
Koy Kouvolan Sairaalankuja 3 D	3315153-4	Helsinki	Finland		100.0	–
Koy Helsingin Abraham Wetterin tie 15	3339395-5	Helsinki	Finland		100.0	–
Seminaarinkatu 2 Holding Oy	3308650-9	Helsinki	Finland		100.0	–
Koy Seminaarinkatu 2	3308653-3	Helsinki	Finland		100.0	–
Hemsö Finland JV Holding AB	559122-5841	Stockholm	Sweden		100.0	–
Hemsö TTP Oy	2948694-8	Helsinki	Finland		100.0	–
Hemsö Tyskland Fastigheter AB	556843-9771	Stockholm	Sweden	100.0		2,445
Hemsö Steglitz GmbH	HRB 201253	Munich	Germany		100.0	–
Hemsö Germany Invest 21 GmbH	HRB 264722	Munich	Germany		100.0	–
Hemsö Offenbach GmbH	HRB 205413	Munich	Germany		100.0	–
Hemsö Dresden GmbH	HRB 212253	Munich	Germany		100.0	–
Hemsö GmbH	HRB 169543	Munich	Germany		100.0	–
Schulbau Dabendorf GmbH	HRB 31752 P	Potsdam	Germany		89.9	–
Hemsö Asset Management GmbH	HRB 165326	Munich	Germany		100.0	–
Hemsö Vita GmbH	HRB 169542	Munich	Germany		94.9	–
Hemsö Beteilingungs GmbH	HRB 170669	Munich	Germany		100.0	–
WWB 17. Objektgesellschaft GmbH	HRB 35432	Bremen	Germany		100.0	–

Note 16, cont.

Parent Company				Participation, %		Carrying amount
Subsidiaries	**Corp. Reg. No.**	**Reg. office**	**Country**	**Direct**	**Indirect**	**31 Dec 2025**
Grenbell & Hemsö Invest I GmbH & Co. KG	HRA 118073	Munich	Germany		94.9	–
Hemsö Wetter und Rositz GmbH	HRB 170964	Munich	Germany		94.9	–
Hemsö Barssel GmbH	HRB 171219	Munich	Germany		94.9	–
Hemsö Bocholt GmbH	HRB 172025	Munich	Germany		100.0	–
Hemsö Lauterbach GmbH	HRB 183667	Munich	Germany		100.0	–
Grenbell & Hemsö Invest II GmbH & Co. KG	HRA 117843	Munich	Germany		100.0	–
Hemsö Germany Invest 10 GmbH	HRB 217922	Munich	Germany		100.0	–
Hemsö Germany Invest 11 GmbH	HRB 224222	Munich	Germany		100.0	–
Hemsö Germany Invest 12 GmbH	HRB 222515	Munich	Germany		100.0	–
Hemsö Germany Education 15 GmbH	HRB 234193	Munich	Germany		100.0	–
Hemsö Germany Invest Duisburg 16 GmbH	HRB 234192	Munich	Germany		100.0	–
Hemsö Germany Invest Duisburg 17 GmbH	HRB 234213	Munich	Germany		100.0	–
Hemsö Asset Management Duisburg GmbH	HRB 234212	Munich	Germany		100.0	–
Hemsö Germany Invest 20 GmbH	HRB 239156	Munich	Germany		100.0	–
Sozialcentrum Büttelborn GmbH	HRB 240798	Munich	Germany		100.0	–
Hemsö Germany Invest 13 GmbH	HRB 235714	Munich	Germany		100.0	–
Hemsö Germany Invest 14 GmbH	HRB 248303	Munich	Germany		100.0	–
Hemsö Germany Invest 22 GmbH	HRB 259952	Munich	Germany		100.0	–
Hemsö Germany Invest 23 GmbH	HRB 259953	Munich	Germany		100.0	–
Hemsö Germany Invest 24 GmbH	HRB 280097	Munich	Germany		100.0	–
Total						**20,845**

Parent Company	**31 Dec 2025**	**31 Dec 2024**
Accumulated cost, opening balance	21,225	18,693
Acquisitions	–	–
Profit/loss from participations in limited partnerships after dividend	11	-13
Shareholder contributions	1,449	2,590
Divestments	-63	-45
Total	**22,622**	**21,225**
Accumulated impairment, opening balance	-1,727	-1,725
Impairment for the year	-50	-2
Total	**-1,777**	**-1,727**
Total	**20,845**	**19,498**

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

Note 17 Participations in joint ventures

Accounting policies joint ventures

Hemsö recognises participations in four companies as holdings of shares and participations in joint ventures since the company does not have a controlling interest in these companies but operates them as a joint venture together with other partners. The company therefore does not consolidate the participations in the consolidated financial statements. Holdings in joint ventures are recognised using the equity method, which means that the consolidated carrying amount of the holding is adjusted by Hemsö's share of net profit and by any dividends received. The owner company's income statement therefore includes its share of net profit from the joint venture company.

