

2020

Heimstaden Bostad AB Interim report

JANUARY – JUNE



Key data

January – June 2020

OPERATIONAL

Rental income SEK 3,308 million 2019, SEK 1,967 million (up 68%)	Value change in properties SEK 3,510 million up 2.7% in 2020	S&P rating BBB- Positive outlook	Equity SEK 70.3 billion 2019, SEK 57.5 billion (up 22%)
Net operating income SEK 1,907 million 2019, SEK 1,077 million (up 77%)	Real letting ratio for housing 96.9 % 2019, 98.3%	Loan-to-value ratio 43 % 2019, 45%	Loan-to-value ratio, secured loans 30 % 2019, 33%
Surplus ratio 57.7 % 2019, 54.8%	Cash flow from operating activities SEK 802 million 2019, SEK 76 million	Interest coverage ratio 2.8 multiple 2019 multiple of 2.5	Cash and cash equivalents SEK 6,494 million 2019, SEK 4,345 million

FINANCIAL

PROPERTIES

Investment properties SEK 135 billion Market value of Heimstaden Bostad's property portfolio 2019, SEK 113 billion (up 19%)	Proportion living area 93 % Heimstaden Bostad's property portfolio consists mainly of housing 2019, 91%		
Area 6,836 thousand m² 2019, 4,013 thousand m² (up 70%)	Living area 6,358 thousand m² 2019, 3,661 thousand (up 74%)	Commercial space 478 thousand m² 2019, 352 thousand (up 36%)	Number of apartments 100,123 2019, 54,863 (up 82%)

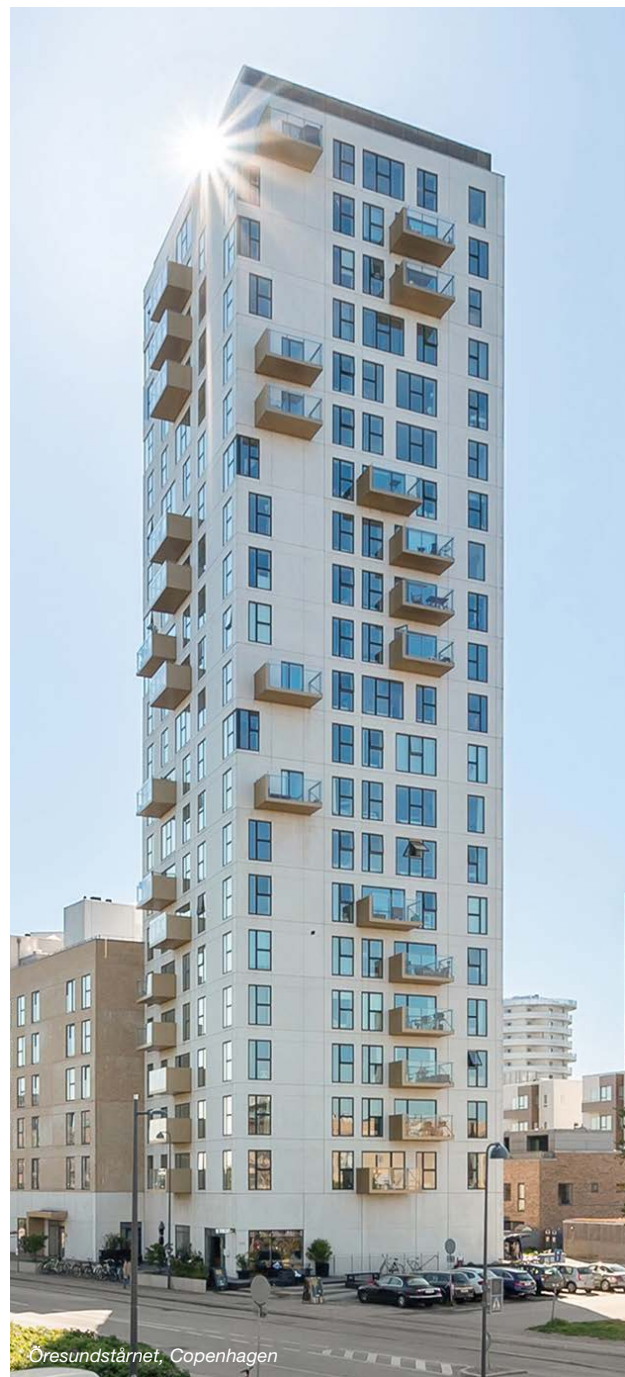
Property pictured on front cover: Hostrups Have, Copenhagen

The period in brief

January – June 2020

- Limited operational and financial impact from Covid-19. Negative impact on rental income of approximately SEK 8 million.
- More than 99 percent of invoiced rent collected in the period.
- The real letting ratio was 97 percent (98). Excluding the Czech portfolio, the real letting ratio was 98 percent.
- Like-for-like rental income growth was 4%.
- The surplus ratio increased to 58 percent (55), mainly as a consequence of higher margins in the Dutch and Czech residential portfolios, as well as lower costs in the existing portfolio.
- Unrealised changes in value of properties amounted to SEK 3,510 million (2,341).
- Profit for the period amounted to SEK 3,642 million (1,668).
- Acquisitions during the period amounted to SEK 18,805 million, of which 69 percent pertained to the acquisition of RESIDOMO in the Czech Republic.
- Strong financial position with a loan-to-value ratio of 43 percent (45) and an equity ratio of 48 percent (47).
- Casper Von Koskull, former CEO of Nordea Group, was elected as the new Chairman of the Board.

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



Improving customer satisfaction, strong profitability and value growth bring increased security, stability and new opportunities in extraordinary times



Over the past six months, we have faced and had to adapt to a new everyday life. Our former habits have been radically changed and we have learned to live with working and studying from home, online meetings, hand sanitiser and a lack of concerts, sporting events and travel. Social distancing has become a generally accepted concept.

This has accentuated the significance of a well-functioning home. In such times, it is even more important that we, as property owners, safely and securely deliver a service and a product that brightens and simplifies our tenants' everyday lives. For this reason, I am proud that the customer survey (CSI: customer satisfaction index) conducted in Sweden, Denmark and Norway this spring, shows that we have made additional progress in all three countries from an already high level. This is the result of determined efforts in which we read all comments, views and suggestions from our tenants, prepare action plans and implement measures. We are now continuing our efforts to further improve at brightening and simplifying our tenants' lives by providing "Friendly Homes". I am already looking forward to next year's survey, which will also encompass the Netherlands, the Czech Republic and Germany.

Impact of the pandemic on Heimstaden Bostad's Q2 figures

Since March, in the wake of the pandemic, we have seen various restrictions imposed by the authorities in the countries in which we operate, as well as various direct or indirect support packages to aid affected businesses. As we now summarise the first half of the year and revisit the forecasts we presented in the preceding quarterly report, we can make the following positive summary:

Residential tenants

- Rental income is developing favourably and is in line with expectations in all countries.
- Short-term student apartment vacancies increased in the second quarter as university and college programmes closed due to the corona pandemic and senior year students and exchange students terminated their leases early in connection with the pandemic. As the autumn approaches, our assessment is that demand for student apartments will normalise.

