

2020

Heimstaden Bostad AB Year-end report

JANUARY – DECEMBER



Key data

January – December 2020

OPERATIONAL

<p>Rental income</p> <p>SEK 6,721 million</p> <p>2019, SEK 4,135 million</p>	<p>Change in fair value of properties</p> <p>SEK 8,122 million</p> <p>up 5.9% in 2020</p>	<p>S&P rating</p> <p>BBB</p> <p>Stable outlook</p>	<p>Equity</p> <p>SEK 77.7 billion</p> <p>2019, SEK 57.5 billion</p>
<p>Net operating income</p> <p>SEK 3,893 million</p> <p>2019, SEK 2,403 million</p>	<p>Real economic letting ratio, residential</p> <p>97.5%</p> <p>2019, 98.8%</p>	<p>Net loan-to-value</p> <p>40%</p> <p>2019, 45%</p>	<p>Loan-to-value, secured loans</p> <p>26%</p> <p>2019, 33%</p>
<p>Net operating income, %</p> <p>57.9%</p> <p>2019, 58.1%</p>	<p>Cash flow from operating activities</p> <p>SEK 1,620 million</p> <p>2019, SEK 1,017 million</p>	<p>Interest coverage ratio</p> <p>2.9x</p> <p>2019, 2.5x</p>	<p>Cash and cash equivalents</p> <p>SEK 7.6 billion</p> <p>2019, SEK 4.3 billion</p>

FINANCIAL

PROPERTIES

<p>Investment properties</p> <p>SEK 144 billion</p> <p>2019, SEK 113 billion</p> <p>Market value of Heimstaden Bostad's property portfolio</p>	<p>Number of homes</p> <p>103,345</p> <p>2019, 54,863</p> <p>Heimstaden Bostad's property portfolio consists mainly of residential housing</p>		
<p>Area</p> <p>7,030 thousand sqm</p> <p>2019, 4,013 thousand sqm</p>	<p>Residential area, %</p> <p>93%</p> <p>2019, 91%</p>	<p>Number of commercial units</p> <p>4,198</p> <p>2019, 2,748</p>	<p>Number of parking spaces</p> <p>23,200</p> <p>2019, 19,682</p>

Property pictured on front cover: Lepelkruisstraat, Netherlands

The period in brief

January – December 2020

- Rental income for the period increased by 63 percent compared to 2019, primarily driven by acquisitions.
- Like-for-like rental income growth was 3.6 percent.
- Net operating income margin of 58 percent, in line with previous year.
- Real economic letting ratio decreased to 97.5 percent (98.8), but continued resilient market and strong operational performance with more than 99 percent of rent collected.
- Completed acquisitions of SEK 25,445 million in the period and change in fair value of investment- and development properties amounted to SEK 8,122 million (5.9 percent).
- Market value of the property portfolio was SEK 144 billion and included 103,345 homes.
- Strong financial position with net loan-to-value of 40 percent (45) and interest coverage ratio of 2.9x (2.5).
- S&P credit rating upgraded to 'BBB' with stable outlook.
- Announced acquisition of 6,237 residential units in Denmark for SEK 16.6 billion. Transaction closed in January 2021.
- Announced first investment in Poland, consisting of two turnkey build-to-rent projects in Warsaw.

Comparison amounts in parentheses refer to the corresponding period in the preceding year unless otherwise stated.



Campus, G12, Norway

Continued sustainable development



As for everyone else, 2020 was a different and challenging year for Heimstaden Bostad. Therefore, it is with great pleasure that I look back on a year in which we managed, despite the circumstances, to continue our progress towards the ambitions we have set for the company. The fourth quarter was no exception, and we were able to announce several very important transactions and milestones reached towards the end of the year.

Flexibility and innovation

I would like to begin by highlighting our employees, who demonstrated great flexibility and focus throughout the year. As early as February, after the first indications of a possible pandemic, we recognised the potential risks it posed to the overall economy and our operations and formed a special task force. Since then, this task force has guided our efforts to address the consequences of the pandemic and served as a platform for fast decision-making and knowledge sharing between the markets in which we operate. Despite restrictions, our employees have persisted in operating and maintaining our properties and the situation has accelerated the further development of our digital customer services. It has been necessary to introduce new approaches to customer contact, including online 3D apartment viewings, and we have been challenged to innovate in numerous ways. I am certain that

we have gained many new insights that will be of value to our operations even after we return to a more normal situation. Our rent collection has remained stable at high levels throughout the year and only a few of our commercial tenants have experienced problems due to the pandemic. We have sought to support these customers in various ways during this difficult time.

Committed community building

Our property portfolio is home to 250,000 people, making Heimstaden Bostad a significant private European residential real estate company. For this reason, we bear an increasing societal responsibility, which obliges us to weave social and climate aspects into everything we do. This includes our ability to counteract involuntary social exclusion, to ensure security throughout the neighbourhoods where we are located, to contribute to good urban planning and more. Urban planning in particular is an area in which we have considerable skill and we often work closely with municipalities to identify ways of building a better society.

Structured sustainability work

We are among the first major European residential real estate companies to commit to the Science Based Targets initiative (SBTi) to set science based climate goals in line with the Paris Agreement, which

will be reviewed and validated by SBTi. In 2020, we submitted our first report to the Carbon Disclosure Project (CDP) and earned a place on the CDP's C-list for our efforts on climate change, which we are very pleased with being a first time participant. In a response to the European Commission on its proposed taxonomy legislation, we welcomed the initiative, but indicated several perceived shortcomings in the proposal that we believe might negatively impact efforts to combat climate change. Lastly, in December, we received an improved ESG risk rating from Sustainalytics, a widely respected evaluator of ESG, placing us in the top 7 percent of companies in our industry group. I am enormously proud that we work with sustainability issues in a purposeful, structured and innovative manner.

Major acquisition in Denmark

We have continued to work vigorously with transactions, despite current travel restrictions making it challenging for us to visit potential acquisition targets. In 2020, we made significant acquisitions in the Czech Republic and Berlin, Germany, and in the fourth quarter we could proudly announce a large acquisition in Denmark. The Danish portfolio contains more than 6,000 homes and will make Denmark our largest market in terms of value. We are now the largest private landlord in Denmark, Norway and the Czech Republic, and we are amongst the largest in Sweden and the Netherlands. During the quarter, we also announced our first investment in Poland in the form of two build-to-rent projects and we will establish an in-house Polish property management organisation in 2021. We also continued to make complementary acquisitions in our existing markets and our construction projects in Denmark and Sweden are progressing as planned and attracting considerable interest.

Credit rating raised to BBB

In the fourth quarter, we reached an important milestone when Standard & Poor's raised our credit rating to 'BBB', a reflection of our increasingly diversified and high-quality residential portfolio, enhanced earnings base and strong financial discipline with improving credit metrics. The upgrade will likely result in even more stable access to financing and lower credit expenses. Going forward, we will continue our efforts to raise our credit rating even further.

Roadmap for 2021

In 2021, we will continue to execute on our strategy and hope to announce more important acquisitions. We will continue to improve our organisation, not only to generate favourable financial and operational results but, even more importantly, become even better at identifying and meeting our customers' needs.

I also hope that the world will be able to get back to a more normalised situation, allowing us all to move freely, socialise with friends, travel across borders and experience the world in the manner to which we are accustomed. At Heimstaden Bostad, we are currently putting the

finishing touches on a comprehensive social sustainability initiative that I hope to present soon. As a large company, during challenging and uncertain times, it is important that we support those among us who are the most vulnerable. Not only can we afford to do this, but it is also something we want to do and something which should be expected of us.

Patrik Hall
CEO Heimstaden Bostad



Significant events in the fourth quarter

At the end of the period, the market value of Heimstaden Bostad's property portfolio was SEK 144 billion, excluding signed acquisitions that had not closed as of the balance sheet date. Listed below are the most significant transactions and events in the fourth quarter.

Covid-19

Throughout 2020, residential real estate markets have proven highly resilient to the effects of the Covid-19 pandemic. In all of Heimstaden Bostad's markets, governments have implemented financial and social measures to support companies and individuals who are particularly affected by the crisis and the impact of the pandemic on Heimstaden Bostad has been limited.

Globally, the rate of recovery is expected to vary between regions and countries and Heimstaden Bostad acknowledges the prevailing uncertainty regarding the duration and ramifications of the ongoing pandemic. The company has considerable financial flexibility with a robust balance sheet and remains well positioned to deal with any adverse effects that may arise in the short to medium term.

Strengthened platform through acquisition of Danish residential portfolio

In December, Heimstaden Bostad agreed to acquire Niam AB's Danish residential portfolio, branded as HD Ejendomme A/S, one of Denmark's leading residential real estate companies, for SEK 16.6 billion (DKK 12.1 billion). The transaction closed in January 2021 and included 6,237 residential units and 35 commercial properties with a total annual gross rental income (GRI) of approximately SEK 938 million (DKK 684 million), as well as a fully integrated operational platform.



First entry into Poland with the acquisition of two turnkey build-to-rent projects

In December, Heimstaden Bostad announced its first investment in Poland with the acquisition of two build-to-rent, turnkey projects in Warsaw, Poland for approximately SEK 640 million (PLN 285 million). The projects include approximately 640 residential units with additional commercial units and parking spaces. The projects are expected to be completed in Q1 2022 and Q1 2023 and have an estimated GRI p.a. upon completion of around SEK 53 million (PLN 23.5 million).