	Group		Parent Company	
Group	**31 Dec 2025**	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2024**
Opening balance	1,977	1,636	–	–
Settlement of share of profit/loss	150	157	–	–
Currency translation	-99	50	–	–
Capital contribution	266	162	–	–
Dividends	-29	-28	–	–
Closing balance	**2,265**	**1,977**	**–**	**–**

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

Group				Participation, %		Carrying amount
Joint ventures	**Corp. Reg. No.**	**Reg. office**	**Country**	**Direct**	**Indirect**	**31 Dec 2025**
Lanthem Samhällsfastigheter AB	559000-6036	Stockholm	Sweden	–	50.0	378
HemTag Fastigheter AB	559309-2686	Stockholm	Sweden	–	50.0	78
Turun Teknologiakiinteistöt Oy	2349955-3	Turku	Finland	–	52.5	1,561
Köln, Corintostraße 1 Immobilien GmbH	HRB 275700	Berlin	Germany	–	50.0	248
Total						**2,265**

	Turun Teknologiaki-inteistöt Group		Lanthem		HemTag		Köln-Kalk	
Summarised income statement and balance sheet	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Profit from property management	123	97	46	22	-7	-5	-12	–
Value changes, properties	-170	265	9	31	62	45	303	–
Value changes, financial instruments	13	-40	-0	-1	–	–	–	–
Tax	-13	-80	-12	-18	-13	-9	-33	–
Total comprehensive income	**-46**	**241**	**43**	**34**	**43**	**31**	**258**	**–**
Investment properties	6,355	6,207	1,579	1,562	212	99	876	–
Other non-current assets	83	88	10	–	71	31	–	–
Current assets	95	64	136	71	8	50	35	–
Total assets	**6,533**	**6,359**	**1,725**	**1,634**	**291**	**180**	**912**	**–**
Equity	2,676	2,651	756	733	189	138	517	–
Interest-bearing liabilities	3,493	3,295	856	798	74	–	231	–
Other liabilities	364	414	113	103	28	42	164	–
Liabilities and equity	**6,533**	**6,359**	**1,725**	**1,634**	**291**	**180**	**912**	**–**

Note 18 Accounts receivable

Accounting policies accounts receivable

Receivables mainly consist of rent and accounts receivable for which the Group has elected to apply the simplified approach for the recognition of expected credit losses. This means that a provision is made for the remaining life of the expected credit losses, which is expected to be less than one year for all of the receivables above. Rent is largely invoiced in advance. The Group's provisions for expected credit losses are based on historical credit losses and forward-looking information. The Group's customers are a homogeneous group with a similar risk profile, which is why the credit risk is initially assessed collectively for all customers. Any major single receivables are assessed on a case-by-case basis. Hemsö writes off a receivable when there is no longer any expectation that payment will be received, and when active measures to claim the payment have been concluded.

	Group		Parent Company	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Rent receivable	78	78	–	–
Accounts receivable	16	10	0	0
Provision for expected credit losses	-30	-31	–	–
Total	**64**	**58**	**0**	**0**

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

Expected credit losses amounted to SEK 30 million (31), corresponding to 32 per cent (35) of the total rent and accounts receivable balance.

Maturity analysis

	Not due		Due 1–30 days		Due 31–60 days		Due 61–90 days		Due >90 days		Total	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Group												
Rent receivable	16	12	54	48	1	2	1	5	6	11	78	78
Accounts receivable	15	9	1	1	0	0	0	0	1	1	16	10
Total	**31**	**21**	**55**	**49**	**1**	**2**	**1**	**5**	**7**	**12**	**95**	**89**
Parent Company												
Accounts receivable	0	0	–	–	–	–	–	–	–	–	0	0
Total	**0**	**0**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0**	**0**

Note 19 Guidelines for management of capital

The Group's capital structure consists of equity, interest-bearing liabilities, deferred tax liabilities and other liabilities. Hemsö's overarching target is average return on equity of 15 per cent over a five-year period. At the end of 2025, average return on equity over a five-year period was 9.2 per cent.

Equity consists of share capital, other capital contributions, retained earnings and non-controlling interests. At 31 December 2025, the share capital was divided between 100,001,000 shares with a par value of SEK 0.01 per share.

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

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

Summary of Financial Policy

Financing risk		Outcome, 31 December 2025
Loan-to-value ratio	Max. 60%	56.9%
Net debt/EBITDA	Max. 15 times	14.0 times
Loan maturity	At least 3 years	4.6 years
Loan maturity structure	Max. 25% within 12 months, thereafter max. 20% per year	Fulfilled %
Debt-coverage ratio	At least 125%	130%
Share of secured debt	Max. 20%	1%
Interest-rate risk		
Interest-coverage ratio	At least 2.5 times (rolling 12-month period)	3.1 times
Fixed-rate period	Average fixed-rate period, 3–8 years	4.0 years
Fixed-rate maturity	Max. 35% within 12 months, thereafter max. 20% per year	Fulfilled
Counterparty risk		
Financial instruments	A- (S&P)	Fulfilled
Currency risk		
Currency exposure relative to equity	Max. 35%	12%
Currency exposure relative to assets in EUR	5–30%	12%

Dividend Policy

According to Hemsö's Dividend Policy, dividends should amount to half of profit from property management. When determining the dividend proposal, the Board accounts for such factors as the company's investment plans, consolidation needs and financial position in general.

Note 20 Financial assets and liabilities

Group
Accounting policies financial instruments

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

Classification and measurement of financial assets

The Group's financial assets are measured at amortised cost.

Accounts and rent receivable are initially measured at invoiced value. The assets are covered by a loss allowance for expected credit losses.

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

Classification and measurement of financial liabilities

Financial liabilities are measured at amortised cost except for derivatives.

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

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

Impairment of financial assets

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

The calculations of expected credit losses at 31 December 2025 did not add up to any material amounts for the Group. Expected credit losses amounted to SEK 30 million (31) and relate to rent and accounts receivable.

The following table presents the Group's financial assets and liabilities, at carrying amount and fair value, respectively, classified into categories in accordance with IFRS 9.

