

Heimstaden

Annual Report 31 December 2021

Heimstaden Bostad Treasury B.V.

Amsterdam, the Netherlands

Heimstaden Bostad Treasury B.V.

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Board of Managing Directors Report

The Board of Managing Directors hereby submits its financial statements for the year ended 31 December 2021. The financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and with accounting principles generally accepted in the Netherlands (Dutch GAAP).

Overview of activities

Heimstaden Bostad Treasury B.V. (or "Company"), having its corporate seat in Amsterdam, is established 17 July 2020 and is a Dutch financing company of the Heimstaden Group. The Company is a wholly-owned subsidiary of Heimstaden Bostad AB ("parent company"), which has its seat in Malmö, Sweden.

The Company's purpose foremost is the issuance of capital market senior secured bonds denominated in EUR and to subsequently transfer the proceeds to group companies. The Company may also issue other capital markets instruments such as capital securities or commercial paper denominated in EUR. The Company will only attract funds from professional market parties and not from the public.

In August 2021 the Company has expanded its EMTN Program, in which the Company acts as issuer and agent with the parent company as issuer and guarantor, from EUR 8 billion to EUR 12 billion. The program allows the issuance, offering and selling of bonds, listing on the Euronext Stock Exchange's regulated market in Dublin.

As at 31 December 2021 the total amount issued by the Company was EUR 4.7 billion. All the proceeds from the bonds are lent on to its parent company.

The key features and break down of the nominal balance issued by the Company and the markets where the bonds are listed are as follows:

EMTN Program

Currency	Interest Rate %	Principal amount	Issued	Maturity	Listed
EUR	1.375%	650,000,000	2020	2027	Euronext, Dublin
EUR	1.375%	50,000,000	2020	2027	Euronext, Dublin
EUR	3 mth Euribor +0.6%	500,000,000	2021	2023	Euronext, Dublin
EUR	0.75%	750,000,000	2021	2029	Euronext, Dublin
EUR	0.25%	1,250,000,000	2021	2024	Euronext, Dublin
EUR	1.00%	750,000,000	2021	2028	Euronext, Dublin
EUR	1.625%	750,000,000	2021	2031	Euronext, Dublin
Subtotal:		4,700,000,000			

Principal activities and business review

The principal activities of the Company consist of financing the parent company, who will in turn lend it to the companies within the Heimstaden group to finance their investment activities.

The parent company has shown significant growth in the past years and is planning to continue and where possible even extend the level of growth going forward. With that the Company expects to continue its activities of 2021 in the same level going forward as well and the expanding EMTN Program facilitates that level.

Results for the period

In 2021 the Company realized a net profit of EUR 1.4 million (2020: EUR 0.1 million).

Financial position

On 31 March 2021, a share premium contribution of EUR 2 million was made to strengthen the equity of the Company.

Financial Risk

The Company has a limited risk profile. The financial risks of the Company are managed through the matching of interest expenses from its issued bonds with the interest income from loans to the group company. All of the Company's liabilities arising from issuances of bonds are guaranteed by the parent company. Therefore the financial risk for the Company is limited to the capital and reserves.

Interest risk is offset as incoming proceeds and outgoing loans have in principle similar conditions except for a small spread.

Foreign exchange risk is not applicable as all issued bonds under the EMTN program and loans to the group are stated in Euro.

Liquidity risk and cashflow risk are limited as cash flows of interest from issued bonds are mitigated by the back-to-back financing and repayment with the parent company under the similar conditions, except for a small spread. Liabilities arising from the issuance of bonds are backed by a guarantee from the parent company.

There is a concentration of credit risk as all issued bonds are lent on to the parent company.

The parent company is an international leading residential property company, listed on the Swedish stock exchange. The parent company has received a BBB rating with stable outlook for its long term credit rating from S&P.

Loans to the parent company amount to EUR 4.7 billion at the end of the year 2021. The level of remuneration reflects the functions performed and risks assumed by the Company in relation to the intercompany flows. It has been agreed to set the remuneration for the financing activities over the funds borrowed and lent on, as an annual gross spread. This spread is based on a recent transfer pricing analysis.

Future outlook

It is expected that the activities of the Company will remain unchanged. It is envisaged that the loan volume will increase in the next years by issuing bonds in the EMTN program to a total of EUR 12 billion and on-lending these funds to its parent company.