S&P credit rating upgraded to 'BBB'

In December, S&P Global Ratings (S&P) upgraded Heimstaden Bostad's credit rating to 'BBB' with a stable outlook. S&P cited the strengthened residential portfolio, enhanced earnings base and strong financial discipline as key reasons for the upgrade.

Issued inaugural Green senior unsecured bond

In November, Heimstaden Bostad successfully issued its inaugural Green senior unsecured bond with a notional amount of SEK 1,200 million. In connection with the transaction, a NOK senior unsecured bond was also priced with a notional amount of NOK 800 million. Both bonds were offered with fixed and floating rate coupons maturing in February 2025. The transaction was heavily oversubscribed.

Issued EUR 500 million in hybrid capital

In October, Heimstaden Bostad successfully issued a EUR 500 million subordinated perpetual hybrid bond with an annual fixed rate coupon of 3.375% and a non-call period of 5.5 years. The issue attracted strong interest and the book peaked at more than two times the nominal amount. The issue was rated 'BB' by S&P and is accounted for as 100% equity by Heimstaden Bostad, consistent with IFRS.

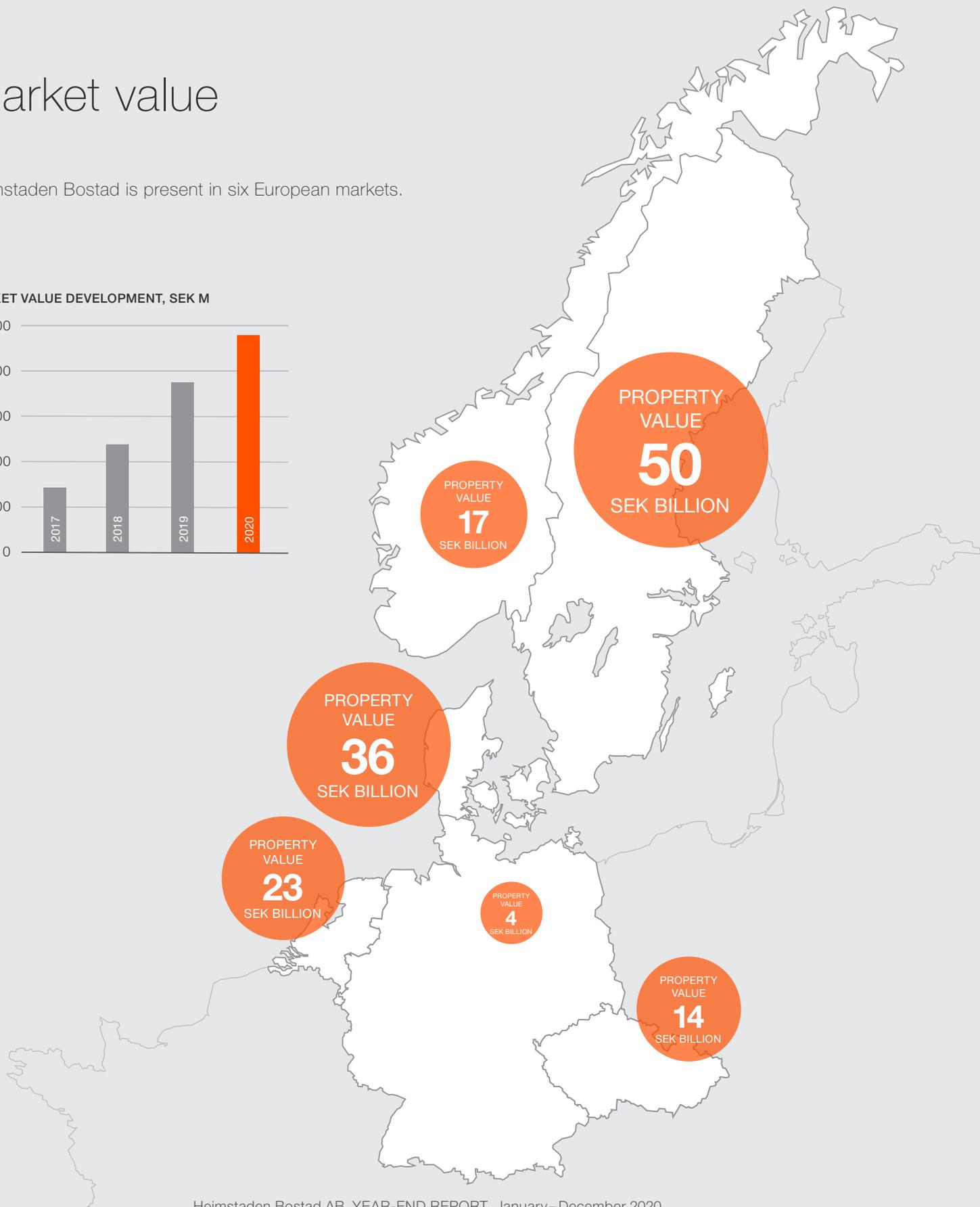
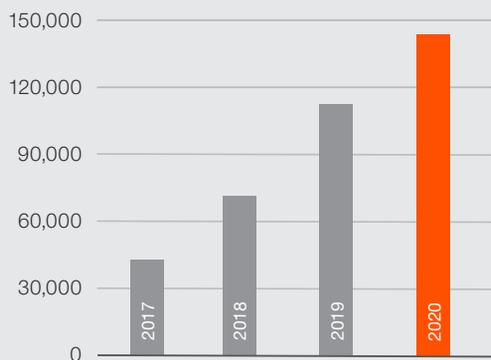
Received first CDP score

In December, Heimstaden Bostad received its first Carbon Disclosure Project (CDP) score based on FY 2019 reporting and was awarded a grade of C for its actions on climate change.

Market value

Heimstaden Bostad is present in six European markets.

MARKET VALUE DEVELOPMENT, SEK M



Sweden

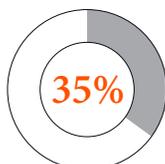


THE MARKET IN BRIEF

- Like-for-like rental income growth was 4 percent in the period.
- Improved net operating income margin, driven mainly by lower repair and maintenance and heating costs.
- During the period, properties were acquired for SEK 4,430 million.
- The change in the fair value of properties was 5.0 percent.
- Average valuation yield requirement was 3.6 percent.

SWEDEN	2020	2019
Market value, SEK m	49,690	41,241
Rental income, SEK m	2,444	2,222
Net operating income, SEK m	1,254	1,065
Net operating income, %	51.3	47.9
Economic letting ratio, residential, %	98.3	98.3
Real economic letting ratio, residential, %	99.2	99.4
Area, sqm	2,144,533	2,011,664

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – SWEDEN

The Swedish population grew by approximately 1.4 percent during the year compared with 2019. The degree of urbanisation remained at about the same level.

The Stockholm region grew by approximately 1.5 percent, while growth in Sweden's southernmost region, Skåne, (with Malmö as its growth engine) was 1.2 percent. The number of households grew, indicating increased demand for housing.

GDP is expected to contract by 2.8 percent and unemployment to increase to 8.5 percent in 2020.

	2020	2019
Number of residents, thousands	10,433	10,293
GDP growth, %	-2.8	1.2
Inflation, %	0.3	1.8
Urbanisation, %	87.2	87.1
Unemployment, %	8.5	6.8
<i>Stockholm (Municipality)</i>		
Number of households, thousands	1,049	1,033
Average household size	2.3	2.3
<i>Skåne (Region)</i>		
Number of households, thousands	623	616
Average household size	2.2	2.2

Source: Oxford Economics.

All numbers for Q4 2020 are estimates, except for urbanisation rate. GDP growth is calculated as the annual growth since the same period in the previous year. Inflation is quoted on an annual basis.



Denmark



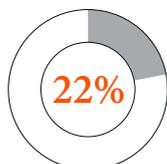
Øresundsterasserne, Copenhagen

THE MARKET IN BRIEF

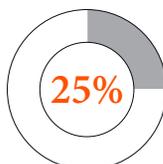
- Like-for-like rental income growth was 2 percent.
- Lower net operating income margin, driven partly by higher property management costs.
- During the period, properties were acquired for SEK 1,278 million.
- Adjusted for currency effects, the change in the fair value of properties was 3.1 percent.
- Average valuation yield requirement was 3.6 percent.

DENMARK	2020	2019
Market value, SEK m	36,199	34,645
Rental income, SEK m	1,485	1,236
Net operating income, SEK m	962	810
Net operating income, %	64.8	65.5
Economic letting ratio, residential, %	94.5	94.3
Real economic letting ratio, residential, %	96.7	97.5
Area, sqm	882,428	842,750

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – DENMARK

The Danish population grew by 0.4 percent during the year compared with 2019.

Copenhagen was the growth engine with a population increase of 1.1 percent.

GDP is expected to contract by 5.0 percent and unemployment to increase to 4.9 percent in 2020.

	2020	2019
Number of residents, thousands	5,840	5,818
GDP growth, %	-5.0	2.9
Inflation, %	0.4	0.8
Urbanisation, %	88.4	88.2
Unemployment, %	4.9	3.7
<i>Copenhagen</i>		
Number of households, thousands	389	386
Average household size	2.1	2.0

Source: Oxford Economics.