Measurement of financial assets and liabilities at 31 Dec 2025

	Financial assets/ liabilities measured at fair value through profit or loss	Financial assets/ liabilities measured at amortised cost	Total carrying amount	Total fair value
Financial assets				
Non-current receivables in joint ventures	–	53	53	53
Other non-current receivables	–	68	68	68
Rent and accounts receivable	–	64	64	64
Derivative instruments	93	–	93	93
Other current receivables	–	772	772	772
Accrued income	–	1	1	1
Cash and cash equivalents	–	256	256	256
Total	**93**	**1,214**	**1,307**	**1,307**
Financial liabilities				
Bond loans	–	38,506	38,506	37,000
Schuldschein (NSV)	–	811	811	811
Bank loans	–	5,981	5,981	5,981
Commercial papers	–	5,944	5,944	5,944
Derivative instruments	817	–	817	817
Accounts payable	–	420	420	420
Other liabilities	–	16	16	16
Accrued expenses	–	392	392	392
Total	**817**	**52,070**	**52,887**	**51,381**

The Group's maximum credit risk consists of the net amounts in the table above. The Group did not receive any pledged assets for the net financial assets.

Measurement of financial assets and liabilities at 31 Dec 2024

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

Note 20, cont.

Derivative instruments on the Group's balance sheet

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

Recognised as financial assets	2025	2024
Interest-rate derivatives	24	39
Cross currency swaps	69	162
Total	**93**	**201**
Recognised as financial liabilities		
Interest-rate derivatives	20	32
Cross currency swaps	796	773
Total	**817**	**805**
Net derivative instruments	**723**	**604**

Financial interest-bearing liabilities

Group	Carrying amount 31 Dec 2025	Carrying amount 31 Dec 2024
Statement of financial position		
Interest-bearing liabilities		
Bond loans	38,506	39,205
Schuldschein (NSV)	811	861
Commercial papers	5,944	5,831
Bank loans	5,981	6,288
Total	**51,241**	**52,185**
Amount, opening balance	52,185	50,823
Borrowings	6,335	6,872
Loan repayment	-5,451	-7,465
Commercial papers	112	1,080
Exchange-rate differences	-1,954	871
Discounts/premiums	14	3
Liabilities, closing balance	**51,241**	**52,185**

At period-end, Hemsö's interest-bearing liabilities amounted to SEK 51,241 million (52,185). The debt portfolio comprised uncovered bonds of SEK 38,506 million (39,205), commercial papers of SEK 5,944 million (5,831), unsecured bank loans of SEK 4,981 million (5,288), secured bank loans of SEK 1,000 million (1,000) and unsecured Schuldschein (NSV) loans of SEK 811 million (861). Available liquidity amounted to SEK 15,338 million (14,366), of which bank deposits accounted for SEK 256 million (866), and undrawn credit facilities for SEK 15,082 million (13,500). At the closing date, Hemsö's average interest rate was 2.1 per cent (2.2).

Maturity structure, financial liabilities – undiscounted cash flows	Group 2025	Group 2024
Interest-bearing liabilities due within 1 year of the closing date	11,805	10,220
Other non-interest-bearing liabilities due within 1 year of the closing date	828	956
Interest-bearing liabilities due within 1–5 years of the closing date	28,113	28,789
Interest-bearing liabilities due later than 5 years after the closing date	11,323	18,391
Total excluding deferred tax liabilities and interest-rate derivatives	**52,070**	**58,356**

The table includes the undiscounted values of future interest payments.

Loan maturity and fixed-rate period

	Loan maturity			Fixed-rate period	
Maturity year	Credit agreements, SEK million	Drawn, SEK million	Share, %	SEK million	Share, %
2026	5,862	5,862	11	15,871	31
2027	17,152	4,571	9	1,900	4
2028	8,941	8,941	17	9,150	18
2029	7,551	6,551	13	6,398	12
2030	7,027	5,527	11	4,575	9
2031	2,523	2,523	5	1,724	3
2032	1,474	1,474	3	2,474	5
2033	1,974	1,974	4	1,974	4
2034	1,082	1,082	2	1,082	2
2035	2,134	2,134	4	1,434	3
2036	–	–	0	–	0
2037	1,023	1,023	2	1,023	2
2038	954	954	2	954	2
2039	1,407	1,407	3	1,407	3
2040-	1,274	1,274	2	1,274	2
Total	**60,379**	**45,298**	**88**	**51,241**	**100**
Commercial papers		5,944	12		
Total		**51,241**	**100**		

Interest-rate derivatives at 31 Dec 2025

Extendable Start	Due	Volume, SEK million	Pay	Receive	MV, SEK million
12 May 2023	12 May 2028	375	3.0%	STIBOR	-6.4
19 May 2023	19 May 2028	500	2.9%	STIBOR	-7.8
12 Dec 2023	12 Dec 2029	500	2.7%	STIBOR	-4.3
18 Dec 2023	18 Dec 2029	500	2.4%	STIBOR	-0.5
27 Dec 2023	27 Dec 2030	500	2.3%	STIBOR	5.5
12 Mar 2024	12 Mar 2031	500	2.5%	STIBOR	0.2
7 Jun 2024	9 Jun 2032	500	2.7%	STIBOR	-0.9
20 Jun 2024	21 Jun 2032	500	2.6%	STIBOR	2.1
7 Aug 2024	7 Aug 2028	500	2.1%	STIBOR	1.6
7 Aug 2024	7 Aug 2029	500	2.1%	STIBOR	4.7
23 Aug 2024	23 Aug 2027	300	2.2%	STIBOR	-0.4
11 Sep 2024	11 Sep 2028	500	2.1%	STIBOR	2.8
13 Sep 2024	13 Sep 2029	500	2.0%	STIBOR	7.7
Total		**6,175**	**2.4%**		**4.2**

Interest-rate derivatives at 31 Dec 2024

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

Sensitivity analysis, interest-rate fluctuations	Effect on net interest income (12 months) SEK million
-/+1 Percentage point change in the loan portfolio's average interest rate	-/+ 510
+1 percentage point change in the short-term market rate (≤ 3 months)	-94
-1 percentage point change in the short-term market rate (≤ 3 months)	94

Note 20, cont.