- There has been no increase in unpaid rent due to the corona pandemic.

Commercial tenants

Of Heimstaden Bostad's total annual rental income of SEK 7.1 billion (based on earning capacity as of 30 June), 6 percent comes from commercial tenants. Operations, primarily within the service sector, have been affected by a change in customer behaviour in the wake of the pandemic and we will likely see continued limitations and effects from this into next year.

- Affected commercial tenants have received rent support in the amount of approximately SEK 8 million. Our commercial tenants have generally been good at adapting their operations and deliveries of services to the new situation and have coped better than expected. Our enterprising small business owners certainly deserve much praise.
- There has been no increase in the number of bankruptcies or lease terminations among our commercial tenants due to the corona pandemic.

Operating costs

Operating costs continue to develop favourably through investments in energy optimisation, alternative energy sources and other value and quality-enhancing investments in existing properties and apartments.

Property value

We live in times of uncertainty and changing patterns of behaviour in terms of trade, production and services, as well as regarding how the workplaces of the future will be designed and where they will be located. Under such circumstances, being able to provide housing for our fellow human beings feels both secure and stable. While many things can be digitalised, our homes will continue to be physical places, providing the platforms on which we build our lives.

With the markets being aware of this, values for residential properties are stable and even increasing, as an increasing share of institutional capital seeks assets that are secure in the long-term.

During the first half of 2020, Heimstaden Bostad's property value increased by 2.7 percent, which can be explained both by increased net operating income and slightly declining yield requirements. As of the balance sheet date, the market value totals slightly more than SEK 135 billion.

Growth through acquisitions and new production continues

Stable net operating income, good earning capacity, strong customer focus and social responsibility create the stability and security we strive for on our continued journey of growth.

Acquisitions to which Heimstaden Bostad has gained access

During the second quarter, we had the privilege of acquiring and taking possession of two residential portfolios with a total of 2,165 apartments in the Netherlands and of making minor supplementary acquisitions in both Berlin (Germany) and Norrköping (Sweden). In accordance with the framework agreement into which we have entered with Magnolia, we have also reached an agreement regarding new production of 360 apartments in a lakeside location in Sundsvall (Sweden).

Agreed acquisitions

Besides gaining access to the aforementioned properties in the second quarter and in July, we also entered into agreements to acquire a total of 1,470 existing apartments in Sweden. We are establishing a presence in Eskilstuna by acquiring properties from Eskilstuna Kommunfastigheter and by making supplementary acquisitions in Malmö, Linköping, Karlskrona and Värnamo. We will gain access to these properties during the third and fourth quarters of 2020.

In Berlin, acquisition agreements have been entered into regarding three housing portfolios with a total of 763 apartments. The City of Berlin has the right of first refusal on certain properties in these housing portfolios and we are therefore awaiting a decision on possible pre-emption. We expect to gain access to the properties over the upcoming quarters.

New construction

Proprietary new production projects on our own land are progressing according to plan. Construction is in progress in Växjö, Umeå, Luleå, Linköping and will commence in Skellefteå (Sweden) during the autumn.

Agreements to acquire new production projects have been signed in Skellefteå, Sundbyberg and Partille (Sweden) and in Århus (Denmark).

All of the acquisitions and ongoing and agreed new production projects generate favourable synergy effects with our existing local property management organisations, bringing a favourable and varied range of affordable apartments to each location.

Our employees make a difference

In conclusion, I would like to express my sincere gratitude to all of our employees, who, through their consideration and commitment make a real difference for our tenants and for one another in uncertain times that challenge us all. You are Heimstaden Bostad!

Patrik Hall
CEO Heimstaden Bostad

Significant events during the quarter

Heimstaden Bostad's property portfolios are managed in six geographical segments – Sweden, Denmark, Norway, Germany, the Netherlands and the Czech Republic. On the balance sheet date, the total value of Heimstaden Bostad's property portfolio amounted to SEK 135 billion, excluding agreed acquisitions. Listed below are the significant transactions and events agreed by the Group in the second quarter, as well as the significant transactions agreed in earlier periods but where the Group has gained control of the assets in the quarter at hand.

Covid-19

In the markets where Heimstaden Bostad operates, Covid-19 has resulted in lower economic activity and caused uncertainty surrounding anticipated economic development. 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. During the first six months of 2020, the operational and economic effect of the pandemic on Heimstaden Bostad was limited. The company is well positioned to deal with any adverse effects that may arise in the short to medium term and its long-term strategy and prospects remain unchanged.

For many of Heimstaden Bostad's commercial tenants, strict social distancing rules and closures have resulted in reduced activity. This caused a negative impact of approximately SEK 8 million on rental income in the second quarter, below the original forecast of SEK 15–17 million communicated in the report for the first quarter of 2020. This impact corresponded to approximately 0.5 percent of total rental income for the quarter.

Globally, the degree of recovery is expected to vary between regions and countries and is dependent on the effectiveness of government measures aimed at protecting the health of the population and stimulating the economy. During the latter part of the second quarter, many European countries experienced improvements in the coronavirus situation and began to return to a more normalised status. In August, however, many of the same countries are seeing an increase in the number of cases and the authorities are again introducing measures to limit contagion.

Heimstaden Bostad's markets are financially strong, facilitating expansive fiscal policies and financial incentives that largely mitigate the short-term operational risks. As a result, Heimstaden Bostad foresees no significant operational or financial impact in the short term but acknowledges the prevailing uncertainty regarding the duration and ramifications of the ongoing pandemic.

Heimstaden Bostad has considerable financial flexibility with a strong balance sheet and liquidity position. As of 30 June 2020, the Company had an equity ratio of 48 percent and a loan-to-value ratio of 43 percent. The company also held SEK 6,494 million in cash and cash equivalents, as well as SEK 11,727 million in unutilised credits and had a quick ratio of 193 percent.

It is Heimstaden Bostad's assessment that there have been no major changes in its financial risks as a result of the Covid-19 pandemic. See the 2019 Annual Report for a review of risk factors.

Acquisition of a real estate portfolio in the Netherlands

In April, Heimstaden Bostad acquired 2,023 apartments and 60 commercial spaces in the Netherlands, with associated parking. The portfolio has a total of 138,900 square metres of lettable space. The agreed property value is EUR 375 million, with the transaction being conducted as a share deal.

Implementation of a directed new share issue for SEK 5.6 billion

On 13 May, Heimstaden Bostad completed a directed new share issue for SEK 5,645 million, in which Heimstaden AB has subscribed for shares for SEK 2,035 million, Alecta for SEK 3,582 million, Ericsson for SEK 21 million and Sandvik for SEK 7 million.

The new share issue includes ordinary and preference shares and will be paid for by offsetting unsettled dividends and additional cash contributions. The total cash contribution amounts to SEK 3,887 million, of which SEK 2,785 million is to be paid in by external shareholders and SEK 1,102 million by Heimstaden Bostad's majority owner, Heimstaden AB.

