

Press Release

24 October 2023

Heimstaden Bostad AB Q3 2023 Results

Highlights (figures in brackets refer to previous quarter):

- The European residential markets continue to experience increased supply/demand imbalances putting further upward pressure on rents across our markets. The like-for-like rental growth was 4.2% (5.6%) and real economic occupancy remains high at 98.1% (98.1%)
- The strong operational performance is driven by both rental income at SEK 3.8 billion (3.7) and prudent cost efficiency measures. The NOI margin was 69.6% (69.0%) and the LTM NOI margin was 66.2% (66.0%)
- Investment properties of SEK 332 billion (340) and 161,532 homes (160,517). Fair value change was -1.5% (-2.1%) and had an impact on quarterly profit of SEK -4.9 billion (-7.4). After five quarters of declining portfolio values, valuations are now showing signs of stabilisation across most markets
- Net LTV of 55.1% (54.4%). ICR of 2.1x (2.4x) and ICR S&P defined of 1.8x (2.1x)
- The Board approved to scale up the Privatisation Plan initiated in Q2 2023, targeting SEK 20 billion in book value sales by the end of 2025. In the initial stages, we have achieved a 30.2% premium to book value from 106 units sold. Proceeds will be prioritised for debt service and liability management
- Obtained SEK 13 billion of secured bank financing in the quarter and have in total signed SEK 50 billion in funding during the past 18 months
- Fitch affirmed BBB (investment grade rating), with revised outlook to negative watch

CEO Helge Krogsbøl comments:

Heimstaden Bostad's diversified portfolio across nine markets continues to benefit from favourable market fundamentals, consistently achieving strong operational results with organic Net Operating Income margin growth.

Our purpose-driven sustainability initiatives garner external recognition, affirming our commitment. This quarter, Morningstar Sustainalytics and Danske Bank's ESG report awarded Heimstaden Bostad top scores, highlighting our achievements, ambitious climate roadmap, and sustainable financing framework.

Deputy CEO Christian Fladeland comments:

After reaffirming their 'BBB' rating commitment last quarter, the Board has approved an extended Privatisation Plan, aiming to generate over 20% average profit on book value. Albeit only just ramping up the privatisation efforts, our initial results have so far been highly satisfactory, achieving a 30% premium to book value from the sales of 106 units.

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We are pleased to see the financial attractiveness of our properties, securing SEK 13 billion in bank financing in Q3, and signing a total of SEK 50 billion in funding during the past 18 months. Our focus on maintaining strong liquidity positions us well to manage upcoming maturities in the coming years.

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Heimstaden Bostad is a leading European residential real estate company with around 161,500 homes across 9 countries with a property value of SEK 332 billion. We acquire, develop, and manage properties with an evergreen perspective. Guided by our Scandinavian heritage and values Care, Dare and Share - our 2,000 colleagues fulfil our mission to enrich and simplify our customers' lives through Friendly Homes. Read more at www.heimstadenbostad.com

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