Financial risks and risk management

Hemsö's financing activities are conducted in accordance with the Financial Policy established by the Board, which regulates the frameworks and guidelines for Hemsö's financing and treasury management. The Group's financial transactions and risks are managed centrally by the Group's Treasury Unit. The Financial Policy outlines the overall delegation of responsibilities for financing activities, and the relevant mandates and limits for Hemsö's financial risk management.

Financing risk

Financing risk is the risk of not being able to access the capital required by Hemsö's operations, or that financing can only be obtained at a significantly higher cost. Much of Hemsö's supply of capital is secured through external borrowing. As these loans mature, they must be repaid or renewed. The conditions for Hemsö to refinance the credit facilities on acceptable terms as they expire depend on the amount of credit available in the market, Hemsö's financial position and the market's credit risk margins on those dates. Hemsö has credit agreements with several banks, a balanced maturity spread and is active in the capital market to achieve a diverse supply of capital.

Covenants

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

In 2025, Hemsö signed supplementary agreements with certain banks regarding sustainability linking of loans and credit facilities. These supplementary agreements link existing credit facility agreements to sustainability targets such as reductions in CO_2 and energy intensity. Meeting the sustainability targets results in a discount on the interest margin and commitment fees. If the sustainability targets are not met, the interest margin and commitment fee are increased accordingly. The annual adjustment amounts to between 0.002–0.025 percentage points.

Interest-rate risk

Interest-rate risk is the risk that market-rate fluctuations will have a negative impact on Hemsö's cash flow, or on the fair value of financial assets and liabilities. Hemsö's interest expense is the Group's largest single cost item. Interest expense is mainly affected by current market rates, lenders' margins and the strategy that Hemsö chooses for fixed-rate periods. The management of Hemsö's interest-rate risk includes interest-rate derivatives with a range of maturities in order to extend the loan portfolio's fixed-rate period and thereby achieve stable and more predictable net interest income.

Counterparty risk

Counterparty risk is the risk that a financial counterparty cannot fulfil all or some of its obligations. This includes interest-rate derivatives, long and short-term credit agreements and the investment of temporary liquidity surpluses. Hemsö only enters into transactions with counterparties with high credit ratings.

Currency risk

Currency risk is the risk that exchange-rate fluctuations will affect Hemsö's income statement and balance sheet. Hemsö's currency risk is limited to EUR and pertains to the properties owned by the Group in Germany and Finland. The foreign properties are financed with external financing in EUR, which minimises risk. Hemsö owns 87 properties (83) in Finland and 87 properties (87) in Germany, entailing EUR exposure. The properties are financed with equity, intra-Group loans and external loans. At 31 December 2025, external interest-bearing liabilities in EUR corresponded to SEK 28,211 million (30,459). At the same date, the market value of property assets in Finland and Germany corresponded to SEK 30,127 million (30,194), plus additional assets in joint ventures in EUR corresponding to SEK 1,869 million (1,556). Hemsö's bank deposits in EUR corresponded to SEK -14 million (101). At the closing date, the hedged amount in EUR corresponded to SEK 0 million (0). At 31 December 2025, net exposure, defined as property assets, cash and currency hedges less interest-bearing liabilities in EUR, corresponded to SEK 3,772 million (1,392). Hemsö also has bonds in NOK, AUD, JPY and USD where the currency risk has been eliminated by cross currency swaps. Since Hemsö applies IAS 21, most of the company's exchange rate effects are recognised directly in equity. Hemsö's EUR bonds corresponding to SEK 18,276 million in the EMTN programme, loans of EUR equivalent SEK 3,351 million from the EIB and CEB, Schuldschein in EUR equivalent SEK 811 million and cross currency swaps of SEK 5,773 million are hedged against net investments in foreign subsidiaries. Only a minor portion of the exchange rate effects are recognised in profit or loss.

Liquidity risk

Liquidity risk is the risk of not having access to cash and cash equivalents or credit facilities to meet payment commitments. Hemsö's payment commitments mainly comprise the ongoing costs of operation and maintenance, investments, interest expense and debt repayments. Hemsö has a liquidity buffer and performs regular liquidity forecasts to increase predictability and ensure sufficient time to meet loan maturities and other major payment obligations.

Hedge accounting

Hedge accounting – accounting policies

The Group applies hedge accounting according to IAS 39 for loans intended to hedge currency risk in net investments in foreign operations.

Hemsö is exposed to currency risk through the company's investments in Finland and Germany. This currency risk is managed by financing assets in EUR with external loans in EUR as well as NOK, AUD, JPY and USD. The loans in NOK, AUD, JPY and USD have been swapped into either EUR or SEK loans. The loans are measured at the closing rate. Derivatives are also used to manage currency risk. Derivatives attributable to currency risk management comprises two instruments, cross currency swaps and foreign exchange swaps. To the extent an effective hedging relationship exists, the exchange rate change on loans is recognised in other comprehensive income, and thereby offsets exchange-rate changes in net investments in foreign operations. Exchange-rate changes in the ineffective portion of a hedging relationship are recognised immediately in net interest income on the income statement. Hedges are designed so that they can be expected to be effective – a financial connection is expected because the hedging instrument offsets changes in the fair value of exchange rates in the hedged item. The financial connection is preferably determined by a high-quality analysis of the critical terms of the hedging relationship. Sources of hedge ineffectiveness include the risk that the hedged volume in hedging instruments exceeds the net investment. The Group monitors the currency exposure of net investments on a regular basis, and hedge accounting is only applied to a proportion of the total exposure, which is why the risk of ineffectiveness is considered low.