Casper von Koskull elected new Chairman of the Board

At the Annual General Meeting, Casper von Koskull was elected as the new independent Chairman of the Board. Casper Von Koskull has broad international experience from the financial sector. Between 2015 and 2019, he worked as the CEO of the Nordea Group.



In addition, Axel Brändström, Head of Real Asset Investments at Alecia, and Katarina Skalare, Chief Sustainability Officer at Heimstaden AB were elected to the Board of Directors, while Ramsey Brufer stepped down from the Board of Directors.

Acquires project property in Sundsvall

In June, Heimstaden Bostad acquired a project property in Sundsvall from Magnolia Bostad. The acquired property comprises the first stage in the Norra Kajen project in the Municipality of Sundsvall and includes the development of approximately 360 apartments. The project initiates a new waterfront district in Sundsvall, with the city centre just a few minutes' walk away. A turnkey contract has already been signed with Serneke and construction is scheduled to commence in the autumn of 2020, with the first stage ready for tenants to move in during the spring of 2023. Upon completion, the estimated property value will amount to approximately SEK 670 million.

Acquisition of property in Eskilstuna

In June, Heimstaden Bostad agreed to acquire a school property and 559 homes from municipal property company Kommunfastigheter in

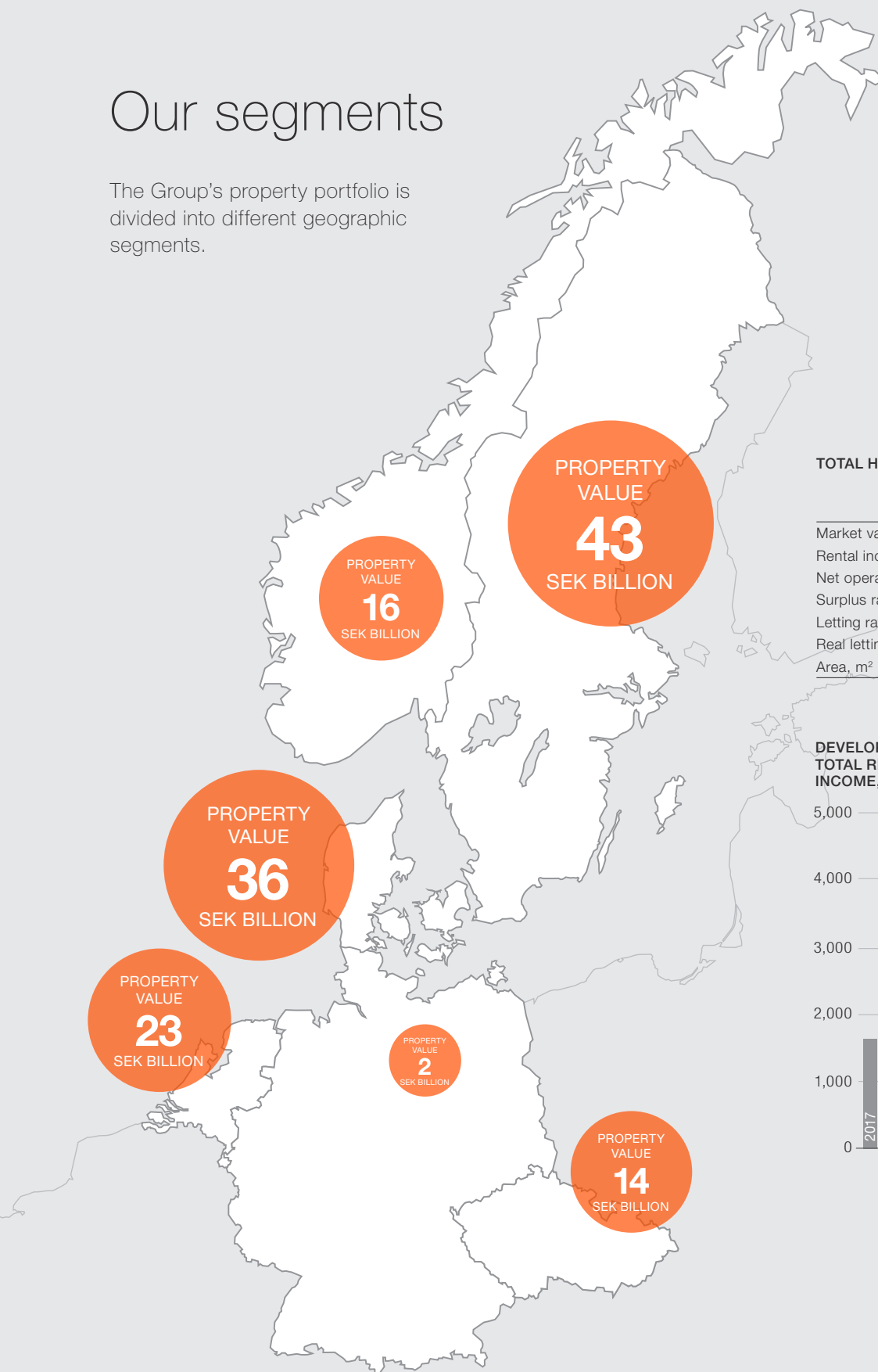
Eskilstuna. Heimstaden considers the city of Eskilstuna and the Mälardalen valley as an attractive region for continued expansion. Tenants are scheduled to move in during November 2020.

Implementation of targeted bond issues

In the second quarter, Heimstaden Bostad issued two senior unsecured SEK bonds through private placements for a total value of SEK 1,700 million. The funds were used to refinance outstanding bonds maturing in December 2020. The first bond was issued on May 26, had a nominal amount of SEK 1,200 million, maturity of two years and a spread of Stibor 3m + 175bps. The second bond was issued on June 29, had a nominal amount of SEK 500 million, maturity of two years and a spread of Stibor 3m + 130bps. Heimstaden Bostad also issued two senior unsecured EUR bonds through private placements for a total value of EUR 80 million. The funds were used for general corporate purposes. The bonds were issued on May 4, had a maturity of 15 years, fixed interest rate of 2.8 percent and nominal amounts of EUR 30 million and EUR 50 million, respectively. All four bonds were listed on Euronext Dublin.

Our segments

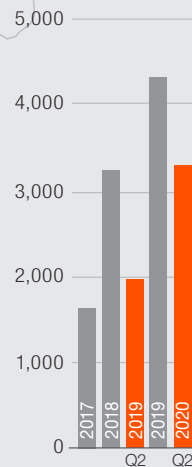
The Group's property portfolio is divided into different geographic segments.



