

Interim Report

HL 18 Property AB (publ)

**Organizational number
559337-2559**

January - September 2024

Interimreport January - September 2024

Financial overview

Oscar Properties acquired HL 18 Property Portfolio AB on 28 September 2021.

The interim report for HL 18 Property Portfolio AB (publ) has not been reviewed by an auditor.

Key metrics, amounts in SEK thousand	Jan-Sept 2024	Jan-Sept 2023	Jan-Dec 2023
Operating income	49 409	134 090	158 792
Change in value of investment properties	-9 361	-175 420	-232 646
Operating profit	27 207	-56 293	-235 799
Profit/loss for the year	-13 635	-86 087	-314 300
Investment properties	714 627	875 534	714 627
Balance sheet total	746 669	973 869	757 536
Cash and cash equivalents	4 848	5 741	1 199
Equity ratio, %	12	32	14

Publication of financial reports

HL 18 (publ) intends to publish the next interim financial report on 31th of March 2025.

Significant events after the period

On October 11, 2024, the company including all its subsidiaries was acquired by Gelba Management AB, a private property Group.

The same day a new board was elected with Leif West, Per Taube and David Uddare Sevelin. Leif West was elected Chairman and David Uddare Sevelin CEO.

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CONSOLIDATED INCOME STATEMENT

Amounts in SEK thousand

	Note	Jan-Sept 2024	Jan-Sept 2023	Jan-Dec 2023
	2			
Operating income				
Rental income		46 762	45 337	60 820
Project income		–	88 725	96 991
Other income		2 647	28	980
		49 409	134 090	158 792
Operating expenses				
Change in value of investment properties		-9 361	-175 420	-232 646
Property Management		-11 257	-8 953	-113 098
External costs		-8 736	-2 362	-6 337
Write-down of investment property		7 152	-3 648	-42 510
		-22 201	-190 383	-394 591
Net operationing income		27 207	-56 293	-235 799
Financial income		–	8	20 743
Financial expenses		-40 843	-38 262	-104 759
Profit/Loss from financial items		-40 843	-38 254	-84 016
Group Contribution		–	–	–
Profit/Loss before tax		-13 635	-94 547	-319 814
Current tax		–	–	-2 150
Deffered tax		–	8 460	7 666
Profit/Loss for the period		-13 635	-86 087	-314 300
Total profit attributable to:		–	–	–
Shareholders of the parent company		-13 635	-86 087	-314 300
Holdings without controlling influence		–	–	–

CONSOLIDATED BALANCE SHEET	30 Sept 2024	30 Sept 2023	31 Dec 2023
Amounts in SEK thousand	Note		
	2		
ASSETS			
Non-current assets			
Tangible assets			
Investment properties	4	714 627	875 534
Tangible fixed assets		–	–
Financial assets		799	595
Total tangible assets		<u>715 426</u>	<u>876 129</u>
Total non-current assets		715 426	876 129
Current assets			
Receivables			
Accounts receivable		11 086	25 912
Current receivable for Group companies		–	33 349
Current tax assets		–	3 054
Other current assets		–	2 952
Accrued income and prepaid expenses		15 309	28 756
Total receivables		<u>26 395</u>	<u>94 023</u>
Cash and cash equivalents		4 848	3 717
Total current assets		<u>31 243</u>	<u>97 740</u>
TOTAL ASSETS		<u>746 669</u>	<u>973 869</u>
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		500	500
Total restricted equity		<u>500</u>	<u>500</u>
Unrestricted equity			
Other contributed capital		378 904	378 904
Retained earnings including profit/loss for the year		-286 350	-44 503
Total unrestricted equity		<u>92 554</u>	<u>334 401</u>
Total equity		93 054	334 901
Provisions			
Allocation of deferred tax		6 792	11 420
Total provisions		<u>6 792</u>	<u>11 420</u>
Non-current liabilities			
Bond loan	5	–	547 461
Other long-term liabilities	5	65	65
Total non-current liabilities		<u>65</u>	<u>547 526</u>
Current liabilities			
Accounts payable		23 845	40 485
Bond loan		551 856	–
Current liabilities for Group company		243	–
Current tax liabilities		14 786	–
Other short debt		11 579	20 112
Accrued expenses and prepaid income		44 448	19 426
Total current liabilities		<u>646 758</u>	<u>80 023</u>
TOTAL LIABILITIES AND EQUITY		<u>746 669</u>	<u>973 869</u>