At 31 December 2025, the Group's holdings of debt in foreign currency were allocated between the following underlying amounts and maturities.

Maturity analysis, hedging instruments

Hedging instruments identified in hedging relationships at 31 December 2025.

Hedging instrument – hedge accounting applied, SEK million	1–5 years	Due 5–10 years	10– years	Total nominal amount
Foreign currency-denominated debt – currency hedging of net investments in foreign operations				
EUR debt, nominal amount*	17,967	5,866	4,380	28,213

*Translated to SEK million at the closing rate.

Net investments in foreign operations – hedged item

	2025	2024
Hedged amount, net investments in foreign operations	33,940	34,919

Note 20, cont.

Effects of hedge accounting on financial position and results – Reconciliation of translation reserve	Translation reserve 2025	2024
Opening carrying amount	**456**	**392**
Currency translation effects from net investments in foreign operations	-1,427	767
Revaluation of foreign currency debt designated as a hedging instrument	1,505	-885
Total additional items recognised in other comprehensive income	**78**	**-118**
Tax effect recognised in other comprehensive income	-310	182
Closing carrying amount, entirely attributable to continuous hedging	**225**	**456**

Effects of hedge accounting on financial position and results – Current hedging relationships	Hedging instruments identified in hedging relationships at 31 December 2025			The period – change in fair value, for measurement of ineffectiveness	
SEK million	**Nominal amount**	**Carrying amount**	**Balance sheet item**	**Hedging instrument**	**Hedged item**
Currency hedging of net investments in foreign operations					
Foreign currency debt[1)]	28,313	28,105	Interest-bearing liabilities	1,505	1,505

[1)] Translated to SEK million at the closing rate.

The hedge ratio is 1:1 for all of the Group's hedges.
The Group did not recognise any ineffectiveness during the period.

Effects of hedge accounting on financial position and results – Current hedging relationships	Hedging instruments identified in hedging relationships at 31 December 2024			The period – change in fair value, for measurement of ineffectiveness	
SEK million	**Nominal amount**	**Carrying amount**	**Balance sheet item**	**Hedging instru-ment**	**Hedged item**
Currency hedging of net investments in foreign operations					
Foreign currency debt[1)]	31,755	31,714	Interest-bearing iabilities	-885	-885

[1)] Translated to SEK million at the closing rate.

The hedge ratio is 1:1 for all of the Group's hedges.
The Group did not recognise any ineffectiveness during the period.

Parent Company

Accounting policies financial instruments

Due to the relationship between accounting and taxation, the requirements for financial instruments under IFRS 9 are not applied in full in the Parent Company as a legal entity. The Parent Company applies the cost method in accordance with the Swedish Annual Accounts Act.

The Parent Company's financial guarantees consist of guarantees on behalf of Group companies. The Parent Company applies the exception of not recognising financial guarantee contracts on behalf of subsidiaries and joint ventures under the requirements of IFRS 9, but recognises financial guarantee contracts as provisions on the balance sheet when the company has an obligation for which payment is probable, otherwise the obligation is recognised as a contingent liability.

Other non-current receivables from Group companies

	Carrying amount 31 Dec 2025	Carrying amount 31 Dec 2024
Opening carrying amount	**31,613**	**23,035**
Additional receivables	2,472	9,307
Deductible receivables	-3,176	-11,547
Exchange-rate differences	-889	-796
Reclassifications	-322	11,614
Closing carrying amount	**29,698**	**31,613**

Note 21 Pledged assets

	Group		Parent Company	
	31 Dec 2025	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2024**
Property mortgages	8,346	6,844	–	–
Receivables from subsidiaries	–	–	8,346	6,844
Total	**8,346**	**6,844**	**8,346**	**6,844**

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

Note 22 Contingent liabilities

	Group		Parent Company	
	31 Dec 2025	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2024**
Liability as partner in unlimited/limited partnerships	–	–	8	9
Guarantees on behalf of joint ventures	335	–	256	–
Total	**335**	**–**	**264**	**9**

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

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

Note 23 Supplemental disclosures of cash flow information

Accounting policies statement of cash flows

The statement of cash flows has been prepared using the indirect method. Cash flows from realised value changes in connection with sales of properties are recognised together with other sales proceeds under investing activities. Purchase or sale of properties via companies that are asset acquisitions are recognised on a separate line as acquisition of properties or divestment of properties. Selling expenses are recognised under investing activities as a deduction from the sales proceeds of the year in which the cash flow occurs. Acquisition costs are recognised in the same way under investing activities.

Group	2025	2024
Only cash and bank balances are included in cash and cash equivalents		
Cash flows		
Interest received	27	50
Interest paid	-1,082	-1,118
Acquisition of properties via companies		
Acquired assets and liabilities		
Investment properties	381	165
Operating receivables	3	0
Total assets	**384**	**165**
Deferred tax liabilities	–	0
Operating liabilities	6	1
Total liabilities	**6**	**1**
Proceeds paid, shares	-159	-167
Proceeds paid, repayment of loans	-218	0
Additional: Cash and cash equivalents in the acquired operations	1	3
Effect on cash and cash equivalents – acquisition of properties via companies	**-376**	**-163**
Effect on cash and cash equivalents – direct acquisition of properties	-255	-113
Acquisition of properties	**-631**	**-276**
Divestment of properties via companies		
Divested assets and liabilities		
Investment properties	410	1,233
Operating receivables	0	2
Total assets	**411**	**1,235**
Deferred tax liabilities	4	7
Operating liabilities	9	16
Total liabilities	**13**	**23**
Purchase price received, shares	269	694
Proceeds received, repayment of loans	109	475
Effect on cash and cash equivalents – divestment of properties via companies	**379**	**1,169**
Effect on cash and cash equivalents – direct divestment of properties	25	141
Divestment of properties	**404**	**1,310**