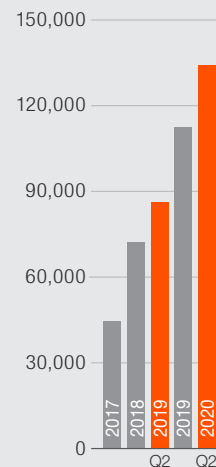
TOTAL HEIMSTADEN BOSTAD

	Jan–Jun 2020	Jan–Jun 2019
Market value, SEK m	135,074	86,429
Rental income, SEK m	3,308	1,967
Net operating income, SEK m	1,907	1,077
Surplus ratio, %	57.7	54.8
Letting ratio, housing (number), %	94.6	96.8
Real letting ratio, %	96.9	98.3
Area, m ²	6,836,415	2,912,420

DEVELOPMENT IN TOTAL RENTAL INCOME, Q2 (SEK M)



DEVELOPMENT OF TOTAL MARKET VALUE, Q2 (SEK M)



Sweden

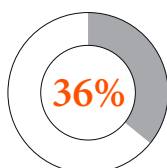


THE SEGMENT IN BRIEF

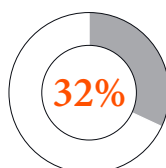
- Rental income for a comparable property portfolio increased by approximately 4 percent compared with the preceding year.
- Improved surplus ratio, driven partly by lower heating costs.
- During the period, properties were acquired for a value of SEK 392 million.
- The unrealised value development in the property portfolio for the period was 2.5 percent.
- The yield requirement in the valuation averaged 3.8 percent.

SWEDEN	Jan–Jun 2020	Jan–Jun 2019
Market value, SEK m	43,447	38,066
Rental income, SEK m	1,207	1,095
Net operating income, SEK m	612	502
Surplus ratio, %	50.7	45.9
Letting ratio, housing (number), %	97.4	97.3
Real letting ratio, %	98.3	98.6
Area, m ²	2,024,352	1,934,410

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – SWEDEN

The Swedish population grew by approximately 1 percent during the first two quarters of the year, compared with 2019. The degree of urbanisation remained at about the same level.

The Stockholm region grew by approximately 1.7 percent, while growth in Sweden's southernmost region, Skåne, (with Malmö as its growth engine) was 1.1 percent. The number of households grew, indicating increased demand for housing.

GDP is expected to diminish by 8 percent in 2020, affected by the global Covid-19 pandemic.

	Q2 2020	2019
Number of residents, thousands	10,382	10,293
GDP growth, %	- 7.7	1.2
Inflation, %	0.4	1.8
Degree of urbanisation, %	87.2	87.2
Unemployment, %	8.6	6.8
<i>Stockholm (Municipality)</i>		
Number of households, thousands	1,046	1,029
Average household size	2.3	2.3
<i>Skåne (Region)</i>		
Number of households, thousands	622	615
Average household size	2.2	2.2

Source: Oxford Economics.

Figures for the second quarter of 2020 are estimated for the end of the second quarter, except for GDP growth and inflation, which are estimates for full-year 2020.



Denmark



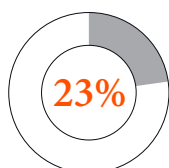
THE SEGMENT IN BRIEF

- Rental income for a comparable property portfolio increased by approximately 4 percent compared with the preceding year.
- Lower surplus ratio, driven partly by higher repair and maintenance costs.
- During the period, properties were acquired for a value of SEK 693 million.
- Adjusted for currency effects, the unrealised value development in the property portfolio for the period was approximately the same as in the preceding year. It was affected negatively by a legislative proposal related to renovations and rent levels for older housing.
- The yield requirement in the valuation averaged 3.5 percent.

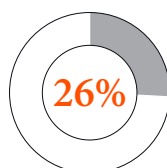
DENMARK

	Jan–Jun 2020	Jan–Jun 2019
Market value, SEK m	35,785	30,978
Rental income, SEK m	746	534
Net operating income, SEK m	483	369
Surplus ratio, %	64.6	69.1
Letting ratio, housing (number), %	95.6	95.6
Real letting ratio, %	97.7	97.8
Area, m ²	866,476	760,338

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – DENMARK

The Danish population grew by 0.3 percent during the first two quarters of the year, compared with 2019.

Copenhagen was the growth engine with a population increase of 1.0 percent.

GDP is expected to decline by 8.3 percent in 2020, and unemployment to increase to 5.6 percent.

	Q2 2020	2019
Number of residents, thousands	5,836	5,818
GDP growth, %	- 8.3	2.4
Inflation, %	0.1	0.8
Degree of urbanisation, %	88.4	88.3
Unemployment, %	5.6	3.7
<i>Copenhagen</i>		
Number of households, thousands	390	386
Average household size	2.1	2.1

Source: Oxford Economics.

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Norway



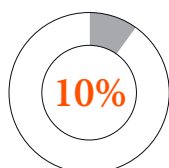
THE SEGMENT IN BRIEF

- Rental income for a comparable property portfolio was in line with the preceding year.
- Improved surplus ratio, driven partly by lower repair and maintenance costs.
- No properties were acquired during the period.
- Adjusted for currency effects, the unrealised value development in the property portfolio for the period was 3.3 percent.
- The yield requirement in the valuation averaged 2.9 percent.

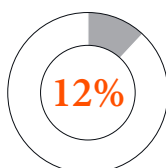
NORWAY

	Jan–Jun 2020	Jan–Jun 2019
Market value, SEK m	16,353	17,385
Rental income, SEK m	339	337
Net operating income, SEK m	228	205
Surplus ratio, %	67.4	60.9
Letting ratio, housing (number), %	94.1	96.1
Real letting ratio, %	95.1	97.5
Area, m ²	222,069	217,672

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – NORWAY

The Norwegian population grew by 0.6 percent during the first two quarters of the year, compared with 2019. The population of Oslo remained at about the same level.

The degree of urbanisation increased significantly by 0.3 percentage points.

GDP is expected to decline by 6 percent in 2020.

	Q2 2020	2019
Number of residents, thousands	5,381	5,350
GDP growth, %	- 6.3	1.2
Inflation, %	0.8	2.2
Degree of urbanisation, %	82.6	82.3
Unemployment, %	6.1	3.7
Oslo		
Number of households, thousands	352	348
Average household size	2.0	2.0

Source: Oxford Economics.

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Germany



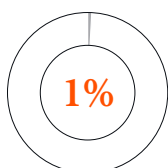
THE SEGMENT IN BRIEF

- Heimstaden Bostad completed its first acquisition in the German market in the fourth quarter of 2019.
- During the period, properties were acquired for a value of SEK 105 million.
- Adjusted for currency effects, the unrealised value development in the property portfolio for the period was 1.6 percent.
- The yield requirement in the valuation averaged 2.1 percent.

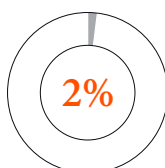
GERMANY

	Jan–Jun 2020	Jan–Jun 2019
Market value, SEK m	2,472	–
Rental income, SEK m	33	–
Net operating income, SEK m	29	–
Surplus ratio, %	88.1	–
Letting ratio, housing (number), %	93.7	–
Real letting ratio, %	97.0	–
Area, m ²	74,560	–

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – GERMANY

Germany showed positive population growth over the first two quarters of the year, with growth in Berlin at 0.7 percent.