All numbers for 2020 Q4 are estimates, except for urbanisation rate. GDP growth is calculated as the annual growth since the same period in the previous year. Inflation is quoted on an annual basis.



Norway



Nedre gate 8, Norway

THE MARKET IN BRIEF

- Like-for-like rental income growth was 4 percent in the period.
- Higher net operating income margin, driven by lower property management cost partly offset by higher vacancy.
- No properties were acquired during the period.
- Adjusted for currency effects, the change in the fair value of properties was 8.3 percent.
- The average valuation yield requirement was 2.9 percent.

NORWAY	2020	2019
Market value, SEK m	17,009	17,372
Rental income, SEK m ¹⁾	665	689
Net operating income, SEK m	432	433
Net operating income, %	65.0	62.8
Economic letting ratio, residential, %	93.3	97.8
Real economic letting ratio, residential, %	94.3	98.7
Area, sqm	222,165	222,165

¹⁾ The rental income for Norway is presented on a gross basis in the segment section and on a net basis in the income statement under IFRS, amounting to 210 SEK million in 2020.

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – NORWAY

The Norwegian population grew by 0.9 percent during the year compared with 2019. The number of households in Oslo grew by 2.2 percent.

The degree of urbanisation increased by 0.3 percentage points.

GDP is expected to contract by 1.8 percent and unemployment to increase to 5.3 percent in 2020.

	2020	2019
Number of residents, thousands	5,399	5,350
GDP growth, %	-1.8	0.9
Inflation, %	1.4	2.2
Urbanisation, %	82.6	82.3
Unemployment, %	5.3	3.7
Oslo		
Number of households, thousands	355	348
Average household size	1.9	2.0

Source: Oxford Economics.

All numbers for 2020 Q4 are estimates, except for urbanisation rate. GDP growth is calculated as the annual growth since the same period in the previous year. Inflation is quoted on an annual basis.



Germany



Voigtstraße 32, Germany

THE MARKET IN BRIEF

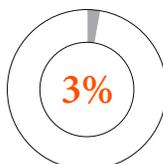
- Heimstaden Bostad completed its first acquisition in the German market in the fourth quarter of 2019.
- During the period, properties were acquired for SEK 1,272 million.
- Adjusted for currency effects, the change in the fair value of properties was 7.7 percent.
- The average valuation yield requirement was 1.9 percent.
- In 2020 Heimstaden Bostad expanded local property management to facilitate for the acquisition of 3,902 residential units.

GERMANY	2020	2019
Market value, SEK m	3,716	2,292
Rental income, SEK m	101	1
Net operating income, SEK m	32	1
Net operating income, %	31.4	58.8
Economic letting ratio, residential, %	96.5	97.4
Real economic letting ratio, residential, %	97.5	99.2
Area, sqm	109,634	72,479

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – GERMANY

Germany showed positive population growth over the year, with growth in Berlin at 0.8 percent.

A solid influx of new residents has increased demand for housing in Berlin.

GDP is expected to contract by 3.9 percent and unemployment to increase to 6.1 percent in 2020.

	2020	2019
Number of residents, thousands	83,205	83,121
GDP growth, %	-3.9	0.6
Inflation, %	-0.2	1.5
Urbanisation, %	77.4	77.4
Unemployment, %	6.1	5.0
<i>Berlin</i>		
Number of households, thousands	2,047	2,034
Average household size	1.8	1.8

Source: Oxford Economics.

Population, GDP growth, Households, and Average household size for 2020 Q4 are estimates. GDP growth is calculated as the annual growth since the same period in the previous year. Inflation is quoted on an annual basis.



Netherlands

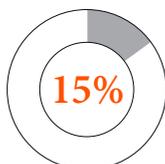


THE MARKET IN BRIEF

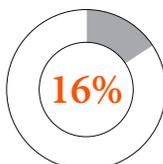
- Heimstaden Bostad completed its first acquisition in the Dutch market in the fourth quarter of 2019.
- During the period, properties were acquired for SEK 5,480 million.
- Adjusted for currency effects, the change in the fair value of properties was 4.7 percent.
- The average valuation yield requirement was 3.6 percent.

NETHERLANDS	2020	2019
Market value, SEK m	23,365	17,781
Rental income, SEK m	1,028	173
Net operating income, SEK m	569	93
Net operating income, %	55.3	54.0
Economic letting ratio, residential, %	96.6	96.6
Real economic letting ratio, residential, %	98.9	99.0
Area, sqm	1,056,268	864,212

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – NETHERLANDS

The population grew by 0.6 percent over the year.

GDP is expected to contract by 3.6 percent and unemployment to increase to 4.9 percent in 2020.

The Netherlands is one of Europe's most urbanised countries. The degree of urbanisation increased by approximately 0.2 percentage points.

	2020	2019
Number of residents, thousands	17,453	17,349
GDP growth, %	-3.6	1.6
Inflation, %	1.0	2.6
Urbanisation, %	91.9	91.7
Unemployment, %	4.9	4.3
<i>Amsterdam metropolitan area</i>		
Number of households, thousands	705	698
Average household size	2.0	2.0

Source: Oxford Economics.

All numbers for 2020 Q4 are estimates, except for urbanisation rate. GDP growth is calculated as the annual growth since the same period in the previous year. Inflation is quoted on an annual basis.



Czech Republic



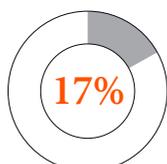
Privozská str, Ostrava

THE MARKET IN BRIEF

- Heimstaden Bostad completed its first acquisition in the Czech market on 20 February 2020.
- During the period, properties were acquired for SEK 12,985 million.
- Adjusted for currency effects, the change in fair value of the properties was 15.6 percent.
- The average valuation yield requirement was 5.3 percent.

CZECH REPUBLIC	2020	2019
Market value, SEK m	13,826	–
Rental income, SEK m	1,208	–
Net operating income, SEK m	645	–
Net operating income, %	53.4	–
Economic letting ratio, residential, %	91.5	–
Real economic letting ratio, residential, %	94.9	–
Area, sqm	2,614,941	–

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – CZECH REPUBLIC

The population grew by 0.2 percent over the year.

In the Ostrava region, the number of households remained largely unchanged and, combined with expectations of further reductions in average household size, this is expected to support continued demand in the housing market.

The Czech Republic had low unemployment relative to comparable countries in 2019, however this is expected to rise to 3.9 percent in 2020.

	2020	2019
Number of residents, thousands	10,686	10,662
GDP growth, %	-9.7	2.3
Inflation, %	2.5	2.9
Urbanisation, %	73.7	73.9
Unemployment, %	3.9	2.8
<i>Moravskoslezsky kraj (incl. Ostrava)</i>		
Number of households, thousands	493	493
Average household size	2.4	2.4

Source: Oxford Economics.

All numbers for 2020 Q4 are estimates, except for urbanisation rate. GDP growth is calculated as the annual growth since the same period in the previous year. Inflation is quoted on an annual basis.



Consolidated Statement of Comprehensive Income

Amounts in SEK million	Note	2020 12 months Jan–Dec	2019 12 months Jan–Dec	2020 3 months Oct–Dec	2019 3 months Oct–Dec
Rental income	1,4	6,721	4,135	1,833	1,243
Property costs	5	-2,828	-1,732	-875	-580
Net operating income	5	3,893	2,403	958	664
Central administration costs		-345	-193	-85	-66
Other operating income		48	11	21	1
Other operating costs		-39	-46	-13	-35
Profit from participations in associated companies		32	88	53	88
Profit before financial items		3,589	2,263	934	652
Financial income	6	81	35	23	25
Financial costs – interest-bearing liabilities	6	-1,269	-923	-275	-196
Other financial income		–	6	–	6
Other financial costs		-163	-158	-42	-105
Financial costs, right-of-use liabilities		-4	-1	3	-1
Currency gains and losses		656	-241	184	-139
Profit from property management		2,889	980	826	242
Change in fair value of properties	7	8,122	4,834	2,078	1,509
Change in fair value of financial instruments	8	-178	39	157	324
Profit before tax		10,833	5,853	3,062	2,075
Current tax		-386	-200	34	-63
Deferred tax		-1,774	-1,193	-447	-456
Profit for the period		8,673	4,460	2,648	1,556
Other comprehensive income		-4,479	279	-1,814	-795
Comprehensive income		4,194	4,740	834	761
Attributable to:					
Equity holders of the parent		4,193	4,733	833	754
Non-controlling interests		1	7	1	7

Rental income

Rental income for the period amounted to SEK 6,721 million (4,135), which corresponds to a 63 percent increase, primarily attributable to property acquisitions in the Netherlands and the Czech Republic. The comparable property portfolio had a 3.6 percent like-for-like growth over the period.

The economic letting ratio for residential was 96 percent (97) in the period. Adjusted for intentionally vacant homes, the real economic letting ratio was 97 percent (99).

Property costs

Property costs increased by 63 percent and amounted to SEK 2,828 million (1,732), mainly due to an increased number of properties.

Net operating income

Net operating income amounted to SEK 3,893 million (2,403) for the period, corresponding to an increase of 62 percent and a net operating income margin of 57.9 percent (58.1).

Central administration costs

Central administration costs amounted to SEK 345 million (193). The increase is mainly attributable to growth of the organisation.