Group	2025	2024
Adjustment for non-cash items		
Depreciation/amortisation and impairment	32	16
Exchange differences, unrealised	0	1
Share of loss from joint ventures, loss from property management	-80	-59
Total	**-49**	**-41**

Group		Items affecting cash flow		Items not affecting cash flow				
Specification of changes in liabilities attributable to financing activities	**31 Dec 2024**	**New loans**	**Loan repayment**	**Reversal**	**Exchange-rate fluctuations**	**Discounts/ premiums**	**Leases**	**31 Dec 2025**
Non-current interest-bearing liabilities	43,019	5,610	-1,391	-5,862	-1,955	15	–	39,436
Current interest-bearing liabilities	9,166	1,746	-4,969	5,862	–	–	–	11,805
Lease liabilities	1,084	–	–	–	-47	–	66	1,104
Total interest-bearing liabilities	**53,270**	**7,356**	**-6,360**	**0**	**-2,002**	**15**	**66**	**52,345**

Group		Items affecting cash flow		Items not affecting cash flow				
Specification of changes in liabilities attributable to financing activities	**31 Dec 2023**	**New loans**	**Loan repayment**	**Reversal**	**Exchange-rate fluctuations**	**Discounts/ premiums**	**Leases**	**31 Dec 2024**
Non-current interest-bearing liabilities	41,608	6,868	-3,000	-3,335	876	2	–	43,019
Current interest-bearing liabilities	9,216	1,888	-5,272	3,335	–	–	–	9,166
Lease liabilities	988	–	–	–	26	–	71	1,084
Total interest-bearing liabilities	**51,811**	**8,756**	**-8,272**	**0**	**902**	**2**	**71**	**53,270**

Parent Company	2025	2024
Only cash and bank balances are included in cash and cash equivalents		
Cash flows		
Interest received	1,538	1,605
Interest paid	-1,171	-1,306

Parent Company	2025	2024
Adjustment for non-cash items		
Depreciation/amortisation and impairment	55	3
Profit/loss from divestment of participations	-62	-377
Share of loss from Unlimited/Limited partnerships	-11	-16
Exchange-rate differences	-1,038	287
Change in value of derivatives	12	482
Total	**-1,044**	**380**

Parent Company		Items affecting cash flow		Items not affecting cash flow			
Specification of changes in liabilities attributable to financing activities	**31 Dec 2024**	**New loans**	**Loan repayment**	**Reversal**	**Exchange-rate fluctuations**	**Discounts/ premiums**	**31 Dec 2025**
Non-current interest-bearing liabilities	43,031	5,610	-1,391	-5,862	-1,957	12	39,442
Current interest-bearing liabilities	9,166	1,746	-4,969	5,862	–	–	11,805
Total interest-bearing liabilities	**52,198**	**7,356**	**-6,360**	**0**	**-1,957**	**12**	**51,248**

Parent Company		Items affecting cash flow		Items not affecting cash flow			
Specification of changes in liabilities attributable to financing activities	**31 Dec 2023**	**New loans**	**Loan repayment**	**Reversal**	**Exchange-rate fluctuations**	**Discounts/ premiums**	**31 Dec 2024**
Non-current interest-bearing liabilities	41,572	6,868	-3,000	-3,335	876	51	43,031
Current interest-bearing liabilities	9,216	1,888	-5,272	3,335	–	–	9,166
Total interest-bearing liabilities	**50,787**	**8,756**	**-8,272**	**0**	**876**	**51**	**52,198**

Note 24 Related-party transactions

Accounting policies related-party transactions
The delivery of services between Group companies and other related companies and individuals is based on commercial terms and market prices.

Parent Company
During the year, dividends totalling SEK 23 million (197) were paid to the Parent Company. See Note 9 regarding Profit/loss from participations in Group companies. The Parent Company leases office space from subsidiaries on market terms. Of the company's total purchasing and sales measured in SEK, 0 per cent (0) pertains to purchases and 100 per cent (100) to the net sales of other Group companies.

Parent Company owners
In 2025, dividends totalling SEK 1,249 million were paid to the Parent Company's owners, the Third Swedish National Pension Fund and AB Sagax. The Third Swedish National Pension Fund provided shareholder contributions of SEK 1,275 million and AB Sagax provided shareholder contributions of SEK 225 million to Hemsö Fastighets AB. Hemsö has an underwriting guarantee of SEK 6,000 million from the Third Swedish National Pension Fund.

Board of Directors
For information about remuneration, see Note 7. No Board member was directly or indirectly involved in any business transaction with Hemsö as counterparty.
For a presentation of the Board of Directors, refer to page 86.

Group Management
For information about remuneration, see Note 7. No senior executive was directly or indirectly involved in any business transaction with Hemsö as counterparty.
For a presentation of Group Management, refer to page 87.

Subsidiaries
Holdings are presented in Note 16.

Joint ventures
Holdings are presented in Note 17. The Group's share of profit from joint ventures amounted to SEK 150 million (157).

Note 25 Accrued expenses and deferred income

	Group		Parent Company	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Prepaid rental income	619	714	–	–
Accrued interest expense	316	328	315	328
Accrued personnel costs	28	26	21	19
Other items	165	198	90	108
Total	**1,128**	**1,267**	**426**	**456**

Note 26 Events after the closing date

Hemsö and the European Investment Bank (EIB) signed a 15-year unsecured loan agreement for EUR 200 million. The loan relates to nine projects in Sweden, Finland and Germany.