CHANGE IN GROUP EQUITY

Amounts in SEK thousand

	Share capital	Other contributed capital	Retained earnings including	Total equity
Equity at 1 Jan. 2023	500	378 904	41 584	420 988
Profit for the year	–	–	-314 299	-314 299
Comprehensive income for the yea	500	378 904	-272 715	106 689
Total transactions with owners	–	–	–	–
Equity closing 31 Dec. 2023	500	378 904	-272 715	106 689
Equity at 1 Jan. 2024	500	378 904	-272 715	106 689
Profit for the year	–	–	-13 635	-13 635
Comprehensive income for the yea	500	378 904	-286 349	93 054
Total transactions with owners	–	–	–	–
Equity closing 30 Sept. 2024	500	378 904	-286 349	93 054

The group's equity amounted to TSEK 93,054 (486,915) and the equity ratio to 12 percent (32) at the end of the period. The share capital amounted to TSEK 500 (500) as of September the 30th.

Amounts in SEK thousand	Note	Jan-Sept 2024	Jan-Sept 2023	Jan-Dec 2023
	2			
Operating activities				
Operating profit		27 207	-56 293	-235 799
Adjustment for other non-cash items		-2 194	66 142	236 295
Interest received		-	8	20 743
Interest paid		-37 141	-31 723	-67 558
Taxes paid		-	-	-
Cash flow from operating activities before changes in working capital		-12 127	-21 866	-46 319
Cash flow from operating activities				
Increase(-)/decrease(+)in operating receivables		14 516	413 686	399 527
Increase(+)/decrease(-)in operating accounts payable		-29 141	-5 577	9 040
Increase(+)/decrease(-)in operating liabilities		30 401	-390 961	-390 123
Cash flow from operating activities		3 649	-4 717	-27 875
Investing activities				
Property acquisitions		-	-219 500	-219 500
Investments in existing properties		-	-24 268	-3 424
Disposal of properties		-	243 000	243 000
Investments in other financial assets		-	-550	-754
Adjustment Property acquisitions		-	-	-
Cash flow from investing activities		-	-1 318	19 322
Financing activities				
Prospectus fee		-	-	-
Setup fees		-	-	-
Amortization		-	-	-
Group contribution		-	-	-
Cash flow from financing activities		-	-	-
Total cashflow		3 649	-6 035	-8 553
Opening cash and cash equivalents		1 199	9 752	9 752
Closing cash and cash equivalents		4 848	3 716	1 199

Cash flow from operating activities amounted to TSEK 3,649 (-4,717). Cash flow from investing activities amounted to TSEK 0 (-1,318).

Cash flow from financing activities amounted to TSEK 0 tkr (0). Total cash flow for the period amounted to TSEK 3,6495 (-6,035).

Cash balance at the end of the period of TSEK 4,848 (3,716).

PARENT COMPANY INCOME STATEMENT

	Not	Jan-Sept 2024	Jan-Sept 2023	Jan-Dec 2023
Amounts in SEK thousand				
	2			
Operating income				
Other operating income		2 668	-	-
Operating expenses				
External costs		-9 082	-355	-1 797
Net operating income		-6 414	-355	-1 797
Write down of shares in subsidiaries			-41 224	-139 151
Write down group receivables		-	-	-30 075
Interest income	6	-	-	50 258
Financial expenses		-40 582	-24 984	-53 931
Profit/Loss from financial items		-40 582	-66 208	-172 899
Group contribution		-	-	1 797
Profit before tax		-46 996	-66 564	-172 899
Current/Deferred tax		-	-	-
Profit/loss for the year		-46 996	-66 564	-172 899
Other income for the period net after tax		-	-	-
Total profit for the period		-46 996	-66 564	-172 899
Profit for the period attributable to:				
Shareholders of the parent company		-46 996	-66 564	-172 899
Holdings without controlling influence		-	-	-
Total profit attributable to:				
Shareholders of the parent company		-46 996	-66 564	-172 899
Holdings without controlling influence		-	-	-