Throughout 2021, residential real estate markets have proven highly resilient to the effects of the Covid-19 pandemic. In all of the parent company'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 the parent company has been limited. Subsequently this was reflected for the Company in the successful continuance of the EMTN Program. The Company does not expect to see impact on the bond program for the near future.

Globally, the rate of recovery is expected to vary between regions and countries and the Company acknowledges the prevailing uncertainty regarding the duration and ramifications of the ongoing pandemic.

With the recent invasion of Ukraine by Russia the financial markets have yet one more massive uncertainty to absorb. Although it is difficult to already predict the exact size of the impact it is without doubt that in an uncertain world, markets will be more prudent in investing and lending activities. This will likely have a dampening effect on the growth curve of the parent company and with that the Company's financing activities.

All in all the parent 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.

Subsequent events

In January 2022 the Company refinanced a EUR 500 million bond with an extension in duration with one year and issued additional bonds with a nominal value of EUR 1.4 billion bringing the total amount of bonds issued up to EUR 6.1 billion.

Responsibility Statement

The Board confirms that, to the best of (their) knowledge:

- The financial statements for the year 2021, which have been prepared in accordance with the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- The Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties they face.

The Board of Managing Directors,

Amsterdam, the Netherlands, 23 March 2022

Mr. E. Rats, CEO

Mrs. S. Bliemer, CFO

Mr. A. Regland, Board Member

Balance Sheet as at 31 December 2021

(before appropriation of result)

Thousands of Euro

Assets		31 December 2021	31 December 2020
Non-current assets	Note		
Loans to group companies	4	4.669.333	697.751
Total Non-current assets		4.669.333	697.751
Current assets			
Financial receivables	4	18.610	3.794
Cash	5	2.058	91
Total Current assets		20.668	3.885
Total Assets		4.690.001	701.636

Thousands of Euro

Liabilities and shareholder's equity		31 December 2021	31 December 2020
Shareholder's equity	Note		
Share capital	6	-	-
Share premium contribution	6	4.000	2.000
Other Reserves	6	88	-
Net income for the period	6	1.428	88
Total Shareholders' equity		5.516	2.088
Non-current liabilities			
Long term loans and bonds	7	4.669.333	696.270
Total Non-current liabilities		4.669.333	696.270
Current liabilities			
Short term loans and bonds	8	14.870	2.974
Other current liabilities	8	282	304
Total Current liabilities		15.152	3.278
Total Liabilities and shareholder's equity		4.690.001	701.636

Income Statement

Thousands of Euro

		Year ended 31 December 2021	17 July 2020 until 31 December 2020
	Note		
Interest income and other related income	9	21.903	3.805
Interest expense and other related cost	10	-19.560	-3.557
Interest margin		2.343	248
Other operating expenses	11	-274	-84
Service fees	11	-189	-59
Total expenses		-463	-143
Result before income taxes		1.880	105
Income tax expense	12	-452	-17
Net income for the year		1.428	88

Notes to the financial statements for the year ended 31 December 2021

1. General

Company structure

Heimstaden Bostad Treasury B.V. ("the Company") is a private limited liability company established in Amsterdam (Commercial Register Number 78619610). The Company acts as an intermediate finance company. The Company is a wholly-owned subsidiary of its ultimate parent company Heimstaden Bostad AB ("the parent company"), which has its legal seat in Malmö, Sweden, and is the controlling party of the Company. The Company is included in the consolidated financial statements of the parent company.

Activities

The Company was incorporated to facilitate the funding of its parent company. In order to achieve its objectives, the Company may issue senior secured bonds denominated in EUR. The Company may also issue other capital markets instruments such as capital securities or commercial paper denominated in EUR. In relation to these issuances the Company signed a Guarantee Agreement with its parent company which establishes Heimstaden Bostad AB as unconditional and irrevocable guarantor of any amount payable that remains unpaid, by the date and on the time specified for such payment, by the Company (as issuer) to any holder of the bonds issued.

Transfer pricing

The Company appointed a fiscal advisor to perform a benchmark study for transfer pricing purposes. The benchmark study set the arm's length criteria to apply the basis points margin on the interest expenses.

Financial position

In August 2020 the Company entered into the Euro Medium-Term Notes (EMTN) Program up to a maximum aggregate amount of EUR 8 billion. The issuers of the program are both the Company and the parent company. The program allows the issuance, offering and selling of bonds, listing on the Official List of the Dublin Stock Exchange and trading on the Dublin's Euronext Stock Exchange's regulated market, although the bonds may be admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed with the Issuer and the Guarantor. In August 2021 the Company has expanded the EMTN Program to EUR 12 billion. The parent company, acting as the Guarantor, still has a BBB rating with stable outlook for its long term credit rating from S&P since December 2020.