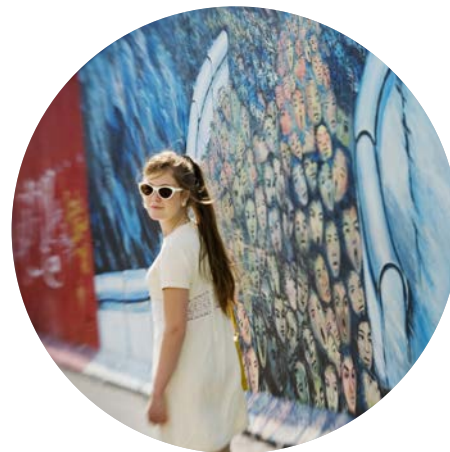
A solid influx of new residents has increased demand for housing in Berlin.

GDP is expected to decline by 10.9 percent and unemployment to increase to 6.2 percent.

	Q2 2020	2019
Number of residents, thousands	83,211	83,104
GDP growth, %	-10.9	0.6
Inflation, %	0.8	1.5
Degree of urbanisation, %	77.4	77.4
Unemployment, %	6.2	5.0
<i>Berlin</i>		
Number of households, thousands	2,050	2,036
Average household size	1.8	1.8

Source: Oxford Economics.

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Netherlands



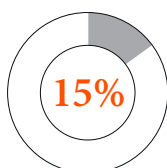
THE SEGMENT IN BRIEF

- Heimstaden Bostad completed its first acquisition in the Dutch market in the fourth quarter of 2019.
- During the period, properties were acquired for a value of SEK 4,631 million.
- Adjusted for currency effects, the unrealised value development in the property portfolio for the period was 1.6 percent.
- The yield requirement in the valuation averaged 3.4 percent.

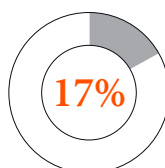
NETHERLANDS

	Jan–Jun 2020	Jan–Jun 2019
Market value, SEK m	22,758	–
Rental income, SEK m	483	–
Net operating income, SEK m	270	–
Surplus ratio, %	56.0	–
Letting ratio, housing (number), %	97.3	–
Real letting ratio, %	98.8	–
Area, m ²	1,019,384	–

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – NETHERLANDS

The population grew by 0.4 percent over the first two quarters of the year.

In the Amsterdam metropolitan region, the number of households grew over the preceding 12 months, supporting demand for housing.

GDP is expected to decline by 9 percent in 2020, and unemployment to increase to 4.9 percent.

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

	Q2 2020	2019
Number of residents, thousands	17,421	17,349
GDP growth, %	-9.0	1.6
Inflation, %	1.3	2.6
Degree of urbanisation, %	91.9	91.7
Unemployment, %	4.9	4.3
<i>Amsterdam metropolitan area</i>		
Number of households, thousands	724	716
Average household size	1.9	1.9

Source: Oxford Economics.

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Czech Republic

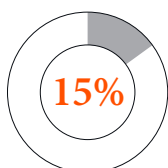


THE SEGMENT IN BRIEF

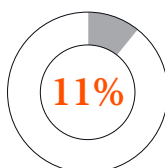
- Heimstaden Bostad completed its first acquisition in the Czech market on 20 February 2020.
- During the period, properties were acquired for a value of SEK 12,985 million.
- Adjusted for currency effects, the unrealised value development in the property portfolio for the period was 12.1 percent.
- The yield requirement in the valuation averaged 5.3 percent.

CZECH REPUBLIC	Jan–Jun 2020	Jan–Jun 2019
Market value, SEK m	14,260	–
Rental income, SEK m	500	–
Net operating income, SEK m	285	–
Surplus ratio, %	56.9	–
Letting ratio, housing (number), %	91.6	–
Real letting ratio, %	95.3	–
Area, m ²	2,629,574	–

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 first two quarters of 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 strong demand in the housing market.

Although the Czech Republic had low unemployment relative to comparable countries in 2019, this is expected to rise to 5.2 percent in 2020.

	Q2 2020	2019
Number of residents, thousands	10,678	10,662
GDP growth, %	- 11.8	2.3
Inflation, %	2.8	2.9
Degree of urbanisation, %	73.7	73.9
Unemployment, %	5.2	2.8
<i>Moravskoslezsky kraj (incl. Ostrava)</i>		
Number of households, thousands	496	495
Average household size	2.4	2.4

Source: Oxford Economics.

Figures for the second quarter of 2020 are estimated for the end of the second quarter, except for GDP growth and inflation, which are estimates for full-year 2020.





Karna 7, Ystad

Consolidated Statement of Comprehensive Income

Amounts in SEK million	Note	2020 6 months Jan–Jun	2019 6 months Jan – Jun	2020 3 months Apr–Jun	2019 3 months Apr –Jun	2019 12 months Jan–Dec	Rolling 12 months Jul–Jun
Rental income	4	3,308	1,967	1,752	1,014	4,321	5,662
Property costs	5	-1,401	-890	-700	-426	-1,919	-2,429
Net operating income		1,907	1,077	1,052	588	2,403	3,233
Central administration costs		-171	-81	-88	-40	-193	-283
Other operating income		18	6	4	4	11	23
Other operating costs		-17	-10	-7	-8	-46	-54
Profit from participations in associated companies		-3	–	-1	–	88	85
Profit before financial items		1,734	993	959	544	2,263	3,004
Financial income	6	38	4	25	4	35	69
Financial costs – interest-bearing liabilities	6	-641	-466	-332	-256	-923	-1,099
Other financial income		–	–	–	–	6	6
Other financial costs		-80	-34	-48	-22	-158	-204
Financial costs, right-of-use assets		-5	-1	-3	0	-1	-5
Currency gains and losses		484	-301	126	-216	-241	544
Profit from property management		1,530	196	727	53	980	2,314
Change in value of investment properties	7	3,510	2,341	1,596	603	4,834	6,003
Changes in the value of financial instruments	8	-354	-348	-225	-35	39	34
Profit before tax		4,687	2,189	2,098	621	5,853	8,351
Current tax		-312	-67	-171	12	-200	-445
Deferred tax		-733	-455	-174	-149	-1,193	-1,471
Profit for the period		3,642	1,668	1,753	483	4,460	6,434
Other comprehensive income		-1,811	1,245	-1,050	402	279	-2,776
Comprehensive income		1,831	2,912	703	886	4,740	3,658

Rental income

Rental income for the period amounted to SEK 3,308 million (1,967), which corresponds to a 68 percent increase. The increase in income is primarily attributable to property acquisitions in the Netherlands and the Czech Republic. For the portfolio, the average rental income was SEK 1,107 per square metre of time-weighted area (1,427). The lower average derives from acquisitions in the Czech Republic and the Netherlands where the rent level is lower than in the rest of Heimstaden Bostad's portfolio. A comparable property portfolio showed a 4 percent like-for-like growth.

The letting ratio for housing was 94.6 percent (96.8) for the period. Adjusted for the acquisition in the Czech Republic, the letting ratio was 96.7 percent. Adjusted for the intentionally vacated apartments, the Group's real letting ratio was 96.9 percent (98.3). Adjusted for the Czech Republic, the real letting ratio was 98 percent.

Property costs

Total property costs increased by 57 percent and amounted to SEK 1,401 million (890). The change is mainly attributable to an increased number of properties. For the portfolio, property costs averaged SEK 469 per square metre of time-weighted area (645). The lower average is mainly attributable to the acquisitions in the Netherlands and the Czech Republic, as well as to lower repair and maintenance costs in the existing portfolio.