PARENT COMPANY BALANCE SHEET Not 30 Sept. 2024 30 Sept. 2023 31 Dec. 2023
Amounts in SEK thousand

2

ASSETS

Non-current assets

Financial assets

Shares and participations in subsidiaries

40 805

44 672

40 805

Total financial assets

40 805

44 672

40 805

Total non-current assets

40 805

44 672

40 805

Currents assets

Receivables

Current receivable for Group companies

733 568

816 576

730 227

Other current assets

1 597

47

–

Prepaid expenses and accrued income

8

–

–

Total receivables

735 172

816 623

730 227

Cash and cash equivalents

403

–

403

Total current assets

735 575

816 623

730 631

TOTAL ASSETS

776 380

861 295

771 436

EQUITY AND LIABILITIES

Equity

Restricted equity

Share capital

500

500

500

Total restricted equity

500

500

500

Unrestricted equity

Other contributed capital

-28

378 904

378 904

Retained earnings including profit/loss for the year

160 660

-64 942

-171 276

Total unrestricted equity

160 632

313 962

207 628

Total equity

161 132

314 462

208 128

Non-current liabilities

Bond loan

–

546 362

–

Total non-current liabilities

–

546 362

–

Current liabilities

Accounts payable

1 840

471

1 437

Short-term liabilities, Group

20 837

–

883

Bond loan

551 856

–

548 559

Accrued expenses and prepaid income

40 716

–

12 429

Total current liabilities

615 249

471

563 308

TOTAL LIABILITIES AND EQUITY

776 380

861 295

771 436

CHANGE IN PARENT COMPANY EQUITY

Amounts in SEK thousand

	Share capital	Other contributed	Retained earnings	Total equity
Equity at 1 Jan. 2023	500	378 904	1 622	381 026
Profit for the year	–	–	-172 899	-172 899
Comprehensive income for the year	500	378 904	-171 277	208 127
<i>Transactions with owners</i>				
Total transactions with owners	–	–	–	–
Equity closing 31 Dec. 2023	500	378 904	-171 277	208 127
Equity at 1 Jan. 2024	500	378 904	-171 277	208 127
Profit for the year	–	–	-46 996	-46 996
Comprehensive income for the year	500	378 904	-218 272	161 132
<i>Transactions with owners</i>				
Total transactions with owners	–	–	–	–
Equity closing 30 Jun. 2024	500	378 904	-218 272	161 132

The equity of the parent company amounted to TSEK 161 132 (356 218) and the equity ratio to 21 percent (37) at the end of the period. The share capital amounted to TSEK 500 (500) as of September the 30th.

PARENT COMPANY CASH FLOW STATEMENT	Note	Jan-Sept 2024	Jan-Sept 2023	Jan - Dec 2023
Amounts in SEK thousand				
	2			
Operating activities				
Operating profit		-6 414	-355	-1 797
Interest received		—	—	50 258
Interest expanses paid		-40 582	-31 320	-45 640
Cash flow from operating activities before change in working capital		-46 996	-31 675	2 821
Cash flow from operating activities				
Increase(-)/decrease(+)in operating receivables		-4 945	67 169	23 532
Increase(+)/decrease(-)in operating accounts payable		28 690	330	1 295
Increase(+)/decrease(-)in operating liabilities		23 251	-35 823	-29 043
Cash flow from operating activities		0	0	-1 394
Investing activities				
Shareholder contribution		—	—	—
Cash flow from investing activities		0	0	0
Group contribution received		—	—	1 797
Cash flow from financing activities		0	0	1 797
Total cashflow		0	0	403
Opening cash and cash equivalents		403	0	0
Closing cash and cash equivalents		403	0	403

Cash flow from operating activities amounted to TSEK 0 (0). Cash flow from investing activities amounted to TSEK 0 (0). Cash flow from financing activities amounted to TSEK 0 (0). Total cash flow for the period amounted to TSEK 0 (0). Cash balance at the end of the period of TSEK 403 (0).