Hemsö signed a 12-year unsecured loan agreement for SEK 700 million with the Nordic Investment Bank (NIB). The loan relates to projects in Finland and Sweden.

Hemsö has issued its inaugural EUR 550 million green hybrid bond priced at an annual fixed interest rate of 4.20 per cent with a term of 32 years, non-call seven years.

Note 27 Proposed appropriation of profits

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

The proposed dividend of SEK 12.699873 per share is based on the annual accounts for 2025, which will be presented to the Annual General Meeting for adoption on 25 April 2026, with consideration for the company's investment and liquidity requirements. After the dividend, the equity/assets ratio would be considered satisfactory in light of the continued profitability of the operations conducted by the Parent Company and the Group. Access to liquidity for both the Parent Company and the Group is expected to remain favourable.

The Board's view is that the proposed dividend will not prevent the company, or any other Group companies, from meeting their short-term or long-term obligations, or from completing any necessary investments.

The proposed dividend can thereby be justified by reference to the provisions of Chapter 17, Paragraph 3, Sections 2–3 of the Swedish Companies Act (the prudence concept).

Unappropriated earnings available for distribution by the Annual General Meeting, SEK:	
Retained earnings	4,385,279,705
Share premium reserve	1,000,000,000
Profit for the year	507,233,045
Total	**5,892,512,750**

The Board proposes that the profits be appropriated as follows, SEK:	
To shareholders	1,270,000,000
To be carried forward:	
Share premium reserve	1,000,000,000
Retained earnings	3,622,512,750
Total	**5,892,512,750**

Signing of the annual accounts

The undersigned assure that the annual accounts of the Group and the Parent Company have been prepared in accordance with IFRS Accounting Standards as adopted by the EU, and with generally accepted accounting principles, and give a true and fair view of the Group's and the company's financial position and results, and that the Directors' Report gives a fair review of the development of the Group and the company's operations, position and results and describes the significant risks and uncertainties faced by the companies included in the Group.

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

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

This annual report has been signed with an electronic signature.
The date of signing is shown in the electronic signature.

Kerstin Hessius
Chair of the Board

Staffan Hansén
Board member

David Mindus
Board member

Johanna Skogestig
Board member

Johan Thorell
Board member

Nils Styf
Chief Executive Officer

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

Peter Dahllöf
Authorised Public Accountant



Hemsö is developing the Selleberga nursing home in Bjuv.

Auditor's report

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

Translation from the Swedish original

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Hemsö Fastighets AB for the year 2025, except for the corporate governance statement on pages 82–85.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 82–85. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of investment properties

See disclosure 2 and 14 and accounting principles on page 95 and page 101 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Förvaltningsfastigheter redovisas i koncernredovisningen till verkligt värde.

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

Response in the audit

- We have considered whether the applied valuation methodology is reasonable by comparing it with our experience of how other real estate companies and valuers work and what assumptions are normal when valuing comparable objects.
- We have assessed the competence and independence of the external valuers and we have reviewed the valuers' assignment agreements in order to assess whether there are contractual terms that may affect the scope or direction of the external valuers' assignments.
- We have randomly tested the established property valuations.In doing so, we have used current market data from external sources, especially regarding assumptions about yield requirements, discount rates, rental levels and vacancies.
- We have checked the accuracy of the information about the investment properties that the company provides in the annual report, especially with regard to elements of assessments and applied key assumptions.
- We have particularly taken into account effects on both cash flows and yield in relation to the macroeconomic situation.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 25–59, 57–59 and 118–120. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess

whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Hemsö Fastighets AB for the year 2025 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 82–85 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Hemsö Fastighets AB by the general meeting of the shareholders on 25 April 2025. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 28 April 2022.

Stockholm, on the date indicated by our electronic signature.
KPMG AB

Peter Dahllöf
Authorised Public Accountant

Key ratio calculations

Hemsö presents some financial measures in interim and annual reports that are not defined under IFRS. The company believes that these measures provide useful supplemental information for investors and company management since they enable evaluation of the company's earnings and financial position. Since financial measures are calculated differently by different companies, they are not always comparable with the measures used by other companies. Amounts in SEK million.

Hemsö's list of properties

Return on equity	**Jan–Dec 2025**	**Jan–Dec 2024**
Profit for the year	1,896	1,886
Average equity	30,391	28,796
Return on equity, %	**6.2**	**6.5**

Property yield	**31 Dec 2025**	**31 Dec 2024**
Net operating income in profit or loss	3,841	3,833
Adjustment for 12-month holdings and currency	-20	-43
Adjustment development properties	-160	-101
Adjusted net operating income	**3,662**	**3,689**
Investment properties	87,231	85,973
Adjustment development properties	-10,094	-8,342
Adjusted market value of properties	**77,136**	**77,631**
Property yield, %	**4.7**	**4.8**

Total yield	**Jan–Dec 2025**	**Jan–Dec 2024**
Net operating income	3,841	3,833
Value change, investment properties	-685	-99
Total	**3,156**	**3,734**
Opening value investment properties	85,973	82,624
Closing value investment properties	87,231	85,973
Adjustment to year's changes in value	685	99
Adjusted average market value of properties	**86,944**	**84,348**
Total yield, %	**3.6**	**4.4**

Profit from property management	**Jan–Dec 2025**	**Jan–Dec 2024**
Profit after net interest income	2,610	2,597
Reversal		
Changes in value, joint ventures	-105	-154
Tax, joint ventures	35	55
Profit from property management	**2,541**	**2,498**

