

2020 Heimstaden Bostad's
Green Bond Investor report

Heimstaden
BOSTAD



Investor report 2020

Heimstaden Bostad creates value by investing with an evergreen perspective and sustainability is an important part of this strategy. In October 2019, Heimstaden Bostad developed a green framework for the issue of green corporate bonds. In November 2020, two green bonds totalling SEK 1,200 million were issued. The proceeds from the green bonds have been dedicated to properties that are helping to reduce greenhouse gas emissions.

Heimstaden Bostad's investor report 2020 describes which properties have benefited from the green bonds issued in 2020, it also concludes that the properties are in compliance with the green bond framework.

BACKGROUND

About Heimstaden Bostad

With a presence in seven European countries, Heimstaden Bostad is a leading European residential real estate company with an evergreen perspective. Guided by our values and Scandinavian heritage, we aim for excellence in happiness and life quality for both our customers and our employees, combined with commercially outstanding in-house operations that are sustainable and responsible.

Strategy

One of Heimstaden Bostad's four strategic goals is Society Contribution, Inspiration and Enrichment, and Sustainable Mindset is one of four strategic pillars.

The underlying sustainability strategy addresses:

- We care for people: employees, customers, suppliers, and society. We offer apartments and job opportunities to those who can find it hard to get an apartment or employment.
- We have an evergreen perspective on our properties. We value and preserve older properties by carefully upgrading them. We build new apartments to decrease housing shortages.
- We mitigate climate change through sustainable energy solutions, energy and water efficiency, and biodiversity measures.
- We ensure strong governance with clear stance on transparency, fair business practices and zero tolerance for corruption.

Heimstaden Bostad's Green bond framework

Heimstaden Bostad's green bond framework is aligned with the Green Bond Principles published in June 2018 by the International Capital Market Association (ICMA). CICERO Shades of Green has provided an independent second opinion with a Medium green rating and it receives an overall green bond governance structure rating of Excellent.

Transitioning to a low-carbon, climate change resilient, and environmentally sustainable economy requires vast amounts of capital. By setting up the green bond framework, Heimstaden Bostad aims to mobilize debt capital for environmentally sustainable purposes.

The Framework defines the projects and investments eligible for financing by green debt instruments issued by Heimstaden Bostad ("Green Bonds").

To view Heimstaden Bostad's green bond framework, please see <https://www.heimstadenbostad.com/sustainable-financing>

ABOUT THE REPORT

Heimstaden Bostad will annually and until maturity of the green bonds issued, provide a green bond investor report, including reporting on allocation of proceeds and environmental impact of the green projects. The allocation of net proceeds has been reviewed by EY, see the auditors limited review report on page 5.

Heimstaden Bostad's green bond committee has selected the properties included in the green bond. The properties are presented in the table below and consist of EPC A or Sweden Green Building Council's certification Miljöbyggnad Silver certified residential properties in both Denmark and Sweden. For more information on the properties environmental impact, see the appendix.

The allocated amount for the green bond is based on the property valuation and currency exchange rates on the balance sheet date 2020-12-31. The allocated amount consists of the share of property value financed by the green bonds.

When calculating the estimated reduction in energy consumption in new construction projects, the forecast energy intensity is compared with the highest permitted energy intensity under the national building standard. The assessed emissions avoided from new construction projects pertain to the difference between the annual GHG emissions that the property would have had if it had been built in accordance with the national building standard and without renewable energy contracts. Heimstaden has used the forecasted energy intensity as stated in the certificates for all properties included in the green bond. The danish properties can have several different types of EPC A's and in such cases this is specified in the table below.

As recommended by the NPSI Position paper on green bonds, Heimstaden Bostad applied a baseline for carbon emissions from electricity use of 315g CO₂e per kWh. For district heating, a baseline that is relevant and that reflects the national/local situation has been applied.

Approved Projects and Allocated Proceeds

Property	Country	Energy label or certification	Type of building	Total area, residential m2	Project completion	Allocated amount for green bonds, SEK m
Arenahusene	Denmark	EPC A 2015/2020	Residential	5,003	2018	110
Bagsværd Have	Denmark	EPC A 2015	Residential	9,209	2019	169
Bjerglandsbyen	Denmark	EPC A 2015	Residential	11,284	2018	227
Scherfigs Have	Denmark	EPC A 2015	Residential	12,802	2019	388
Hørparken	Denmark	EPC A 2010/2015	Residential	11,888	2019	135
Fasanen	Sweden	Miljöbyggnad Silver	Residential	8,044	2020	171
Total						1,200 SEK m

Examples of Funded Projects



BAGSVÆRD HAVE IN DENMARK

Situated in Bagsværd, north of Copenhagen, is Bagsværd Have I and II. This property was finished in 2019 with a total of 84 rental units. The homes comprise both apartments and terraced houses, varying in size from three to five rooms.