Other disclosures and notes

Amounts in SEK thousands

Note 1

General information

HL 18 Property Portfolio AB (publ), org. nr 559337-2559, is a limited company registered in Sweden. The is owned by HG7 Holding AB, org.nr. 556940-2596, a wholly owned subsidiary of Oscar Properties Holding AB, 556870-4521 with registred office in Stockholm, Sweden. Head office is located at Nybrogatan 55, Stockholm.

Oscar Properties acquired HL18 Property Portfolio AB on 28 September 2021 and hence there are no full-years for year 2021. The company's purpose is to own, develop and manage properties. The company has no employees.

Note 2

Basis of preparation and accounting policies

Accounting policies

This interim report for the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC) as determined by EU. The consolidated accounts have also been prepared in accordance with Swedish law and with application of the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules).

Basis for the consolidated accounts

The consolidated accounts are based on historical acquisition values, with the exception of certain financial instruments. All amounts are stated, unless otherwise stated, in thousands of Swedish kronor (TSEK).

Principles for consolidation

The consolidated accounts include the parent company, companies and operations in which the parent company and the subsidiaries, directly or indirectly, have a controlling influence. The financial reports for the parent company and the subsidiaries that are included in the consolidated accounts relate to the same period and are prepared according to the accounting principles that apply to the group. A subsidiary is included in the consolidated accounts from the date of acquisition, which is the day when the parent company obtains a controlling influence, normally more than 50% of the votes.

In the case of an acquisition, an assessment is made as to whether the acquisition constitutes a business or an asset acquisition. An asset acquisition exists if the acquisition concerns real estate but does not include organization and the processes required to carry out the management activities. Other acquisitions are business

Subsidiaries are excluded from the consolidated accounts when the controlling influence ceases. Internal transactions and gains and losses from internal transactions are eliminated. The accounting principles for subsidiaries have been changed where applicable to guarantee a consistent application of the group's principles.

The most important accounting principles applied when these consolidated accounts were prepared are stated below. These principles have been applied consistently for all years presented, unless otherwise stated.

New and amended accounting standards and interpretations in 2024

No new or changed standards or interpretations according to the IASB have had any impact on financial reporting and the accounting principles applied by HL18.

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Changes in IFRS 3 Business combinations: Definition of a business

The purpose of the amendment is to clarify the definition of a business combination with the aim of making it easier for companies to analyze whether an acquisition constitutes a business combination or acquisition of assets. The amendment clarifies that operations normally have the ability to generate returns (output) but that returns (output) are not a requirement for an integrated set of activities and assets to be categorized as a business combination. Considering that an acquired set of activities and assets must, at a minimum, include financial resources (inputs) and a substantial process that together substantially contribute to a capability to generate returns (output).

The amendments introduce a voluntary concentration test that enables a simplified assessment of whether an acquired set of activities and assets is a business or asset acquisition. This optional test means that if substantially all of the fair value of the gross assets acquired is attributable to an asset or a group of similar assets, the acquisition is not a business combination, but an asset acquisition.

The changes apply to all business and asset acquisitions with an acquisition date during or after the fiscal year beginning on or after January 1, 2020.

HL 18 assesses that the addition has not had a material effect on disclosures or acquisitions on the reported amounts in this interim report.

Other new standards or interpretations

Other changes in IFRS have not had any significant impact on HL18's financial reporting.