Financial costs – interest-bearing liabilities

Financial costs for the period were SEK 1,269 million (923), driven by an increased total debt portfolio. At the end of the period, Heimstaden Bostad's interest rate hedging ratio was 80 percent (70). Despite this increase, the average interest rate at the balance sheet date, including derivatives and charges for unutilised credits, had decreased to 1.7 percent (1.9), driven by lower credit margins on bank loans and corporate bonds, as well as changed base rates. The interest coverage ratio for the last 12 months was 2.9 (2.5).

The interest rates on approximately 36 percent (30) of the loan portfolio will change within a year. All other things equal, an increase of one percent in the base rates (Stibor, Cibur, Nibor, Euribor), would increase Heimstaden Bostad's interest costs by approximately SEK 148 million (147) annually. A one percent decrease in the base rates would decrease interest costs by approximately SEK 41 million (27).

The difference in sensitivity is due to interest rate hedging and credit agreements with clauses restricting interest rate changes on the downside. Negative base rates can result in increased costs for the interest rate hedging portfolio as floating rate receiving cash flows become negative.

Other financial costs

Other financial costs pertain primarily to costs of a non-recurring nature related to new borrowings and redemption of loans.

Currency gains and losses

Currency gains and losses amounted to a net gain of SEK 656 million (loss 241) and relate primarily to unrealised exchange rate differences on cash, liabilities and associated currency hedges.

Profit from property management

Profit from property management was SEK 2,889 million (980). Excluding currency gains and losses, profit from property management increased to SEK 2,234 million, corresponding to a 83 percent increase compared with the preceding year, driven primarily by acquisitions and lower cost of debt.

Change in value of properties

After currency adjustments, the change in the fair value of properties amounted to SEK 8,122 million (4,834) whereof 7,937 (4,780) relates to investment properties and 188 (53) to development properties. This corresponds to a 5.9 percent increase over the year. The valuation yield requirement for the quarter averaged 3.62 percent, compared with 3.63 percent at the end of 2019. Excluding the acquisition in the Czech Republic, the yield requirement was 3.45 percent.

Changes in the value of financial instruments

In accordance with the established financial policy and interest rate hedging strategy, Heimstaden Bostad uses interest rate derivatives and cross currency swaps to manage interest rate and currency risks. The change in value related to interest-rate derivatives during the period amounted to a negative SEK 178 million (positive 39). Currency effects related to currency hedging of the Parent Company's bonds are reported on the line item Currency gains and losses.

Tax

The positive development in the value of Heimstaden Bostad's property portfolio resulted in an increase of SEK 1,774 million (1,193) in deferred tax liabilities. Current tax amounted to SEK 386 million (200).

Other comprehensive income

Other comprehensive income consists of unrealized currency translation differences from the consolidation of foreign subsidiaries and amounted to a negative SEK 4,479 million (positive 279), driven by a stronger SEK. The total amount may be reclassified to profit or loss in subsequent periods.

Consolidated Statement of Financial Position

Amounts in SEK million	Note	31 Dec 2020	31 Dec 2019
Assets			
Non-current assets			
Intangible assets		7	–
Investment properties	9	143,806	113,331
Leasing assets		629	817
Tangible fixed assets		19	–
Other financial non-current assets		1,243	843
Total non-current assets		145,703	114,991
Current assets			
Development properties		1,292	865
Accounts receivable		61	12
Other current receivables		2,045	1,058
Prepaid costs and accrued income		188	294
Cash and cash equivalents		7,636	4,345
Total current assets		11,223	6,573
TOTAL ASSETS		156,926	121,564



Dacke, Sweden

Investment properties

On the balance sheet date, the fair market value of Heimstaden Bostad's property portfolio was SEK 143,806 million, compared with SEK 113,331 million at the end of 2019. During the period, properties were acquired for a value of SEK 25,445 million, 51 percent of which was in the Czech Republic and 49 percent in existing markets, primarily the Netherlands and Sweden. The total change in the fair value of properties excluding development properties for the period amounted to SEK 7,937 million, corresponding to a change of 5.8 percent. SEK 1,866 million is attributable to the acquisition in the Czech Republic. The remaining change comprised investments in existing stocks and exchange rate effects.

For a more detailed description of Heimstaden Bostad's methodology for valuing properties, see pages 114–115 of the 2019 Annual Report.

Leasing assets

Leasing assets are primarily attributable to land leaseholds.

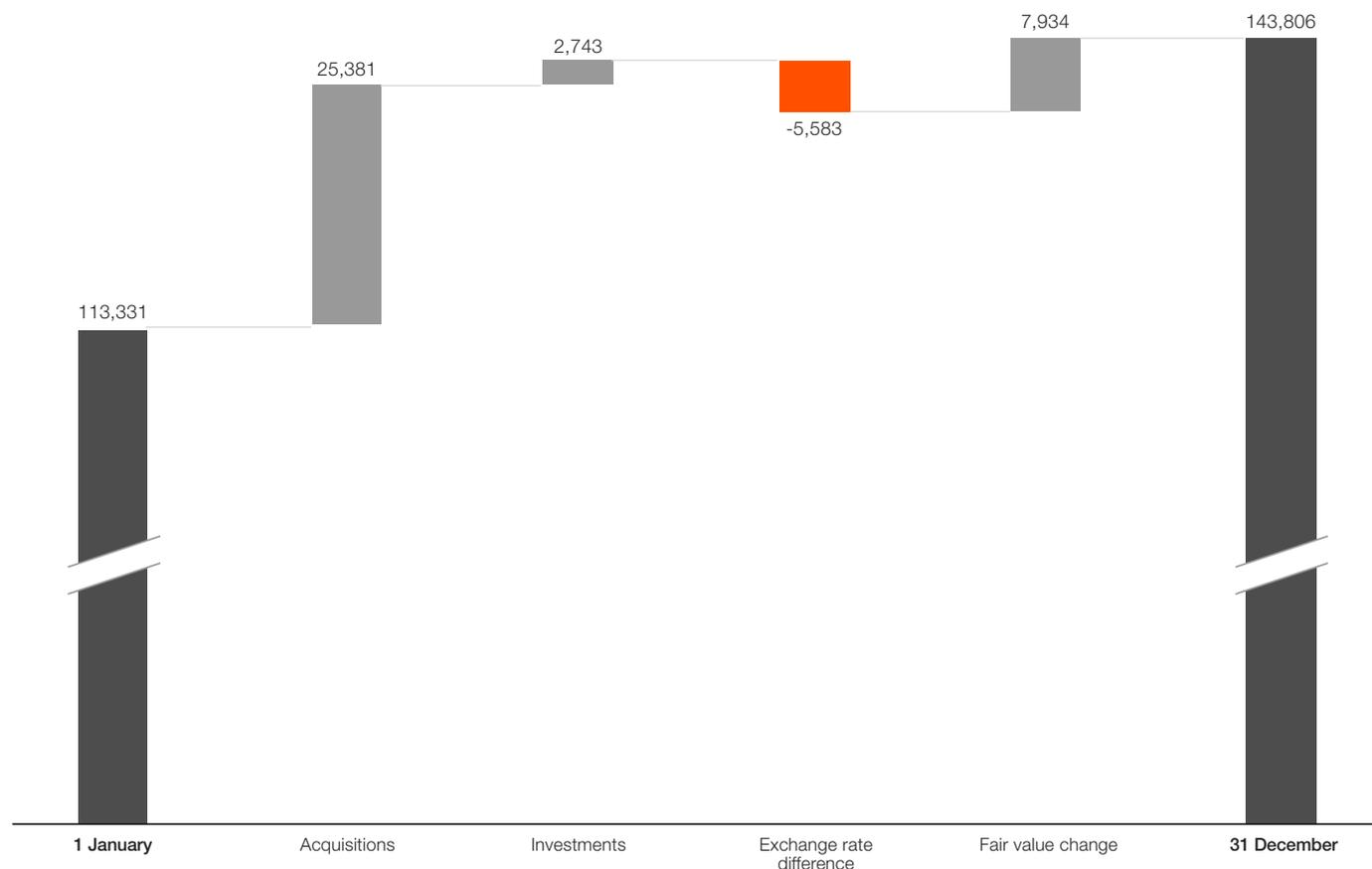
Other financial non-current assets

Other financial non-current assets consist primarily of investments in- and receivables from associated companies.

Development properties

In connection with the acquisition of investment properties in Norway in 2017, building rights and ongoing construction projects were also acquired. The item, amounting to SEK 1,165 million (865), concerns the development of condominium homes in Oslo that are to be divested upon completion.