The recent invasion of Ukraine by Russia will likely impact pricing and level of activity in selling of bonds. However the short and medium term effect on the Company will be limited given the duration and mostly fixed interest rates of the bonds issued. Also given that all bond proceeds are lend to the parent company with a fixed margin above bond pricing the income stream is stable.

2. Summary of principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The present accounting policies of valuation and determination of result used are based on the assumption of going concern of the Company. These accounts have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.

These financial statements fairly present the equity and financial situation of the Company at 31 December 2021 and the results of its operations and the changes in shareholder's equity of the Company for the year ended 31 December 2021.

2.2 Use of estimates and assumptions

Preparing the financial statements requires that management forms opinions and makes estimates and assumptions that affect the application of accounting policies and the reported values of assets and liabilities, and of income and expenses. Primarily, this concerns the determination of the fair value of assets and liabilities which are included as disclosure to the carrying value. The estimates and underlying assumptions are assessed and evaluated periodically. The actual results may differ from the estimates and assumptions made. Revisions of estimates are presented in the period in which the estimates were revised and in future periods for which the revision has implications.

2.3 Cash flow statement

The Company does not prepare the cash flow statement for the Dutch GAAP financial statements. As permitted under RJ 360.104, the cash flows of the Company are included in the consolidated cash flows statement of the ultimate holding company. The ultimate holding company's financial statements are available on the parent company's corporate website: www.heimstadenbostad.com

2.4 Foreign currency translation

Functional and presentation currency Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euros, which is the Company's functional and presentation currency.

2.5 Financial instruments

Financial instruments include bonds, loans granted and other receivables, cash items, loans and other financing commitments and other payables.

a) *Bonds and borrowings*

Bonds are initially recognised at their fair value, net of any transaction costs incurred. Subsequently, loans and bonds are carried at amortised cost using the effective interest rate method. Loans and bonds are classified as non-current financial liabilities unless they mature in less than twelve months as from the balance sheet.

In case of refinancing of a short term (with maturity within 12 months after balance sheet date) bond before the signing date of the accounts, extending the maturity of such bond to a date over 12 months after balance sheet date, this bond is reflected as long term.

b) *Loans to group companies and other receivables*

Loans to group companies and other receivables are carried at amortised cost after initial recognition at fair value, using the effective interest rate method, less impairment losses. They are included in non-current assets, except if they mature within 12 months after the end of the reporting period. These are classified as current assets.

c) *Impairment of financial assets*

The entity assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, the amount of the impairment loss is determined and recognized in the income statement for all categories of financial assets carried at amortized cost.

The amount of impairment losses on financial assets carried at (amortized) cost is calculated as the difference between the carrying amount of the asset and the best possible estimate of the future cash flows, discounted at the effective rate of interest of the financial instrument determined on the initial recognition of the instrument . If the decrease in impairment relates to an objective event occurring after the impairment was recognized, a previously recognized impairment loss is reversed to a maximum of the amount required to carry the asset at (amortized cost) at the time of the reversal if no impairment had taken place. The impairment loss reversal should be recognized in the income statement. The carrying amount of the receivables is reduced through the use of an allowance account.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

- It becomes probable that the borrower will enter bankruptcy or other financial reorganization; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) Adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio. The Company first assesses whether objective evidence of impairment exists. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognized in the statement of income.

2.6 Cash

Cash includes cash in hand and deposits held at demand with banks.

2.7 Share capital

Ordinary shares are classified as equity.

2.8 Income tax

The tax expense for the year comprises current tax and deferred tax. Tax is recognised in the statement of income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognized in equity. The current tax charge is calculated at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled. Deferred tax is recorded at nominal value. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.9 Interest income and expense recognition

Interest income and expense are recognized using the effective interest method. When a loan and receivable are impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognized using the original effective interest rate.

Any difference between the proceeds net of transaction cost and redemption value is recognised in the statement of income over the period of the bond using the effective interest method. Amortization of discount and fees will be recognised as interest expense and amortization of premium will be recognised as interest income.

2.10 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.11 Events after the reporting year

Post-year-end events that provide additional evidence of conditions that existed at the end of the reporting year (adjusting events), if any, are reflected in the financial statements. Post-year-end events that are indicative of conditions that arose after the end of the reporting year (non-adjusting events) are disclosed in Note 16 of the financial statements.