Income statement

Revenue recognition

Revenue is recognized when it is likely that a financial benefit will accrue and the revenue can be reliably determined. The income is reported excluding value added tax and with deductions for any discounts. Income from property sales is reported on the day of acquisition. When assessing the time of revenue recognition considerations are based on what has been agreed between the parties regarding risks and benefits and involvement in the ongoing management and transfer of legal ownership. In addition, circumstances that may affect the outcome of the deal are taken into account which could be outside the seller's and/or buyer's control.

Rental income

HL 18 is a lessor regarding agreements where all significant risks and benefits associated with ownership fall to the lessor. All of the group's leases are classified as operational leases. Rental income is invoiced in advance and accrued linearly over the rental period, unless a different accrual follows from the financial benefits in the rental contract.

Prepaid rents are reported as prepaid income. In cases where the lease contracts provide a reduced rent for a certain period, this is periodized linearly over the current contract period. Rental income from investment properties is reported in the income statement linearly over the rental period. Properties that are rented out under operational leasing agreements are included in the investment properties item.

Profit from property sale

Disposal of properties that are not subject to further development is reported in the income statement in the period when the property is transferred. In the event that control of the asset has been transferred at an earlier time than the time of access, the property sale is recognized as income at this earlier time. When assessing the time of income recognition considerations are taken to what has been agreed between the parties regarding risks and benefits and the involvement in the ongoing management and the transfer of legal ownership. In addition, circumstances that may affect the outcome of the deal are taken into account which are outside seller's and/or buyer's control

Financial income and expenses

Interest income on receivables and bank deposits and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the interest rate that causes the present value of all future payments and payments during the fixed interest period to be equal to the reported value of the claim or liability.

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Provisions

Provisions correspond to liabilities where there is uncertainty about when payment will take place or the size of the amount to settle the debt. A provision is recognized when the group has a legal or informal obligation as a result of past events, and it is likely that an outflow of resources will be required to settle the obligation, and that the amount has been calculated in a reliable manner. No provisions are made for future operating losses.

Tax

Tax for the period consists of current tax and deferred tax. Taxes are reported in the income statement except when the underlying transaction is reported in other comprehensive income or directly against equity.

Current tax is the tax calculated on the taxable profit for the period. The taxable result differs from the reported result in that it has been adjusted for non-taxable and non-deductible items. Current tax is tax that shall be paid or received in respect of the current year but can be adjusted for current tax attributable to previous periods.

Deferred tax is reported on the difference between reported and tax values of assets and liabilities. Change in the reported deferred tax asset or liability is reported as a cost or income in the income statement, except when the tax is attributable to items reported in other comprehensive income or directly against equity.

Balance sheet

Tangible fixed assets

All tangible fixed assets are reported at acquisition value less depreciation. The acquisition value includes expenses that can be directly attributed to the acquisition of the asset.

Depreciations are made linearly over the estimated useful life of the asset and are based on acquisition value less residual value:

- Fixtures, inventories and installations, 5 year depreciation period

Investment properties

Investment properties that are owned for the purpose of generating rental income and/or increases in value are initially reported at acquisition value, including directly attributable transaction costs. Thereafter, investment properties are reported at fair value primarily based on prices in an active market and is the amount at which an asset could be transferred between initiated parties who are independent of each other and who have an interest in the transaction being carried out.

When a property is divested, the difference between the sales price obtained and the reported value according to the most recent interim report, with deductions for sales costs and additions for capitalized items since the most recent report, is reported as a change in value in the income statement.

Additional expenses are only capitalized when it is probable that future financial benefits associated with the property will be obtained by the group and the expense can be determined with reliability and that the cost relates to the replacement of an existing or the installation of a newly identified component. In the case of major new built, extension and remodeling, interest costs are also capitalized during the production period. The valuation model used is the cash flow model. From the outcome in the cash flow model, the real value of the Property is assessed. Both unrealized and realized changes in value are reported in the income statement.