INVESTMENT PROPERTIES MARKET VALUE DEVELOPMENT, SEK MILLION



Consolidated Statement of Financial Position

Amounts in SEK million	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity		77,741	57,548
LIABILITIES			
Non-current liabilities			
Interest-bearing secured liabilities	10	38,853	39,543
Interest-bearing unsecured liabilities	10	25,213	14,066
Leasing liabilities		531	818
Financial instruments	8	433	65
Other liabilities		389	–
Deferred tax liabilities		4,212	2,526
Total non-current liabilities		69,631	57,018
Current liabilities			
Interest-bearing secured liabilities	10	1,610	1,137
Interest-bearing unsecured liabilities	10	5,104	4,000
Accounts payable		414	293
Current liabilities		291	228
Financial instruments	8	14	–
Other current liabilities		1,269	819
Accrued costs and prepaid income		853	521
Total current liabilities		9,554	6,998
TOTAL EQUITY AND LIABILITIES		156,926	121,564

Consolidated Statement of Changes in Equity

Amounts in SEK million	Share capital	Other paid in capital	Hybrid bond	Other reserves	Retained profit	Attributable to Parent Company shareholders	Non-controlling interests	Total equity
Equity, 31 Dec 2018	26	26,653	–	–	5,245	31,925	–	31,925
Profit for the period			55		4,398	4,453	7	4,460
Other comprehensive income			–	279		279		279
Total comprehensive income	–	–	55	-279	4,398	4,732	7	4,740
New share issue	7	13,194				13,202		13,202
Hybrid bond issue			8,523			8,523		8,523
Issue costs			-9			-9		-9
Dividend			-55		-829	-884		-884
Non-controlling interests							52	52
Equity, 31 Dec 2019	34	39,847	8,514	279	8,814	57,489	59	57,548
Profit for the period			69		8,604	8,673	1	8,673
Other comprehensive income				-4,479		-4,479		-4,479
Total comprehensive income	–	–	69	-4,479	8,604	4,193	1	4,194
New share issue	9	12,843				12,851		12,851
Dividend			-69		-1,828	-1,897		-1,897
Hybrid bond issue			5,189			5,189		5,189
Issue costs			-68		-77	-145		-145
Equity, 31 Dec 2020	43	52,690	13,635	-4,198	15,512	77,681	60	77,741

Interest-bearing liabilities

At the end of the period, Heimstaden Bostad's net loan-to-value ratio was 40 percent (45). Of the total interest-bearing liabilities, 57 percent related to loans secured by property mortgages, resulting in a loan-to-value ratio for secured loans of 26 percent (33).

The total loan portfolio amounted to SEK 71,051 million (58,746) on the balance sheet date. Of this amount, 43 percent (31) consists of unsecured bonds, 30 percent (34) of mortgage loans and 27 percent (35) of traditional bank loans.

The average loan tenor of Heimstaden Bostad's interest-bearing liabilities was 10.5 years (10.5). The largest proportion of loan maturities in an individual year occurs within 3 to 4 years and accounts for 13 percent (16) of the loan portfolio. Current interest-bearing liabilities totalled SEK 6,321 million (5,137). To manage its refinancing risk, Heimstaden Bostad has unutilised lines of credit amounting to SEK 14,627 million (10,269). The average period of fixed interest, including the effect of derivatives, amounts to 3.0 years (2.7). Heimstaden Bostad issued EUR 500 million in bonds in January 2021 to partly refinance debt which matures in 2021.

Deferred tax liabilities

The positive change in fair value of the property portfolio resulted in increased deferred tax liabilities, amounting on the balance sheet date to SEK 4,212 million (2,526).

Financial instruments

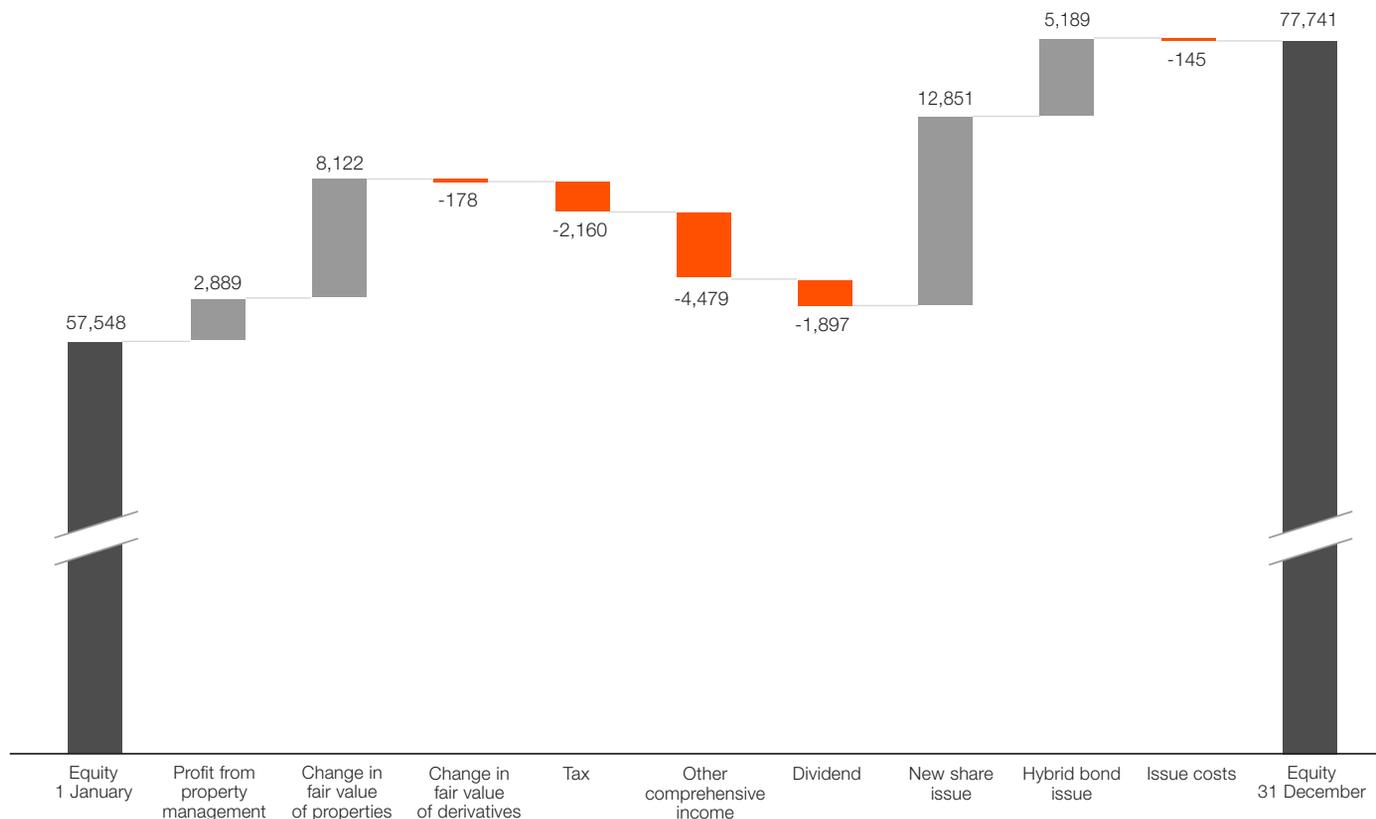
Financial instruments consist of derivative instruments for interest rate and currency hedging and are primarily related to Heimstaden Bostad's unsecured bonds.

Equity

Equity amounted to SEK 77,741 million (57,548), resulting in an equity ratio of 50 percent (47). The change in equity over the period is primarily attributable to a new share issue in the second quarter of 2020.

Heimstaden Bostad is exposed to currency risk in EUR, DKK, NOK and CZK. This risk is associated with the foreign operations, and to cash and cash equivalents and financing in the Parent Company. A portion of the Parent Company's unsecured bonds in EUR has been hedged through swaps to the same currency as the assets that the loans are intended to finance. The currency risk associated with the foreign operations is limited to net capital in each currency.

EQUITY DEVELOPMENT, SEK MILLION



Consolidated Statement of Cash Flows

Amounts in SEK million	2020 12 months Jan–Dec	2019 12 months Jan–Dec	2020 3 months Oct–Dec	2019 3 months Oct–Dec
Operating activities				
Profit before tax	10,833	5,853	3,062	2,075
Adjustments for non-cash items:				
– Change in fair value of investment properties	-8,122	-4,834	-2,078	-1,509
– Change in fair value of derivative instruments	178	-39	-157	-324
– Other non-cash items	-645	157	-211	57
Tax paid	-320	-105	-76	20
Cash flow from operating activities before changes in working capital	1,924	1,032	540	318
Change in working capital				
Change in current receivables	-184	-56	-208	20
Change in current liabilities	-120	41	-125	-14
Cash flow from operating activities	1,620	1,017	207	324
Investing activities				
Property acquisitions	-12,705	-13,909	-3,775	-8,317
Property investments	-2,985	-2,549	-1,204	-704
Deposits paid	-1,024	-535	-468	-391
Other receivables, future acquisitions	140	-375	140	-375
Property sales	–	3	–	–
Acquisitions of shares in associated companies	-13	-213	3	-213
Change in loans to associated companies	-385	-468	-58	-340
Change in financial assets	5	-48	10	-48
Cash flow from investing activities	-16,968	-18,094	-5,353	-10,388
Financing activities				
New shares issue	12,851	13,202	–	9,500
Dividend	-1,828	-829	–	–
Issue of unsecured bonds	8,024	–	-3,139	–
Issue of hybrid bonds	5,121	8,523	5,121	8,523
Dividend hybrid bonds	-69	-55	–	-55
Issue costs	-77	-9	–	-9
Repayments of interest-bearing liabilities	-5,398	-1,736	3,255	-5,912
Redemption of interest rate derivatives	113	–	69	–
Cash flow from financing activities	18,737	19,096	5,306	12,047
Cash flow for the period	3,389	2,018	159	1,983
Opening cash and cash equivalents	4,345	2,313	7,524	2,381
Currency effect in cash and cash equivalents	-98	13	-47	-20
Closing cash and cash equivalents	7,636	4,345	7,636	4,345

Operating activities

Cash flow from operating activities, before changes in working capital, amounted to SEK 1,924 million (1,032). The change is mainly explained by a larger property portfolio. Including a decrease in working capital of SEK 304 million (15), cash flow from operating activities was SEK 1,620 million (1,017).