3. Financial risk management

Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk (including cash flow risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the volatility of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The risk management policy is based on the consideration that the Company acts as a vehicle to raise funds for Heimstaden Bostad Group and to on-lend these funds to the parent company. The set-out policy allows the Company to raise funds on euro currencies according to the EMTN Program.

Market risk

The Company's interest rate risk arises from the issued bonds. Issuances at fixed rates expose the Company to interest rate risk. Interest rate risk is offset by lending on the proceeds of issuances on similar interest conditions in the positions with the parent company, except for a small spread.

The Company issued a 3 months Euribor bond of EUR 500 million in January 2021 and has lent on the proceeds to the parent company using similar interest conditions. The Company's income and operating cash flows are therefore dependent on changes in market interest rates for Euribor from 2021 onwards for the floating rate notes.

Credit risk

There is a concentration of credit risk as all issued bonds are lent on to the parent company. Loans to the parent company (refer to note 4) amount to EUR 4.7 billion. The parent company is an international leading residential property company, listed on the Swedish stock exchange. The parent company has a BBB rating with stable outlook for its long term credit rating from S&P.

Liquidity risk

Cash flow forecasting is performed by the Company. Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans and external legal requirements. In connection with the issued bonds, the Company pays interests on an annual basis in the case of the bonds issued under the EMTN (refer to note 7). The redemption date for the bonds to their maturity ranges to ten (10) years (refer to note 7).

Outgoing cashflows of coupon interest payable and repayments to bond holders are offset by mirroring incoming cashflows of intercompany loans and repayments from the parent company.

Contractual maturities of the Company's financial instruments are:

Assets

in thousands of Euro

At December 31, 2021	Within 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 12 months and 5 years	More than 5 years	Total
Long term loans to group companies	-	-	-	1.746.384	2.922.949	4.669.333
Current loans to group companies	-	-	-	-	-	-
Financial receivables	851	10.205	7.554	-	-	18.610
	851	10.205	7.554	1.746.384	2.922.949	4.687.943

Liabilities

in thousands of Euro

At December 31, 2021	Within 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 12 months and 5 years	More than 5 years	Total
Long term loans and bonds	-	-	-	1.746.384	2.922.949	4.669.333
Short-term loans and bonds	-	14.870	-	-	-	14.870
Other current liabilities	-	282	-	-	-	282
	-	15.152	-	1.746.384	2.922.949	4.684.485

4. Financial Assets

Financial assets are loans to group companies that consist mainly of loans granted to the parent company mirroring proceeds from the issued bonds received by the Company from third parties. The terms of annual interest payment, except for a small spread and repayment of the loans are based on the conditions of the underlying bonds.

The breakdown of loans and receivables to group companies is as follows:

<i>in thousands of Euro</i>	<u>31 December 2021</u>	<u>31 December 2020</u>
Long term		
Loans to group companies	4.669.333	697.751
	<u>4.669.333</u>	<u>697.751</u>
Short term		
Interest receivables	17.190	2.504
Current accounts	1.420	1.290
	<u>18.610</u>	<u>3.794</u>

The movement of loans to group companies is as follows:

<i>in thousands of Euro</i>	<u>31 December 2021</u>	<u>31 December 2020</u>
Non-current		
Loans to group companies		
Opening balance	697.751	-
Issuance new loans nominal amount	4.000.000	700.000
Fees and premium/discount new loans	-28.304	-4.268
Amortization of fees during the year	1.126	111
Amortization of discount during the year	1.126	232
Amortization of premium during the year	-679	-11
Other movements	-1.687	1.687
Closing balance	<u>4.669.333</u>	<u>697.751</u>

We set out below a description of the loans to the parent company:

Loans to group companies

In order to on-lend the proceeds raised under the EMTN program, the Company signed a Loan agreement with the parent company, dated 4 August 2020, that stipulates the general terms and conditions of the individual loan agreements that will be made between the parties each time the Company issues a bond. Each loan agreement will mirror the related issuance of bonds and the terms and conditions of the Loan Agreement will be identical to the Final Terms of the Issuance of bonds, except for a spread to cover for handling and credit risk. Thus, the loans have the same maturity date as the EMTN issuances to which they are related to, and bear the same nominal interest rate plus a margin.