Net operating income

Net operating income amounted to SEK 1,907 million (1,077) for the period, corresponding to an increase of 77 percent and a surplus ratio of 58 percent (55). The higher surplus ratio is explained by lower property costs in the period.

Central administration costs

Central administration costs amounted to SEK 171 million (81). The increase was mainly attributable to the growth of the organisation as a consequence of a larger property portfolio.

Financial costs – interest-bearing liabilities

Financial costs for the period amounted to SEK 641 million (466). The increase is mainly attributable to a larger loan portfolio as a consequence of a larger property portfolio. On the balance sheet date, the average interest rate on total borrowing, including derivatives and charges for unutilised credits was 1.7 percent (2.0). Despite a higher interest hedging ratio, the lower average interest rate is a result of lower credit margins on bank loans and debenture loans, as well as changed base rates. At the end of the period, Heimstaden Bostad's interest rate hedging ratio was 76 percent (57). The increase is due to a stricter financial policy.

The interest coverage ratio for the preceding 12 months was 2.8 (2.5). The acquisitions in the Czech Republic and the Netherlands contributed positively, but have not had a full impact for 12 months.

The interest rates on approximately 24 percent (48) of the loan portfolio will change within a year. All other things being equal, a change in the base rate (Stibor, Cibor, Nibor, Euribor) by 1 percent, at any given time,

would, adjusted for the interest hedging portfolio, increase Heimstaden Bostad's interest cost, by approximately SEK 167 million (208) annually in the event of an increase, and decrease it by approximately SEK 44 million (102) in the event of a decline.

The difference in sensitivity is explained by interest rate hedging and several credit agreements containing interest rate floor clauses restricting interest rate changes on the downside, such that the base rate cannot, for example, be negative while costs associated with outstanding interest rate derivatives can increase with negative market interest rates.

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 484 million (loss 301) and relate primarily to unrealised exchange rate differences on cash and cash equivalents, and to receivables, liabilities and associated currency hedges in the Parent Company.

Profit from property management

Profit from property management was SEK 1,530 million (196). Adjusted for currency gains and losses, profit from property management increased by SEK 549 million, corresponding to a 110 percent increase compared with the preceding year. The positive increase is primarily attributable to acquisitions, as well as improved net operating income in the existing portfolio.

Change in value of investment properties

Total unrealised changes in value for the period amounted to SEK 3,510 million (2,341). This corresponds to a 2.7 percent increase in the value of the portfolio over the year. The yield requirement in the valuation for the quarter averaged 3.66 percent, which compares with 3.63 percent at the end of 2019. Adjusted for the effect of the acquisition in the Czech Republic, the yield requirement was 3.57 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 basis swaps to manage the Group's interest rate and currency risks. The change in value related to interest-rate derivatives during the period amounted to a negative SEK 354 million (348). Currency effects related to currency hedging of the Parent Company's bonds are reported on the line Currency gains and losses.

Tax

The positive development in the value of Heimstaden Bostad's property portfolio has resulted in an increase in the deferred tax liability of SEK 733 million (455). Current tax amounted to SEK 312 million (67).

Other comprehensive income

Other comprehensive income consists of currency translation differences arising from the consolidation of the Group's foreign subsidiaries and amounted to a negative SEK 1,811 million (positive 1,245), driven by a negative trend in the EUR and DKK.

Consolidated Statement of Financial Position

Amounts in SEK million	Note	30 Jun 2020	30 Jun 2019	31 Dec 2019
Assets				
Non-current assets				
Investment properties	9	135,074	86,429	113,331
Leases, right-of-use		657	81	817
Tangible fixed assets		21	–	–
Financial instruments		38	–	–
Other financial non-current assets		1,122	47	843
Total non-current assets		136,911	86,557	114,991
Current assets				
Development properties and tenant-owned apartments in progress		767	716	865
Accounts receivable		11	13	12
Other current receivables		970	852	1,058
Prepaid costs and accrued income		485	276	294
Cash and cash equivalents		6,494	1,424	4,345
Total current assets		8,727	3,281	6,573
TOTAL ASSETS		145,638	89,839	121,564



Investment properties

On the balance sheet date, Heimstaden Bostad's property portfolio had a market value of SEK 135,074 million, compared with SEK 113,331 million at the end of 2019. During the period, properties were acquired for a value of SEK 18,805 million. Of these investments, 69 percent were made in the new market of the Czech Republic. Another 31 percent was invested in existing markets, primarily the Netherlands. Total unrealised changes in value for the period amounted to SEK 3,530 million, corresponding to a change of 2.7 percent. SEK 1,538 million is attributable to the acquisition in the Czech Republic. The remaining change in the carrying amount of the property portfolio 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 Heimstaden Bostad 2019 Annual Report.

Leases, right-of-use

Leases, right-of-use are primarily attributable to land leaseholds.

Financial instruments

Financial instruments consist of derivative instruments for interest rate and currency hedging and are primarily attributable to the currency hedging of Heimstaden Bostad's debenture loans.