Investing activities

Cash flow from investing activities was negative in the amount of SEK 16,968 million (18,094). Most of the flow relates to the acquisition in the Czech Republic.

Financing activities

Cash flow from financing activities amounted to SEK 18,737 million (19,096). The amount is primarily attributable to the new issue of shares.

Cash flow

Cash flow for the period amounted to SEK 3,389 million (2,018) and cash and cash equivalents amounted to SEK 7,636 million (4,345) at the end of the period.



PARENT COMPANY INCOME STATEMENT

Amounts in SEK million	2020 12 months Jan-Dec	2019 12 months Jan – Dec
Other operating income	4	–
Other operating costs	-385	-241
Operating profit/loss	-381	-241
Profit before financial items	-381	-241
Dividend	–	7,162
Impairment	–	-4,333
Interest income	543	576
Interest costs	-680	-540
Other financial costs	-245	-304
Change in fair value of interest rate derivatives	-260	-70
Profit from property management	-1,022	2,250
Appropriations	716	333
Profit before tax	-306	2,493
Current tax	-26	-8
Deferred tax	77	14
Profit for the period	-256	2,500

Other operating costs

Other operating costs relate primarily to management fees and other costs in the Parent Company. The increase is due to the growth of the organisation as a consequence of a larger property portfolio.

Interest income

Interest income refers mainly to income from intra-group loans.

Interest costs

Interest costs refer primarily to costs for unsecured bonds.

Other financial costs

Other financial costs refer to unrealised currency effects on unsecured bonds where currency hedging is arranged partly in the subsidiaries.

PARENT COMPANY BALANCE SHEET

Amounts in SEK million	31 Dec 2020	31 Dec 2019
Assets		
Non-current assets		
Shares in subsidiaries	38,867	32,758
Deferred tax receivables	93	16
Receivables, subsidiaries	19,343	20,308
Total non-current assets	58,304	53,082
Current assets		
Receivables, subsidiaries	33,721	12,849
Other current receivables	100	778
Cash and cash equivalents	5,916	2,811
Total current assets	39,737	16,439
TOTAL ASSETS	98,041	69,521
EQUITY AND LIABILITIES		
Equity	64,353	48,610
Non-current liabilities		
Interest-bearing liabilities	1,690	–
Unsecured bonds	21,520	18,066
Financial instruments	453	80
Liabilities, subsidiaries	9,729	2,358
Total non-current liabilities	33,392	20,504
Current liabilities		
Liabilities, subsidiaries	–	288
Other current liabilities	295	120
Total current liabilities	295	407
TOTAL EQUITY AND LIABILITIES	98,041	69,521

Shares in subsidiaries

Participations in subsidiaries refer to shares in subsidiaries and the change compared with the previous year is mainly attributable to the acquisitions in the Netherlands and the Czech Republic.

Receivables, subsidiaries

Receivables from subsidiaries refer to lending from Heimstaden Bostad to the subsidiaries.

Unsecured bonds

The change compared with the previous year is mainly attributable to the new bond issue for EUR 500 million completed in the first quarter of 2020.



PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	Share capital	Share premium reserve	Hybrid bond	Retained profit	Total equity
Equity, 31 Dec. 2018	26	24,203	–	1,049	25,279
Profit for the period			55	2,444	2,500
Total profit	–	–	55	2,444	2,500
New share issue	8	13,194			13,202
Dividend			-55	-829	-884
Issue of hybrid bond			8,523		8,523
Issue costs			-9		-9
Equity, 31 Dec 2019	34	37,397	8,514	2,665	48,610
Profit for the period			69	-325	-256
Total profit	–	–	69	-325	-256
New share issue	9	12,843			12,851
Dividend			-69	-1,828	-1,897
Issue of hybrid bond			5,189		5,189
Issue costs			-82	-63	-145
Equity, 31 Dec 2020	43	50,240	13,621	450	64,353

Note 1 Accounting principles

Heimstaden Bostad's consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and its interpretations of these (IFRIC). This interim report has been prepared in accordance with IAS 34 the Annual Accounts Act. The Parent Company applies RFR2 Accounting for Legal Entities and the Swedish Annual Accounts Act.

The same accounting and valuation principles and calculation methods have been applied as in the most recent annual report, with the exception of IFRS 3. Heimstaden Bostad's 2019 Annual Report contains a more detailed description of the accounting principles.

IFRS 3 Business combinations

On 21 April 2020, the EU adopted amendments regarding the definition in IFRS 3 of a business combination. The classification of an acquisition as either a business combination or an asset acquisitions causes differences in the accounting. The changes introduced in IFRS 3 are expected to result in more acquisitions being reported as asset acquisitions.

The accounting for business combinations differs from the accounting of asset acquisitions, with, for example, goodwill not being recognised in asset acquisitions. There are also differences in the accounting and valuation of supplementary purchase considerations, acquisition expenses and deferred tax. Accordingly, the classification as either business combinations or asset acquisitions is crucial when preparing financial reports in accordance with IFRS.

Companies may choose to perform a "concentration test" and, should this prove that the acquisition is an asset acquisition, no further assessment is required. However, the test does not answer the question of whether an acquisition is a business combination but can only show if it is an asset acquisition. If essentially the entire fair value of the gross assets acquired can be attributed to an asset or a group of similar assets, the voluntary test shows the acquisition to constitute an asset acquisition. If the test is performed and it is not possible to prove the acquisition to be an asset acquisition, further assessment must be made to determine whether or not the acquisition is a business combination.

The criteria for an acquisition to constitute a business combination is that there must be financial resources and a substantial process that, combined, contribute substantially to a capacity to generate returns. The new guidance provides a framework for assessing whether there are financial resources and a substantial process. An acquisition including returns and a labour force trained in managing the process constitutes a business. If the acquisition lacks a labour force, it may nonetheless be the case that the acquired process is sufficiently unique or unusual, or costly to replace to be able to generate returns, that the acquisition nonetheless constitutes a business.

Effects of the change

The amendment shall be applied for financial years commencing on or after 1 January 2020. The changes to IFRS 3 entail Heimstaden Bostads' acquisitions in the Czech Republic being reported as asset acquisitions.

Accounting of revenue from Norwegian lease agreement

Rental income for the property portfolio in Norway is generated through a lease agreement with Heimstaden AS, a subsidiary of Heimstaden AB. Under the arrangement, Heimstaden Bostad receives lease payments, calculated as the net of rental income generated by the property less its property expenses and certain administrative costs. In Q4 2020 the Company revised its presentation under the agreement to present revenues on a net basis, reflecting the variable lease payments received under the arrangement. Comparative numbers have been revised to conform to the Company's current presentation. As a result, in 2019, 186 MSEK was reclassified from property expenses to rental income and 210 MSEK in 2020. The revised presentation in 2019 did not have any impact on the Company's profit for the year, the balance sheet or the equity position.

New and amended accounting principles yet to come into effect

New and amended IFRS accounting principles yet to come into effect have not been early adopted in the preparation of the consolidated and Parent Company financial statements. At the balance sheet date, there were no new or amended standards or interpretations published by IASB that are expected to have a material impact on the financial statements of the Group or the Parent Company.

Note 2 Information about related parties

Transactions with Heimstaden AB and its subsidiaries amounted to SEK 964 million (614) in addition to salaries and board fees that have been paid to management and the board as of Q4 2020.

Note 3 Events after the balance sheet date

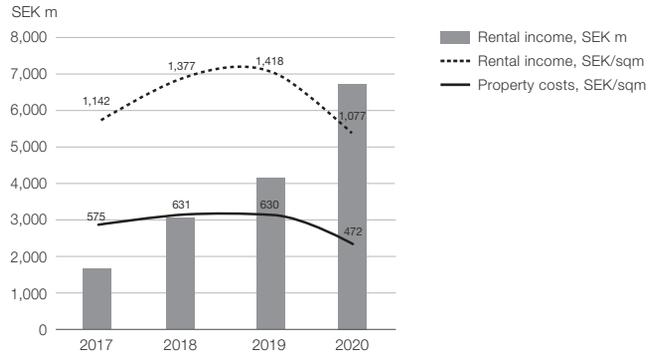
On 8 January 2021, Heimstaden Bostad issued a EUR 500 million senior unsecured bond with a maturity of two years, a call option at par after approx. one year and a floating rate of 3 months EURIBOR plus 55 bps. The issuance was completed through a club deal with European money market funds.

On 12 January 2021, Heimstaden Bostad raised SEK 4 billion in equity through a directed new share issue towards existing shareholders, Heimstaden, Alecta, Ericsson and Folksam Group.