The average effective interest rate for the loans during the year has been 1.04% (2020 1.51%).

The Company did not identify an impairment of the loans to the parent company as of 31 December 2021.

The estimated fair value of the loans represents the discounted amount of calculated future contractual cash flows of the underlying loan portfolio, expected to be received. Expected cash flows are discounted at current yield using the appropriate market rates, adjusted for the credit risk of the Company as per balance sheet dates to determine the fair value. Basis for the fair value calculation are the gross loans. The difference between fair value and book value is the result of movements in portfolio yield. Given that each loan granted to the parent company is mirrored with the bonds issued by the Company on a regulated public market and the interest paid on the bonds reflect the deemed credit risk on the outstanding loan to the group company, we consider the fair value of the loan close to the fair value of the bonds, which is disclosed in note 7 on page 17.

5. Cash

Cash consists of current account balances which are available on demand. As at 31 December 2021 cash amounts to EUR 2.1 million. The cash at banks is freely disposable for the Company.

6. Equity

The movements in capital and reserves are as follows:

<i>in thousands of Euro</i>	Share capital and share premium	Other reserves	Result for the year	Net Equity
Balance at 17 July 2020 (incorporation)	0			0
Addition	2.000			2.000
Result for the year			88	88
Balance at 31 December 2020	2.000		88	2.088
Balance at 1 January 2021	2.000		88	2.088
Addition	2.000			2.000
Result prior year		88	-88	
Result for the year			1.428	1.428
Balance at 31 December 2021	4.000	88	1.428	5.516

Share capital

The authorized share capital of the Company consists of 100 common shares of EUR 0.01 each, amounting to EUR 1. As at balance sheet date all 100 shares were issued, fully paid-up in cash and have equal voting and interest rights. All shares are held by Heimstaden Bostad AB, Sweden.

Share premium

The share premium has been increased with EUR 2million during 2021 to strengthen the equity of the company.

Proposed appropriation of the results

During the year ended 31 December 2021 the Company realized a net profit of EUR 1.4 million. The Board's proposal is to add the total amount to the Other reserves of the Company.

7. Non-current liabilities

The breakdown of the non-current liabilities at 31 December 2021 is as follows:

<i>in thousands of Euro</i>	<u>31 December 2021</u>	<u>31 December 2020</u>
Non-current liabilities		
Bonds (EMTN program)	4.669.333	696.270
Total non-current liabilities	4.669.333	696.270

The carrying value and fair value of the borrowings from bonds are as follows:

	Carrying value	Fair value
<i>in thousands of Euro</i>	<u>31 December 2020</u>	<u>31 December 2020</u>
Bonds (EMTN Program)	696.270	736.729
Total	696.270	736.729
	Carrying value	Fair value
<i>in thousands of Euro</i>	<u>31 December 2021</u>	<u>31 December 2021</u>
Bonds (EMTN Program)	4.669.333	4.690.634
Total	4.669.333	4.690.634

The fair value of bonds is based on the quoted bid market price available, at 31 December 2021 and 31 December 2020 respectively, from the Dublin's Euronext Stock Exchange in Ireland.

The average effective interest rate for the bonds during the year has been 0.92% (2020 1.38%).

The movement in non-current liabilities is as follows:

<i>in thousands of Euro</i>	<u>31 December 2021</u>	<u>31 December 2020</u>
Opening balance	696.270	-
Issuance of bonds (EMTN Program)	4.000.000	700.000
Fees and premium/discount bonds (EMTN Program)	-28.303	-4.269
Amortization of discount during the year	1.126	232
Amortization of premium during the year	-679	-11
Amortization of fees	1.126	111
Other movements	-207	207
Closing balance	4.669.333	696.270

EMTN Program

In August 2020 the Company entered into the Euro Medium-Term Notes (EMTN) Program up to a maximum aggregate amount of EUR 8 billion. The issuers of the program are both the Company and the parent company. The program allows the issuance, offering and selling of bonds, listing on the Official List of the Dublin Stock Exchange and trading on the Dublin's Euronext Stock Exchange's regulated market. In August 2021 the Company has expanded the EMTN Program up to a maximum aggregate amount of EUR 12 billion.

In 2021 the Company has issued bonds under the EMTN program in January, September and October and as at 31 December 2021, the bonds issued by the Company amounted to EUR 4.7 billion. The funds from all the bonds have been on lent by the Company to its parent company.