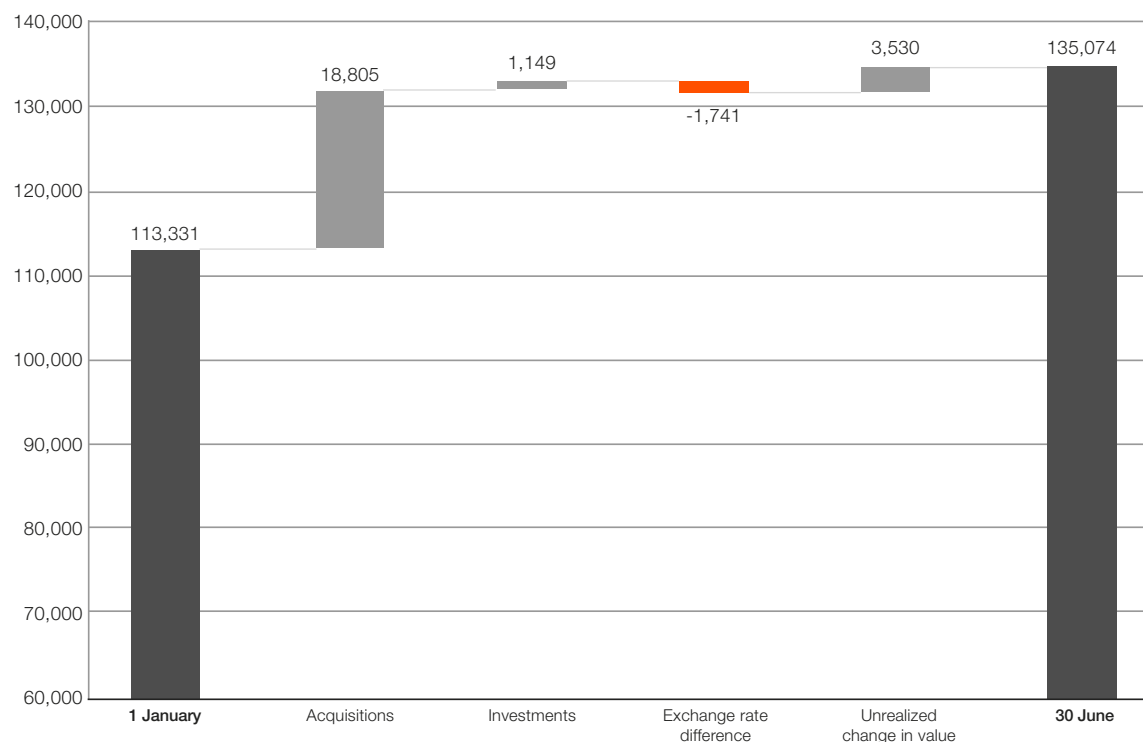
Other financial non-current assets

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

Development properties and tenant-owned apartments in progress

In connection with the acquisition of Norwegian investment properties, building rights and ongoing construction projects were also acquired. The item, amounting to SEK 767 million (865), concerns the development of condominium apartments in Oslo that are to be divested upon completion.

DEVELOPMENT OF INVESTMENT PROPERTIES FOR THE PERIOD, SEK MILLION



Consolidated Statement of Financial Position

Amounts in SEK million	Note	30 Jun 2020	30 Jun 2019	31 Dec 2019
EQUITY AND LIABILITIES				
Equity		70,256	34,710	57,548
LIABILITIES				
Non-current liabilities				
Interest-bearing secured liabilities		40,964	32,464	39,543
Interest-bearing unsecured liabilities		21,861	18,221	14,066
Leasing liability		655	81	818
Financial instruments	10	–	311	65
Deferred tax liabilities		3,257	1,812	2,526
Total non-current liabilities		66,737	52,889	57,018
Current liabilities				
Interest-bearing secured liabilities		2,301	664	1,137
Interest-bearing unsecured liabilities		3,895	–	4,000
Accounts payable		338	360	293
Current liabilities		367	111	228
Other current liabilities		982	733	819
Accrued costs and prepaid income		761	371	521
Total current liabilities		8,645	2,240	6,998
TOTAL EQUITY AND LIABILITIES		145,638	89,839	121,564

Consolidated Statement of Changes in Equity

Amounts in SEK million	Share capital	Other capital contributions	Hybrid bond	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
New share issue		702			702		702
Dividend				-829	-829		-829
Other comprehensive income					1,245		1,245
Profit for the period					1,668		1,668
Equity 30 Jun 2019	26	27,355		7,329	34,710		34,710
New share issue	7	12,493			12,500		12,500
Dividend				-55	-55		-55
Issue of hybrid bond			8,523		8,523		8,523
Issue costs			-9		-9		-9
Non-controlling interests					–	52	52
Other comprehensive income				-965	-965		-965
Profit for the period			55	2,730	2,785	7	2,792
Equity, 31 Dec 2019	34	39,847	8,514	9,094	57,489	59	57,548
New share issue	9	12,843			12,851		12,851
Dividend				-1,828	-1,897		-1,897
Issue costs				-63	-77		-77
Other comprehensive income				-1,811	-1,811		-1,811
Profit for the period			69	3,574	3,643	-1	3,642
Equity, 30 Jun 2020	43	52,690	8,500	8,966	70,198	59	70,256

Interest-bearing liabilities

At the end of the period, Heimstaden Bostad's loan-to-value ratio was 43 percent (45). Of the total interest-bearing liabilities, 63 percent were loans secured by property mortgages, giving a loan-to-value ratio for secured loans of 30 percent (33).

The total loan portfolio amounted to SEK 69,021 million (58,746) on the balance sheet date. Of this amount, 37 percent (31) pertains to debenture loans, 32 percent (34) to mortgages and 31 percent (35) to traditional bank loans.

The average period for which capital is tied up regarding Heimstaden Bostad's interest-bearing liabilities amounted to 10.2 years (10.5). The largest proportion of loan maturities within an individual year occurs in 2023 (2021) and accounts for 24 percent (16) of the total portfolio. Current interest-bearing liabilities totalled SEK 6,196 million (5,137). To manage its refinancing risk, Heimstaden Bostad has unutilised lines of credit amounting to SEK 11,727 million (10,269). The average period of fixed interest, including the effect of derivatives, amounts to 2.3 years (2.7).

Deferred tax liabilities

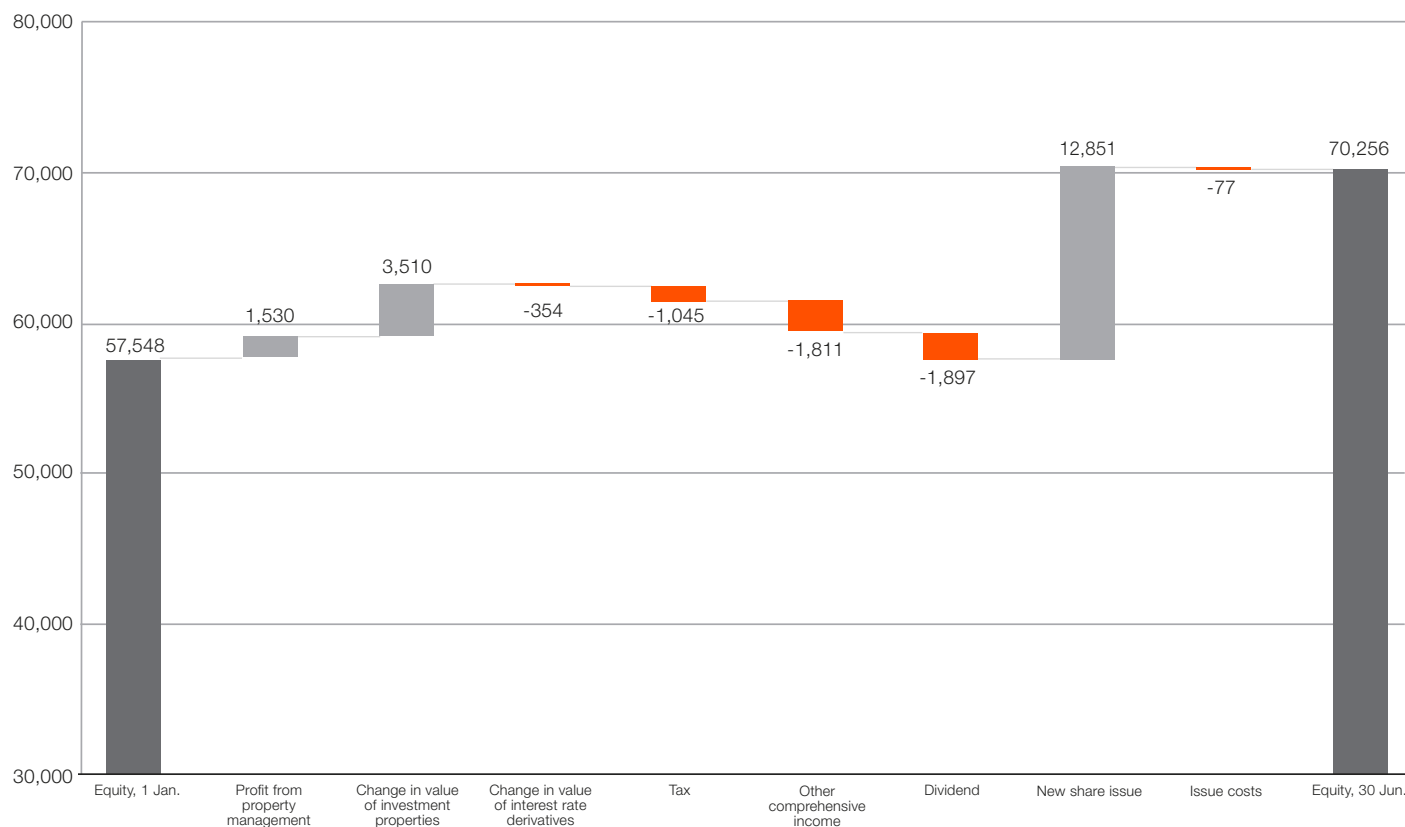
The positive value trend in Heimstaden Bostad's property portfolio resulted in an increased deferred tax liability, amounting on the balance sheet date to SEK 3,257 million (2,526).