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Financial instruments

A financial asset or financial liability is recognized in the balance sheet when the group becomes a party to the contractual terms of the instrument. A financial asset is derecognised from the balance sheet when the contractual right to the cash flow from the asset ends, is settled or when the group loses control over it. A financial liability, or part of a financial liability, is booked off the balance sheet when the agreed obligation is fulfilled or otherwise ends.

Financial instruments reported in the balance sheet include on the asset side, trade receivables, cash and cash equivalents and other receivables. Liabilities include trade payables, debts to credit institutions, shareholder loans and other short-term liabilities. The reporting depends on how the financial instruments have been classified.

Classification and valuation of financial assets

Financial assets are classified based on the business model in which the asset is managed and the cash flow nature of the asset. If the financial asset is held within a business model whose goal is to collect contractual cash flows (hold to collect) and the agreed conditions for the financial asset at specific times give rise to cash flows that consist solely of payments of principal amount and interest on the outstanding principal amount the asset is reported at amortized cost.

The group applies the hold to collect business model for all financial assets. The group's financial assets are initially reported at fair value and transaction costs and then at amortized cost using the effective interest method, reduced by provision for impairment.

Financial liabilities are valued at fair value via the income statement if they are a conditional purchase price to which IFRS 3 is applied, held for trading or if they are initially identified as liabilities at fair value via the income statement.

Other financial liabilities are valued at amortized cost.

The group's financial liabilities consist of loans and accounts payable. Loans are initially reported at fair value, net of transaction costs. Loans are then reported at accrued acquisition value and any difference between the amount received (net of transaction costs) and the repayment amount is reported in the income statement spread over the loan period, with application of the effective interest method. Loans are classified as short-term liabilities unless the group has an unconditional right to postpone payment of the debt for at least 12 months after the balance sheet date. Borrowing costs are recognized in the income statement in the period to which they relate. In cases where the borrowing costs are attributable to purchases, construction or production of a qualified asset, the borrowing costs are capitalized in the balance sheet.

Fair value of financial instruments

The fair value of financial assets and liabilities traded in an active market is determined by reference to quoted market prices. The fair value of other financial assets and liabilities is determined according to generally accepted valuation models such as discounting future cash flows and using information derived from current market transactions. The reported value of all financial assets and liabilities are assessed to be a good approximation of its fair value, unless otherwise specifically stated.

Netting of financial assets and liabilities

Financial assets and liabilities are set off and reported with a net amount in the balance sheet when there is a legal right to set off and when there is an intention to settle the items with a net amount or to simultaneously realize the asset and settle the liability. The group has not offset any financial assets and liabilities as of the balance sheet date.

Write-down

The group reports a loss reserve for expected credit losses on financial assets that are valued at amortized cost. The group reports expected credit losses for the remaining maturity of all financial instruments for which there have been significant increases in credit risk since the first accounting period, either assessed individually or collectively in view of all reasonable and verifiable information, including forward-looking ones.

For trade receivables, contract assets and lease receivables there are simplifications which mean that the group directly reports expected credit losses for the asset's remaining term (the simplified model).

Cash and cash equivalents consist of investments with a maturity date within three months from the acquisition date as well as blocked bank balances that are expected to be settled within 12 months after the balance sheet date and are covered by the general model for write-downs. For cash and cash equivalents, the exception for low credit risk is applied. Other receivables and receivables from group companies are also covered by the general model. The group's accounts receivable and contract assets are covered by the simplified model for write-downs.

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances with banks and other institutions. Cash and cash equivalents include the requirements for loss provisioning for expected credit losses.

Dividends

Dividends to the parent company's shareholders are reported as a liability in the group's financial statement in the period when the dividend has been decided by the general meeting.

Cash flow

Indirect method is applied when preparing cash flow analysis in accordance with IAS 7, Cash flow analysis. The reported cash flow includes only transactions that entail in- or outgoing payments.

Contingent liabilities and pledged assets

Contingent liability refers to a possible obligation arising from events that have occurred and the existence of which is confirmed only by one or more uncertain future events or when there is an obligation that is not recognized as a liability or provision because it is not likely that an outflow of resources will be required.