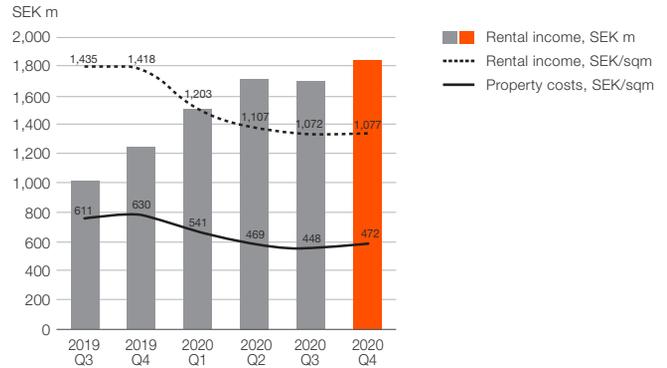
On 26 January 2021, Heimstaden Bostad issued a EUR 800 million subordinated perpetual hybrid bond with an annual fixed rate coupon of 2.625% and a non-call period of 6.25 years. The issue was rated 'BB+' by S&P and will be accounted for as 100% equity by Heimstaden Bostad, consistent with IFRS.

Note 4 Rental income

RENTAL INCOME AND PROPERTY COSTS

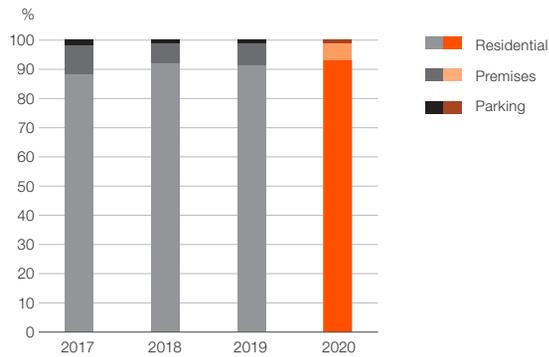


RENTAL INCOME AND PROPERTY COSTS



The rental income and property cost per m² includes Norway on a gross basis in the note section and on a net basis in the income statement under IFRS.

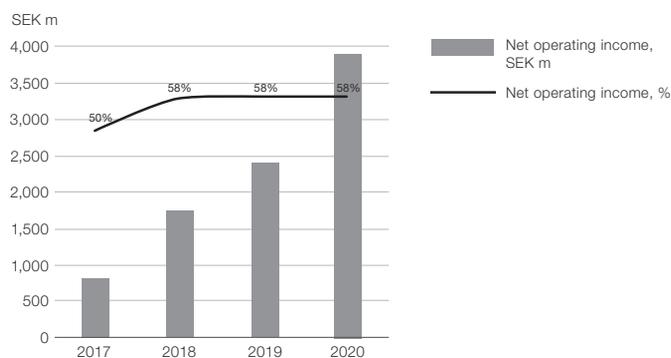
ALLOCATION OF RENTAL INCOME



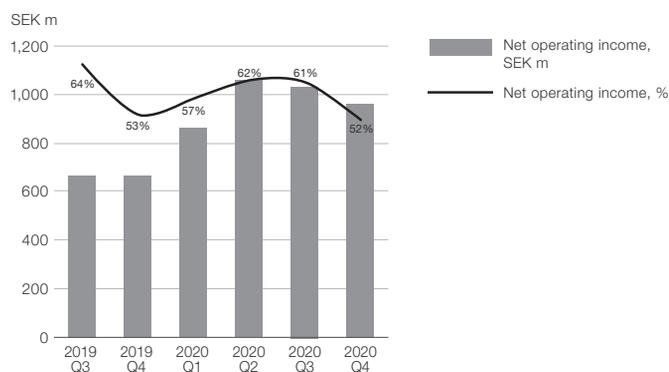
Note 5 Property costs

Amounts in SEK million	2020 12 months Jan-Dec	2019 12 months Jan-Dec
Operating costs	-1,508	-886
Maintenance and repairs	-519	-409
Property administration	-512	-292
Property tax	-279	-145
Amortisation and depreciation	-11	-
Total property costs	-2,828	-1,732

NET OPERATING INCOME



NET OPERATING INCOME



Note 6 Financial income and costs

Risk management, estimation and assessments

The Board of Directors and company management work continuously to achieve the desired risk profile, which is governed by the adopted Financial Policy and established operational targets.

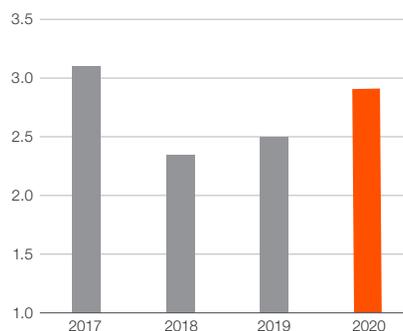
Heimstaden Bostad's operations, financial position and profit can be affected by a number of risks and uncertainties. These are described on pages 80-84 in the 2019 Annual Report. No significant changes have subsequently occurred affecting the assessment by the Board of Directors and company management.

To prepare the accounts in accordance with generally accepted accounting principles, management must make assessments and assumptions affecting the assets and liabilities reported in the financial statements, as well as income and expense items and other disclosures. Actual outcomes may differ from these assessments.

At the balance sheet date, Heimstaden Bostad was in compliance with its financial covenants.

Financial policy	Policy	31 Dec 2020
Interest coverage ratio (rolling 12 months, multiple)	≥ 1.5	2.9
Equity ratio (percent)	≥ 30	49.4
Average loan tenor (months)	≥ 15	126
Loan maturity (percentage in individual year)	≤ 40	13 (3-4 years)
Limitation, individual lenders (percent)	≤ 40	12
Interest rate hedge (percent)	≥ 75	80
Loan-to-value ratio (financial policy) (percent)	45 – 55	50
Quick ratio (percent)	* ≥ 125	149

INTEREST COVERAGE RATIO Q4 (ICR)



31 Dec 2020	Interest maturity, loans			Interest maturity incl. financial instruments ¹⁾		
	SEK m	Share, %	Interest, incl. margin, %	SEK m	Share, %	Interest, incl. margin, %
0-1	50,174	71	1.2	25,648	36	3.3
1-2	1,417	2	3.0	7,250	10	0.8
2-3	7,024	10	2.5	8,510	12	1.1
3-4	-	-	-	7,748	11	0.0
4-5	2,733	4	1.2	7,583	11	0.6
> 5 years after balance sheet date	9,704	14	1.5	14,349	20	1.1
Total	71,051	100	1.4	71,088	100	1.7

¹⁾ The credit margin is evenly spread across the maturity structure

The average remaining term of fixed interest in the loan portfolio amounts to: 1.7 years

The average remaining term of fixed interest in the loan portfolio, including derivatives, amounts to: 3.0 years

Note 7 Valuation of investment properties

Yield requirement

Years	Average
2019	3.63%
2020	3.62%

Note 8 Change in fair value of derivatives

Change in market value of derivatives

Market value of derivatives, 31 Dec 2019	-65
Unrealised changes in value basis swaps	-291
Realised changes in value interest rate swaps	113
Unrealised changes in value interest rate swaps	-203
Market value of derivatives, 31 Dec 2020	-447

Note 9 Investment properties**Change in fair value of investment properties**

	Total	Sweden	Denmark	Norway	Germany	Netherlands	Czech Republic
Market value of investment properties, 31 Dec 2019	113,331	41,241	34,645	17,373	2,292	17,781	-
Sales during the period	-65	-	-	-	-	-65	-
Acquisitions during the period	25,445	4,430	1,279	-	1,272	5,480	12,985
Investments during the period	2,743	1,651	538	20	27	199	309
Currency change	-5,583	-	-1,354	-1,684	-140	-1,073	-1,333
Market value after transactions	135,872	47,322	35,108	15,709	3,450	22,321	11,960
Unrealised value change	7,934	2,368	1,092	1,299	265	1,044	1,866
Market value of investment properties, 31 Dec 2020	143,806	49,690	36,200	17,009	3,716	23,365	13,826

Note 10 Financial instruments

Disclosures regarding fair values of financial instruments are not considered to deviate significantly from the reported values.

Financing source

	Credit	Secured credits, %	Share, %	Unutilised credit commitment
Bonds	30,317	-	43	-
Mortgages	21,359	100	30	-
Bank loans	19,374	100	27	14,627
Total	71,051	57	100	14,627
Deferred charges	-271			
Total	70,780			

Change in loan volume

Interest-bearing loans, 31 Dec 2019	58,746
Repayments on loans	-6,724
Currency exchange effect on loans	-2,314
New borrowing/loans taken over	21,343
Interest-bearing loans, 31 Dec 2020	71,051

Years	Loan tenor		Lines of credit	
	SEK million	Share, %	million	Share, %
0-1	6,321	9	-	-
1-2	5,328	7	6,145	42
2-3	7,781	11	6,302	43
3-4	9,168	13	1,400	10
4-5	1,967	3	780	5
> 5 years after balance sheet date	40,485	57	-	-
Total	71,051	100	14,627	100

The average loan tenor is: 10.5 years

Financial instruments**Maturity, interest rate derivatives**

Years	Type	SEK million	Share, %	Interest, % ¹⁾
0-1	Paying fixed	4,385	12	0.19
1-2	Paying fixed	5,833	17	0.26
2-3	Paying fixed	6,503	18	0.32
3-4	Paying fixed	9,505	27	0.01
4-5	Paying fixed	4,441	13	0.12
> 5 years after balance sheet date	Paying fixed	4,646	13	0.22
Total		35,313	100	0.17

1) The interest rate indicates the agreed average fixed interest in the contracts. A negative interest rate indicates that we receive fixed interest.