On December 21, 2021 the Company has exercised its option for early redemption in January 2022 of the EUR 500 million loan originally maturing in 2023 with the intention to issue a new bond in January 2022 for the same amount and similar conditions with maturity in 2024. Despite the redemption notice being published just before year end the EUR 500 million is presented as non-current liability because refinancing was secured before the signing date of the accounts.

The outstanding balance for the bonds as per 31 December 2021 split to the nominal value and the amortized cost valuation is:

EMTN Program

Principal	Currency	Intrest Rate %	Amortized cost / carrying value	Issued	Maturity	Listed
650.000.000	EUR	1.375%	644.016.233	2020	2027	Euronext, Dublin
50.000.000	EUR	1.375%	52.128.382	2020	2027	Euronext, Dublin
500.000.000	EUR	3 mth Euribor +0.6%	500.002.500	2021	2023	Euronext, Dublin
750.000.000	EUR	0.75%	739.236.466	2021	2029	Euronext, Dublin
1.250.000.000	EUR	0.25%	1.244.372.551	2021	2024	Euronext, Dublin
750.000.000	EUR	1.00%	744.459.302	2021	2028	Euronext, Dublin
750.000.000	EUR	1.625%	745.117.089	2021	2031	Euronext, Dublin
Subtotal:			4.669.332.524			

In January 2021 the Company issued bonds under its EMTN program for an amount of EUR 500 million, maturing in 2 years and with 3m Euribor + 60bps coupon. The bonds were issued with a premium. The amortization of the premium on the bonds to maturity will every year be deducted from the carrying value of the liabilities and recorded as interest income and other related income. For 2021 the amount of the amortization was EUR 244 thousand. The proceeds obtained from the issuance were on lent to its parent company in means of an intercompany loan with an interest rate of 3m Euribor + 72,5bps.

In September 2021 the Company issued bonds under its EMTN program for an amount of EUR 750 million, maturing in 8 years and with a 0.75% coupon. The bonds were issued at a discount. The amortization of the discount on the bonds to maturity will every year be added to the carrying value of the liabilities and recorded as interest expenses and other related expenses.

For 2021 the amount of the amortization was EUR 314 thousand. The proceeds obtained from the issuance were on lent to its parent company in means of an intercompany loan with an interest rate of 0.85%.

In October 2021 the Company issued bonds under its EMTN program for an amount of EUR 1.25 billion, maturing in 3 years and with a 0.25% coupon. The bonds were issued at a discount. The amortization of the discount on the bonds to maturity will every year be added to the carrying value of the liabilities and recorded as interest expenses and other related expenses. For 2021 the amount of the amortization was EUR 11 thousand. The proceeds obtained from the issuance were on lent to its parent company in means of an intercompany loan with an interest rate of 0.35%.

In October 2021 the Company issued bonds under its EMTN program for an amount of EUR 750 million, maturing in 6.5 years and with a 1.00% coupon. The bonds were issued at a discount. The amortization of the discount on the bonds to maturity will every year be added to the carrying value of the liabilities and recorded as interest expenses and other related expenses. For 2021 the amount of the amortization was EUR 67 thousand. The proceeds obtained from the issuance were on lent to its parent company in means of an intercompany loan with an interest rate of 1.10%.

In October 2021 the Company issued bonds under its EMTN program for an amount of EUR 750 million, maturing in 10 years and with a 1.625% coupon. The bonds were issued at a discount. The amortization of the discount on the bonds to maturity will every year be added to the carrying value of the liabilities and recorded as interest expenses and other related expenses. For 2021 the amount of the amortization was EUR 24 thousand. The proceeds obtained from the issuance were on lent to its parent company in means of an intercompany loan with an interest rate of 1.725%.

8. Current liabilities

<i>in thousands of Euro</i>	<u>31 December 2021</u>	<u>31 December 2020</u>
Current liabilities		
Interest payable (EMTN program)	14.870	2.974
Other current liabilities	282	304
	<u>15.152</u>	<u>3.278</u>

9. Interest income and other related income

<i>in thousands of Euro</i>	<u>Year ended 31 December 2021</u>	<u>17 July 2020 until 31 December 2020</u>
Interest income and other related income		
Interest income from intercompany loans	18.946	3.452
Amortization of fees IC Loans	1.126	111
Amortization of discount IC Loans	1.126	232
Amortization of premium bonds	705	11
	<u>21.903</u>	<u>3.805</u>