Accounting policies of the parent company

The parent company applies RFR 2 Accounting principles for the legal entity. The accounting principles for the parent company differs from the group in the cases stated below.

Changes in accounting principles

A number of new accounting standards and interpretations come into force for financial years starting after 1 January 2020 and below is an assessment of the impact that the introduction of these standards and statements has had on the group's financial statements.

Shares in group companies

Shares in subsidiaries and shares in joint ventures are reported at acquisition value after deducting any write-downs and with additions for any acquisition-related costs. Dividends received are reported as income when the right to receive payment is deemed certain. A write-down of shares and shares in subsidiaries is made after a calculation of the recovery value. The write-down is reported in the item Profit from shares in group companies. The revaluation fund is included in equity and when a revaluation takes place, it is to cover losses or increase the share capital via a so-called bonus issue. The revaluations do not affect the company's result.

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Financial instruments

The parent company applies the exception regarding IFRS 9 in RFR2.

On the first accounting date, financial instruments are reported at acquisition value, which means the amount corresponding to the expenses for the acquisition of the asset plus transaction expenses that are directly attributable to the acquisition. At each balance sheet date, the parent company reports the change in expected credit losses since the first accounting date in the result.

When calculating the net sales value of financial assets that are reported as current assets, the principles for impairment in IFRS 9 are applied. A financial asset or financial liability is derecognised from the balance sheet when the contractual right to the cash flow from the asset has ended or settled, respectively when the contractual obligation has been fulfilled or ended.

Note 3

Estimates and Assessments

When preparing the accounts, HL 18 must make assessments, estimates and assumptions that affects reported asset and liability items and revenue and cost items, as well as the information provided. These estimates and assessments reflect what the company considers to be well-grounded at the time the interim report is issued. Other assessments, assumptions or estimates may lead to different results and later assessments and/or actual outcomes may deviate from the assessments now carried out due to later events or changes in macroeconomic or other external factors.

HL 18 must also make assessments regarding the application of the group's accounting principles. In the area of valuation of investment properties, assessments and assumptions can have a significant impact on the group's results and financial position. The valuation requires assessment of and assumptions about future cash flows.

Note 4

Investment properties

CHANGE DURING THE YEAR	30 Sept. 2024	31 Dec. 2023
Opening fair value at start of year	714 627	944 000
Acquisition value of properties acquired during the year	–	219 500
Investments in properties	–	23 185
Disposal of properties	–	-243 000
Changes in value	–	-231 215
Opening fair value at end of period	714 627	714 627

SUMMARY	30 Sept. 2024	31 Dec. 2023
Average dividend yield requirement	6,7%	6,7%
Average discount rate	8,7%	8,7%

VALUATION METHOD 2023 and later

In light of the financially pressured situation in which the company finds itself, the properties in the financial statements for 2023 are valued at the net sales value offered by external buyers when such bid occur. This valuation technique, which is based on forced sales, results in a lower valuation of the properties than when valuation is done at so-called fair value.

VALUATION METHOD 2022 and earlier

The property portfolio is valued every quarter through an internal or external valuation. An external valuation is made annually of all properties. The value assessments are based on cash flow analyses, where the individual property's yield potential has been estimated. The method means that the property's value is based on the present value of forecasted cash flows together with the residual value. Assumptions regarding future cash flows are made based on analysis of:

- Current and historical rents and costs
- The future development of the market and the surrounding area
- The condition and location of the properties
- Applicable lease terms
- Investment and maintenance plans

HL 18 Property Portfolio AB's investment properties have been valued according to valuation level 3. The valuation has taken into account the best and maximum use of the properties. The valuations have been prepared in accordance with the applicable parts of the Valuation Practice Statements (VPS) included in the "Red Book" and issued by RICS and the framework established by the International Valuation Standard Committee (IVSC).