Financial instruments**Maturity, basis swaps**

Years	Type	SEK million	Share, %	Interest, % ¹⁾
0-1	Paying variable	3,161	31	1.75
1-2	Paying variable	-	-	-
2-3	Paying variable	7,024	69	2.13
3-4	Paying variable	-	-	-
4-5	Paying variable	-	-	-
> 5 years after balance sheet date	Paying variable	-	-	-
Total		10,184	100	2.01

1) The interest rate indicates the variable agreed interest rate on the balance sheet date.

Note 11 Investments in associated companies and joint ventures

	Share, %	Rental income	Net financial items	Change in value	Profit	Assets	Liabilities
Gamblebro	50	16	-5	-	-6	526	497
Fastighets AB Rosengård	25	147	-11	148	147	1,688	908
Byggrätt Norr AB	19	-	-	-	-	-	-
Upplands Bro, Brogårds stage 2	50	-	-22	25	4	606	382
Magnolia Projekt 5222 AB	50	-	-	-	-	-	-
A place to AS	50	-	-1	-	-2	347	346
Total		163	-38	173	143	3,167	2,133



The Board of Directors and the CEO provide their assurance that this interim report provides a true and fair view of the operations, position and results of the Parent Company and the Group and describes the significant risks and uncertainties that occur.

Malmö, 12 February 2021

Patrik Hall
CEO

Casper von Koskull
Chairman of the Board

Stefan Attefall
Board Member

Magnus Nordholm
Board Member

Axel Brändström
Board Member

Christer Franzén
Board Member

John Giverholt
Board Member

Erik Gullestad Glæsel
Board Member

Frans Heijbel
Board Member

Karmen Mandic
Board Member

Katarina Skalare
Board Member

Birgitta Stenmark
Board Member

This interim report has been subject to review by the company's auditors.

Auditor's review report

Heimstaden Bostad AB (publ), corporate identity number 556864-0873
To the Board of Directors for Heimstaden Bostad AB (publ)

Introduction

We have reviewed the condensed interim report for Heimstaden Bostad AB (publ) as at December 31, 2020 and for the twelve months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, February 12, 2021

Ernst & Young AB

Peter von Knorring
Authorised Public Accountant

Earning capacity

The earning capacity represents annualised earnings calculated on the basis of Heimstaden Bostad's balance sheet as of 31 December 2020 and therefore only includes the property portfolio and capital structure as of that date. It is not a forecast for the current year or for the next 12-month period.

The earning capacity is based on the contracted rental income, current property costs and administrative costs of the property portfolio as at 31 December 2020. Announced property acquisitions that closed after the balance sheet date are not included in the calculation.

The earning capacity does not include any adjustment for development trends in rent levels, vacancy rates, property costs or interest rates, nor does the earning capacity provide any adjustment for expected changes in the fair value of properties, acquisitions or disposals.

Earning capacity as per 31 December 2020

Amounts in SEK million	
Rental income	7,614
Property costs	-3,302
Net operating income	4,312
Central administration costs	-382
Profit before financial items	3,930
Financial income	
Financial costs – interest-bearing liabilities	-1,187
Profit from property management	2,742
Key data	
Net operating income, %	56.6
Interest coverage ratio (ICR), multiple	3.3



Key data

	2020 12 months Jan – Dec	2019 12 months Jan – Dec	2020 3 months Oct – Dec	2019 3 months Oct – Dec
Property-related data				
Rental income, SEK m	6,721	4,135	1,833	1,243
Letting ratio, residential (homes), %	94.4	97.6	94.4	97.6
Real letting ratio, residential (homes), %	96.6	99.1	96.6	99.1
Economic letting ratio, residential, %	95.6	96.9	94.9	97.9
Real economic letting ratio, residential, %	97.5	98.8	97.0	99.2
Net operating income, %	57.9	58.1	52.3	53.4
Property acquisitions, SEK m	25,445	33,261	5,229	23,098
Property sales, SEK m	65	3	65	–
Market value of properties on balance sheet date, SEK m	143,806	113,331	143,806	113,331
Lettable area on balance sheet date, sqm	7,029,969	4,013,270	7,029,969	4,013,270
Number of homes on balance sheet date	103,345	54,863	103,345	54,863
Proportion residential area on balance sheet date, %	93	91	93	91
Financial data				
Cash flow from operating activities, SEK m	1,620	1,017	207	324
Profit from property management, SEK m	2,889	980	826	242
Interest coverage ratio (ICR), multiple	2.9	2.5	2.9	2.5
Equity ratio, %	49.5	47.3	49.5	47.3
Net loan-to-value ratio (unsecured bonds covenant), %	40.2	44.8	40.2	44.8
Loan-to-value ratio, secured loans, %	25.8	33.5	25.8	33.5
Loan-to-value ratio (financial policy), %	49.9	52.7	49.9	52.7
Quick ratio, %	149	197	149	197
Average interest rate on balance sheet date, %	1.7	1.9	1.7	1.9
Average period of fixed-interest on loans, incl. derivatives, years	3.0	2.7	3.0	2.7
Average period for which capital is tied up, year	10.5	10.5	10.5	10.5
Return on equity, %	12.6	11.3	12.6	11.3
Equity on the balance sheet date, SEK m	77,741	57,548	77,741	57,548
Net asset value on the balance sheet date, SEK m	81,953	60,074	81,953	60,074
Long-term net asset value on the balance sheet date, SEK m	82,399	60,139	82,399	60,139
DEBT/EBITDA, multiple (rolling 12m)	19	22	19	22
Data per share				
Profit per ordinary share, SEK	324	1,176	41	101
Equity per ordinary share, SEK	3,234	2,954	3,234	2,954
Equity including deferred tax liabilities, per ordinary share, SEK	3,874	2,550	3,874	2,550
Equity per preference share A, SEK	1,432,552	972,342	1,432,552	972,342
Equity per preference share B, SEK	2,076	2,064	2,076	2,064
Number of ordinary shares outstanding at the end of the period	6,578,058	5,315,502	6,578,058	5,315,502
Number of preference shares A outstanding at the end of the period	200	200	200	200
Number of preference shares B outstanding at the end of the period	20,317,179	16,027,565	20,317,179	16,027,565
Average number of ordinary shares outstanding	6,383,342	2,967,125	6,383,342	2,967,125
Average number of preference shares A outstanding	200	119	200	119
Average number of preference shares B outstanding	19,571,032	3,158,201	19,571,032	3,158,201

Definitions and glossary

Letting ratio, residential (homes), %

Leased homes divided by total number of homes.

Real letting ratio, residential (homes), %

Leased homes adjusted for voluntary vacancies due to standard improvements divided by the total number of homes.

Economic letting ratio, residential, %

Net rental income divided by gross rental income including estimated market rent for vacant homes.

Real economic letting ratio, residential (number), %

Net rental income divided by gross rental income including estimated market rent for vacant homes, adjusted for voluntary vacancies due to standard improvements.

Net operating income, %

Net operating income as a percentage of rental income.

Residential area on balance sheet date, %

Living area divided by total property area.

Interest coverage ratio (ICR), multiple

Profit before net financial items plus financial income divided by financial costs attributable to interest-bearing liabilities. Calculated based on the rolling 12-month outcome.

Equity ratio, %

Equity as a percentage of total assets.

Net loan-to-value ratio (unsecured bonds covenant), %

Net liabilities as a percentage of total assets.

Loan-to-value ratio, secured loans, %

Secured loans as a percentage of total assets.

Loan-to-value ratio (financial policy), %

Net debt, right-of-use liabilities and 50 percent of the capital attributable to hybrid bonds as a proportion of net debt, right-of-use liabilities and equity.

Quick ratio, %

Cash and bank balances, including available credit facilities divided by forecast net liquidity needs over the ensuing 12 months, in accordance with Standard & Poor's guidelines.

Net liabilities

Interest-bearing liabilities less financial assets and cash equivalents.

Average interest, %

Average interest on the balance sheet date for interest-bearing liabilities and derivatives.

Return on equity after tax, %

Profit after tax (rolling 12-month outcome) as a percentage of average equity.

Net asset value on the balance sheet date, SEK m

Equity plus deferred tax liability.

Long-term net asset value on the balance sheet date, SEK m

Equity with deferred tax liability and financial derivative instruments reversed.

DEBT/EBITDA, multiple

12-month average interest-bearing liabilities divided by profit before financial items with reversal of depreciation.

Equity per ordinary share, SEK

Equity at the end of the period, less preferential shares and hybrid capital, divided by the number of ordinary shares at the end of the period.

Equity per preference share, SEK

The preferential rights of holders of preference share upon liquidation of the Company and the remaining entitlement to dividends of those shares.

Profit per ordinary share

Profit for the period divided by the average number of ordinary shares once the preference shares and hybrid capital's portion of the profit for the period has been taken into account.

Like-for-like growth, %

Rental income growth including vacancy, adjusted for acquisitions and divestments.

Definitions and derivation of key ratios can be found at www.heimstadenbostad.com

This information is such that Heimstaden Bostad AB (publ) is obliged to disclose under the EU Market Abuse Regulation.

The information was submitted for publication through the agency of the below contact persons at 08:00 CET on 12 February 2021.

Patrik Hall, CEO Heimstaden Bostad AB, +46 705 85 99 56
Arve Regland, CFO Heimstaden Bostad AB, +47 47 90 77 00

The interim report for January–March 2021 will be published on 30 April 2021.

Heimstaden BOSTAD

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