10. Interest expense and other related cost

<i>in thousands of Euro</i>	<u>Year ended 31 December 2021</u>	<u>17 July 2020 until 31 December 2020</u>
Interest expense and other related cost		
Bonds (EMTN Program)	16.592	2.974
Amortization of fees bonds	1.126	111
Amortization of discount bonds	1.126	232
Amortization of premium IC Loans	716	240
	<u>19.560</u>	<u>3.557</u>

11. Other operating expenses and service fees

<i>in thousands of Euro</i>	<u>Year ended 31 December 2021</u>	<u>17 July 2020 until 31 December 2020</u>
Other operating expenses and service fees		
Service fee for administrative expenses	189	59
Legal expenses	127	20
Audit fee	88	64
Other operating expenses	31	-
Tax advice	28	-
	<u>463</u>	<u>143</u>

During the financial period an amount of EUR 189 thousand was charged from Heimstaden Netherlands BV to the Company for management services provided.

Specification of auditor's costs

<i>in thousands of Euro</i>	<u>Year ended 31 December 2021</u>	<u>17 July 2020 until 31 December 2020</u>
Audit annual report	82	64
Other audit engagements	6	-
Total audit and other accounting services	<u>88</u>	<u>64</u>

The audit fees to Ernst & Young Accountants LLP relate to the financial year to which the financial statements pertain, regardless of whether the external auditor and the audit firm performed the work during the financial year. In addition to the statutory audit the external auditor has also performed audit procedures at request of the group auditors of the parent company.

Other audit engagements comprise of the comfort letters provided by Ernst & Young Accountants LLP in relation to the EMTN Program prospectus.

12. Taxation

<i>in thousands of Euro</i>	Year ended 31 December 2021	17 July 2020 until 31 December 2020
Result before tax	1.880	105
Nominal taxes for the period	-452	-17
Adjustments	-	-
Effective tax for the period	-452	-17
Result after tax	1.428	88

The nominal income tax rate is 15% for the first EUR 245,000 and 25% for income exceeding the amount of EUR 245,000. The effective tax rate is 24.0% (2020: 16.5%).

13. Related-party transactions

Heimstaden Bostad AB is the parent company of Heimstaden Bostad Treasury B.V. The parent company owns and controls 100% of the Company's shares.

<i>in thousands of Euro</i>	31 December 2021	31 December 2020
Due from group companies (long term)	4.669.333	697.751
Due from group companies (short term)	18.610	3.794
Payable to group companies	-248	-59
	4.687.695	701.486
<i>in thousands of Euro</i>		
Financial income from group companies	21.903	3.805
Other expenses from group companies	-189	-59
	21.714	3.746

Financial income for the period was accrued with the parent company (Financial receivables). All related-party transactions were at arm's length.

14. Average number of employees

The Company does not have any employees.

15. Remuneration of directors

The directors do not receive any remuneration from the Company.

16. Events after the reporting year

In January 2022 the Company refinanced a EUR 500 million bond with an extension in duration with one year and issued additional bonds with a nominal value of EUR 1.4 billion bringing the total amount of bonds issued up to EUR 6.1 billion.

The Board of Managing Directors and the Supervisory Board have declared that to the best of their knowledge, the financial statements give a true and fair view of the assets, the liabilities, the financial position and the results of the Company.

Amsterdam, the Netherlands, 23 March 2022

Mr. E. Rats, CEO

Mrs. S. Bliemer, CFO

Mr. A. Regland, Board Member

Other information to the financial statements for the year ended 31 December 2021

For the year ended 31 December 2021 there is no other relevant information applicable to the financial statements.

Independent Auditor's Report

Independent auditor's report

To: the shareholder and the board of managing directors of Heimstaden Bostad Treasury B.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Heimstaden Bostad Treasury B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Heimstaden Bostad Treasury B.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The balance sheet as at 31 December 2021
- ▶ The income statement for 2021
- ▶ The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Heimstaden Bostad Treasury B.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Heimstaden Bostad Treasury B.V. is a special purpose financial vehicle that was formed for the purpose of raising debt and on-lending money to Heimstaden Bostad AB, Malmö, Sweden (the parent) and its subsidiaries (the group). The parent is a property company whose principal business is to invest in residential properties in growth areas in the EU, Norway, the UK and Switzerland. The main income of Heimstaden Bostad Treasury B.V. is the interest income on the loans to group companies.

All amounts payable to any holder of the loans and bonds issued are guaranteed by the parent and interest risk and foreign exchange risks are offset by the loans to group companies in the same currency and having similar conditions, except for a small spread.