DISCOUNT RATE

From the analysis, the net operating income during the calculation period and the residual value at the end of the calculation period have been discounted with an estimated discount rate. The assessed discount rate must correspond to a nominal return requirement on total capital. The discount rate is adjusted individually for each property. The average discount rate for discounting cash flows was 8.7 percent at the end of the period.

RESIDUAL VALUE AND DIVIDEND YIELD

The value assessment is based on cash flow analysis, which means that the property's value is based on the present value of forecasted cash flows during the ten year calculation period, together with the residual value. The weighted average dividend yield requirement at the end of the calculation period amounts to 6.7 percent.

SENSITIVITY ANALYSIS

Property valuation is an estimate of the value an investor is willing to pay for the property at a given time. The valuation is based on certain assumptions about various parameters. Value impact in the event of a change in net operating income and/or direct return requirements. The different parameters are affected individually by different assumptions and in the normal case they do not work together in the same direction.

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Note 5

Financial instruments

30 Sept. 2024

31 Dec. 2023

The table below shows the group's and the parents companies borrowing, net of transaction costs.

Group

Bond loan	–	546 362
Other long-term liabilities	65	65
Total	65	546 427

Parent company

Bond loan	–	546 362
Total	–	546 362

The Bond loan has been reclassified as a short-term liability due to payment defaults.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Through its operations, HL 18 is directly or indirectly exposed to various types of financial risks that can affect the company's financial position. The company's biggest financial risks are specified below:

Refinancing risk

The group's operations are partly financed through loans from external lenders and partly through loans from other group companies. Interest costs are a significant cost item for the group. Refinancing risk refers to the risk that financing options are limited and/or the cost is higher when loans are to be transferred or new ones are to be taken up.

Interest rate risk

Interest rate risk refers to the risk that changes in the interest rates affect the company's interest costs. Interest rate risk can lead to changes in fair values, changes in cash flows and fluctuations in the group's results. The group is exposed to interest rate risk as a result of its liabilities.

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Liquidity risk

Liquidity risk refers to the risk that payment obligations cannot be met as a result of insufficient liquidity. In the event of a capital shortfall, in the short or long term, HL 18 Property Portfolio AB's parent company, HG 7 Holding AB, intends to contribute capital.

Credit and counterparty risk

The group is exposed to the risk that a counterparty cannot fulfill its obligations. Furthermore, the group is exposed to credit risks in relation to banks in which the group has placed its liquid funds or otherwise has claims on. Large and reputable companies and banks are preferably chosen. The financial risk that a counterparty does not fulfill its commitment is assessed and monitored on an ongoing basis.

Note 6

Pledged assets and contingent liabilities	30 Sept. 2024	31 Dec. 2023
<i>Group</i>		
Property mortgages	505 175	505 175
Pledged shares in subsidiaries	334 114	334 114
<i>Parent company</i>		
Pledged shares in subsidiaries	40 805	40 805
Guarantee commitment	30 437	30 437

Note 7

Information on related party transactions

The subsidiaries in the group, HG 7 Holding AB, as well as Oscar Properties Holding AB (Publ) and its subsidiaries are considered related parties to HL 18 Property Portfolio AB. The HL 18 Property Portfolio AB group has, as of the balance sheet date, short-term receivables from other group companies amounting to SEK 0 and short-term liabilities amounting to TSEK 243.

HL 18 Property Portfolio AB (Publ)
Stockholm 30 November 2024

Leif West
Chairman

Glossary

COMPANY-RELATED DEFINITIONS

HL 18, the group or the parent company

HL 18 Property Portfolio AB (publ)

INDUSTRY-RELATED DEFINITIONS

Investment properties

Refers to properties with existing cash flows held and managed long-term. The properties can consist both of commercial premises as well as residential.

Property value, SEK

Fair value of the properties at the end of the period.

Properties

Number of properties held under title or site lease hold at the end of the period

FINANCIAL DEFINITIONS

Return on equity %

Profit for the most recent 12-month period in relation to average equity during the

Average term to maturity

Average term to maturity on interest-bearing liabilities

Equity ratio %

Equity as a percentage to total assets.