Return on profit from property management	**Jan–Dec 2025**	**Jan–Dec 2024**
Profit from property management x 90%	2,287	2,248
Average equity	30,391	28,796
Return on profit from property management, %	**7.5**	**7.8**

Interest-coverage ratio	**Jan–Dec 2025**	**Jan–Dec 2024**
Net operating income	3,841	3,833
Central administrative expenses	-219	-216
Dividends from joint ventures	29	28
Total	**3,652**	**3,645**
Net interest expense	-1,162	-1,177
Interest-coverage ratio, times	**3.1**	**3.1**

Operating cash flow	**Jan–Dec 2025**	**Jan–Dec 2024**
Profit from property management	2,541	2,498
Dividends from joint ventures	29	28
Tax paid	3	-93
Reversal:		
Profit/loss from property management, participations in joint ventures	-80	-59
Depreciation	32	16
Operating cash flow	**2,524**	**2,391**

Loan-to-value ratio	**31 Dec 2025**	**31 Dec 2024**
Non-current interest-bearing liabilities	39,436	43,019
Current interest-bearing liabilities	11,805	9,166
Less cash and cash equivalents	-256	-866
Net debt	**50,986**	**51,319**
Investment properties	87,231	85,973
Investments in joint ventures	2,325	1,981
Total	**89,556**	**87,954**
Loan-to-value ratio, %	**56.9**	**58.3**

Net debt/EBITDA	**31 Dec 2025**	**31 Dec 2024**
Net debt	**50,986**	**51,319**
Net operating income	3,841	3,833
Central administrative expenses	-219	-216
Dividends from joint ventures	29	28
Adjusted operating profit	**3,652**	**3,645**
Net debt/EBITDA, times	**14.0**	**14.1**

Debt-coverage ratio	**31 Dec 2025**	**31 Dec 2024**
Cash and cash equivalents	256	866
Undrawn committed credit facilities	15,082	13,500
Available liquidity	**15,338**	**14,366**
Short-term borrowings	11,805	9,166
Debt-coverage ratio, %	**130**	**157**

Share of secured debt	**31 Dec 2025**	**31 Dec 2024**
Secured debt outstanding	1,000	1,000
Investment properties	87,231	85,973
Secured debt, %	**1.1**	**1.2**

Operating margin	**Jan–Dec 2025**	**Jan–Dec 2024**
Operating profit	3,772	3,775
Property income	5,156	5,138
Operating margin, %	**73.2**	**73.5**

Equity/assets ratio	**31 Dec 2025**	**31 Dec 2024**
Equity	31,347	29,436
Total assets	92,418	91,253
Equity/assets ratio, %	**33.9**	**32.3**

Net asset value	**31 Dec 2025**	**31 Dec 2024**
Equity	31,347	29,436
Interest-rate derivatives	-4	-7
Deferred tax	6,240	6,197
Net asset value	**37,583**	**35,626**

Adjusted equity/assets ratio	**31 Dec 2025**	**31 Dec 2024**
Equity	31,347	29,436
Interest-rate derivatives	-4	-7
Deferred tax	6,240	6,197
Net asset value	**37,583**	**35,626**
Assets	92,418	91,253
Adjusted equity/assets ratio, %	**40.7**	**39.0**

Definitions

Financial definitions

Share of secured debt
Interest-bearing secured debt in relation to investment properties.

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

Return on equity
Profit/loss for the year relative to average equity.

Loan-to-value ratio
Net debt in relation to investment properties and investments in joint ventures. 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 short-term 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. Used to illustrate the generation of income in property management operations.

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

Adjusted equity/assets ratio
Net asset value in relation to total assets.

Adjusted operating profit
Net operating income plus dividends from joint ventures and administrative expenses.

Loan maturity
The average of the remaining term of interest-bearing liabilities, including the duration 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.

Interest-bearing liabilities
Interest-bearing liabilities, excluding interest-bearing debt and right-of-use assets.

Operating margin
Operating profit in relation to property income.

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

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. Used to measure the company's financial stability.

Equity/assets ratio
Equity in relation to total assets.

Net asset value
Equity plus deferred tax and interest-rate derivatives.

Total yield
The sum of net operating income and changes in value in relation to the average market value of properties, adjusted for changes in value over a rolling 12-month period.

Currency exposure
Net of properties, joint ventures, cash and foreign currency liabilities less currency hedging as a percentage of equity.

Property-related definitions

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

Economic occupancy rate
Contracted annual rental income in relation to rental value. 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.

Contracted annual rent
Contracted annual rental income less rent reductions and rental losses. Used to measure the Group's revenue potential.

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
The areas of the properties for which tenants can be debited rent at period-end.

Rent based on vacancy rate
Rental value of vacancy rent as a percentage of total rental value.

Vacancy rent
Estimated market rent for vacant premises in "as-is" condition.

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

Sustainability-related definitions

A-temp
The area of a building that will be heated to above 10°C, excluding garage space.

Ecosystem services
Values and functions provided by nature to us humans, such as clean air and water, with biodiversity essential for these to function effectively in the long term.

Energy intensity
Measure of the total energy consumed per unit, kWh/m².

kWp
Kilowatt peak, a measure of the peak power that a PV system can generate.

LCA
Life cycle assessment, a method to evaluate a building's total environmental/carbon footprint throughout its life cycle.

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.

NZEB
Nearly Zero-Energy Building, the requirements to qualify as NZEB are set nationally, but are based on the EU Energy Performance of Buildings Directive (EPBD).

RCP
Representative Concentration Pathway, climate scenarios describing possible future trajectories for greenhouse gas concentrations in the atmosphere and their radiative forcing.

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.

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We strengthen the backbone of society
A sustainable and long-term partner to
the state, municipalities and regions.