The houses are constructed on two levels and have access to a private patio area on the ground floor, while several of them feature a roof terrace. The apartments offer a beautiful, exclusive outdoor space in the form of balconies or large terraces, according to the terrain.

The whole area has been constructed with SUDS (Sustainable Urban Drainage System) and sedum green roofing employed throughout as well as vehicles being integrated into the home by effectively creating a living space above the parking space.

Facade materials are a combination of plaster and brick alongside wood and slate. These are contrasted by other wood or metal sheet materials. In the middle of Bagsværd Have, between the terraced houses and apartment blocks, a peaceful green oasis has been created featuring recreational areas around a small lake. As an architectural feature, a direct view of this “shared garden” has been implemented by the use of transparent glass sections around balconies and roof terraces. This also has the effect of allowing lots of light into the properties.



SCHERFIGS HAVE IN DENMARK

Beside the seafront with views over Oresund, you will find Scherfigs Have – 114 rental homes of 2 - 4 rooms.

The property was completed in 2019 and consists of three staggered longhouses and two apartment blocks – all constructed from high quality materials. The property’s location right beside the new harbour bath and Oresund creates an unhurried space that marks a transition between the peaceful environs and urban Copenhagen.

Each residence has its own private outdoor space in the form of a balcony, or terrace on the ground floor. The fantastic interior lighting is provided by the large windows, which also connects the residences to the surroundings. In between the buildings the architects have created an open and inviting space with large grassy areas where the green courtyard blends together with the character of the building.

Scherfigs Have has a distinctive architecture – the property’s façade consists of alternating dark grey and lighter tiles with sections of anodised aluminium in a matching colour, while the roof made using natural slate, also has solar cells.

The dark colours of the buildings and the materials signal robustness and weight and contributes to the charming asymmetry and varying expression of the building.

Auditor's Limited Assurance Report

To Heimstaden Bostad AB (publ), corporate identity number: 556864-0873

Introduction

We have been engaged by Heimstaden Bostad AB (publ) (Heimstaden Bostad) to undertake a limited assurance engagement of the information in Heimstaden Bostads Green Bond Investor Report 2020 ("the Reporting"), concerning the allocation of net proceeds to eligible green assets. The reporting criteria against which this information was assessed are relevant parts of the Heimstaden Bostads Green Bond Framework as of October 2019 available on Heimstaden Bostads website.

Our assurance does not extend to any other information in the Reporting. We have not reviewed and do not provide any assurance over any individual project information reported, including estimates of sustainability impacts.

Responsibilities of the Executive Management for the Reporting

The Executive Management are responsible for use and management of proceeds, the preparation of the Sustainability Report in accordance with the applicable criteria as well as evaluating and selecting eligible assets. This responsibility also includes the internal control relevant to the preparation of a Green Bond Impact Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Green Bond Investor Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Report and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Heimstaden Bostad AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. Consequently, the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Executive Management as described above. We consider these criteria suitable for the preparation of the Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the selected information disclosed in the Reporting (Heimstaden Bostads Green Bond Investor Report 2020) has not been prepared, in all material respects, in accordance with the criteria defined above.

Stockholm, 18 May 2021

Ernst & Young AB

Peter von Knorring
Authorized Public Accountant

Marianne Förander
Sustainability Expert
Member of FAR

Appendix – Impact report

Property	Country	Energy label or certification	Annual energy savings, MWh	Financed annual CO ₂ e savings, tonnes	Financed annual CO ₂ e savings, tonnes per SEK m
Arenahusene	Denmark	EPC A 2015/2020	11	23	0.21
Bagsværd Have	Denmark	EPC A 2015	3	6	0.04
Bjerglandsbyen	Denmark	EPC A 2015	3	5	0.02
Scherfigs Have	Denmark	EPC A 2015	11	20	0.05
Hørparken	Denmark	EPC A 2010/2015	1	2	0.01
Fasanen	Sweden	Miljöbyggnad Silver	72	578	3.38
Total savings			101 MWh	634 tonnes CO₂e	0.53 tonnes CO₂e per SEK m

Heimstaden
BOSTAD

Ö Promenaden 7 A, SE-211 28 Malmö, Sweden
Corporate ID Number: 556670-0455
+46 40 660 2000, www.heimstaden.com