We paid specific attention in our audit to a number of areas driven by the operations of the company and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	€23.5 million (2020: €1.7 million)
Benchmark applied	0.5% of total assets as at 31 December 2021
Explanation	We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. We considered that total assets reflects the source of income and repayments to the holders of the loans and bonds issued by the company. We determined materiality consistent with prior financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the board of managing directors that misstatements in excess of €1.2 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Teaming and use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a finance company. We made use of specialists in the areas of income taxes including transfer pricing.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the board of managing directors' process for responding to the risks of fraud and monitoring the system of internal control, as well as the outcomes.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. We have also performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates, including the measurement of loans to group companies, as disclosed in Note 2.5 c) "Impairment of financial assets" to the financial statements. We refer to our audit response in the key audit matter "Valuation of loans to the group companies".

We considered available information and made enquiries of relevant members of the board of managing directors as well as the group auditor of the parent.

The consideration of the potential risk of management override of controls or other inappropriate influence over the financial reporting process, enquiries and assessment of other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of managing directors, reading minutes and performing substantive tests of details of classes of transactions, account balances or disclosures.

We have been informed by the board of managing directors that there was no correspondence with regulatory authorities, enquired with the group auditor of the parent and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in note 2.1 "Basis of preparation", the board of managing directors made an assessment of the company's ability to continue as a going concern and to continue its operations for at least the next twelve months.

We discussed and evaluated the assessment with the board of managing directors exercising professional judgment and maintaining professional skepticism. We considered whether the board of managing directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern, including considerations relating to the financial position of the parent in cooperation with the group auditor. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the company's ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the board of managing directors. The key audit matter is not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matter did not change.

Valuation of loans to group companies

Risk

The company is exposed to the risk that the parent defaults on meeting its obligations under the loans to group companies. As loans to group companies represent the most significant portion of the company's current and non-current assets, any impairment may have a material impact on the financial position and the result of the company and the available cash flows to fulfil obligations towards holders of the loans and bonds issued by the company. The identification of objective evidence for impairment (impairment triggers) and the determination of the impairment loss is an estimation process involving various assumptions. We considered the potential risk of management override of controls in this area. As such we identified the valuation of loans issued to the parent company as key audit matter.

Valuation of loans to group companies

Our audit approach

Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies and the reasonableness of accounting estimate and related disclosures made by the board of managing directors in accordance with Part 9 of Book 2 of the Dutch Civil Code and Dutch Accounting Standard 290 "Financial instruments", and whether the methods and assumptions for making accounting estimates have been applied consistently.

We obtained an understanding of internal controls related to the valuation and determination of impairments on loans to group companies as part of the financial statement closing process.

Furthermore, we have performed the following substantive procedures focusing on, both, the company and the parent. We have:

- ▶ Evaluated the board of managing directors' assessment of impairment and verified whether the parent has met its financial obligations towards the company
- ▶ Read the 2021 statutory financial statements of the parent, evaluated the financial position of the parent and its external credit rating and the appropriateness of the relevant disclosures made
- ▶ Tested that the covenant criteria as disclosed in the bond program issued by the company with regard to the financial position of the parent are met as at 31 December 2021
- ▶ Considered the fair value of the loans and bonds issued by the company as 31 December 2021 as indicator of possible impairment
- ▶ Considered the possible impact of the COVID-19 pandemic as well as the war between Russia and Ukrainian and other events subsequent to 31 December 2021 in our assessment

Finally, we evaluated the related disclosures in the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and whether the inherent uncertainty is conveyed through adequate disclosure.

Key observations

Based on procedures performed, we concur with the board of managing directors assessment that there is no objective evidence as at 31 December 2021 that loans to group companies are impaired and that the related disclosures are adequate and appropriate in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of managing directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the general meeting as auditor of Heimstaden Bostad Treasury B.V. on 14 January 2021, as of the audit for the period ended 31 December 2020 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the board of managing directors for the financial statements

The board of managing directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of managing directors is responsible for such internal control as the board of managing directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of managing directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of managing directors should prepare the financial statements using the going concern basis of accounting unless the board of managing directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of managing directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The "Information in support of our opinion" section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- ▶ Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of managing directors
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the board of managing directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit Committee of the parent and the board of managing directors in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the board of managing directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of managing directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 23 March 2022

Ernst & Young Accountants LLP

signed by P. Sira