Equity

Equity amounted to SEK 70,256 million (57,548), giving an equity/assets ratio of 48 percent (47). The change in equity over the period is primarily attributable to a new share issue.

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. The Parent Company's debenture loans in EUR have largely 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 OVER THE PERIOD, SEK MILLION



Consolidated Cash Flow Statement

Amounts in SEK million	2020 6 months Jan – Jun	2019 6 months Jan – Jun	2020 3 months Apr – Jun	2019 3 months Apr – Jun	2019 12 months Jan – Dec
Operating activities					
Profit before tax	4,687	2,189	2,098	621	5,853
Adjustments for non-cash items:					
– Change in value of investment properties	-3,510	-2,341	-1,596	-603	-4,834
– Change in value of derivative instruments	354	348	225	35	-39
– Other non-cash items	-472	301	-112	279	157
Tax paid	-173	-88	-70	-10	-105
Cash flow from operating activities before changes in working capital	885	409	546	321	1,032
Change in working capital					
Change in current receivables	-105	-298	56	-217	-56
Change in development properties and tenant-owned apartments in progress	–	–	–	–	–
Change in current liabilities	22	-35	-202	361	41
Cash flow from operating activities	802	76	399	465	1,017
Investing activities					
Property acquisitions	-8,331	-4,082	-1,308	-2,570	-13,909
Investment, properties	-1,124	-1,039	-538	-547	-2,549
Acquisitions of other non-current assets	–	–	–	–	–
Deposits paid for acquisitions	496	-144	-18	–	-535
Other receivables, future acquisitions	-260	–	-260	–	-375
Property sales	–	3	–	3	3
Acquisitions of participations in associated companies	-16	–	–	–	-213
Change in loans to associated companies	-270	–	-127	–	-468
Change in financial assets	–	31	–	31	-48
Cash flow from investing activities	-9,505	-5,231	-2,251	-3,083	-18,094
Financing activities					
New share issue	12,851	702	5,645	702	13,202
Dividend, preference shares	-1,828	-829	-1,828	-829	-829
Issue of debenture loan	6,132	–	6,132	–	–
Issue of hybrid bond	–	–	–	–	8,523
Dividend hybrid bond	-69	–	–	–	-55
Issue costs	-77	–	-14	–	-9
Change in interest-bearing liabilities	-6,117	4,369	-5,406	941	-1,736
Cash flow from financing activities	10,892	4,242	4,529	814	19,096
Cash flow for the period	2,189	-912	2,677	-1,804	2,018
Opening cash and cash equivalents	4,345	2,313	3,843	3,214	2,313
Currency effect in cash and cash equivalents	-40	23	-26	14	13
Closing cash and cash equivalents	6,494	1,424	6,494	1,424	4,345

Operating activities

Cash flow from operating activities, before changes in working capital, amounted to SEK 885 million (409). The change compared with the corresponding period in the preceding year is mainly explained by a larger property portfolio. After a reduction in working capital of SEK 83 million (333), cash flow from operating activities was SEK 802 million (76).

Investing activities

Cash flow from investing activities was negative in the amount of SEK 9,505 million (5,231). The investment activities consist of corporate transactions, property transactions and property investments, of which most are attributable to the acquisition in the Czech Republic.

Financing activities

Cash flow from financing activities amounted to SEK 10,892 million (4,242). The amount is primarily attributable to the new issue of shares.

Cash flow

Cash flow for the period amounted to SEK 2,189 million (negative 912) and cash and cash equivalents amounted to SEK 6,494 million (1,424) at the end of the period.



Ruth 7, Malmö



PARENT COMPANY INCOME STATEMENT

Amounts in SEK million	2020 6 months Jan-Jun	2019 6 months Jan – Jun
Other operating income	1	–
Other operating costs	-185	-90
Operating profit/loss	-184	-90
Profit before financial items		
Interest income	211	177
Interest costs	-317	-261
Other financial income	–	168
Other financial costs	-641	-19
Change in value of interest rate derivatives	-81	-158
Profit from property management	-1,013	-183
Profit before tax	-1,013	-183
Deferred tax	17	33
Profit for the year	-996	-150

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 debenture loans.

Other financial costs

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

PARENT COMPANY BALANCE SHEET

Amounts in SEK million	30 Jun 2020	30 Jun 2019
Assets		
Non-current assets		
Shares in subsidiaries	32,758	20,282
Deferred tax receivables	33	35
Receivables, subsidiaries	19,605	14,941
Total non-current assets	52,396	35,258
Current assets		
Receivables, subsidiaries	31,266	12,649
Other current receivables	237	289
Cash and cash equivalents	4,266	483
Total current assets	35,769	13,420
TOTAL ASSETS	88,165	48,679
EQUITY AND LIABILITIES		
Equity	58,491	25,001
Non-current liabilities		
Interest-bearing liabilities	1,690	1,999
Debenture loans	24,066	18,221
Financial instruments	161	167
Liabilities, subsidiaries	3,519	1,304
Total non-current liabilities	29,436	21,692
Current liabilities		
Liabilities, subsidiaries	0	1,909
Other current liabilities	238	76
Total current liabilities	238	1,985
TOTAL EQUITY AND LIABILITIES	88,165	48,679

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.

Debenture loans

Debenture loans refer to Heimstaden Bostad's debenture loans. The change compared with the previous year is mainly attributable to the new share 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
New share issue		702			702
Dividend				-829	-829
Comprehensive income for the period				-150	-150
Equity, 30 Jun 2019	26	24,905	–	70	25,001
New share issue	8	12,492			12,500
Dividend			-55		-55
Issue of hybrid bond			8,523		8,523
Issue costs			-9		-9
Comprehensive income for the period			55	2,595	2,650
Equity, 31 Dec 2019	34	37,397	8,514	2,665	48,610
New share issue	9	12,843			12,851
Dividend			-69	-1,828	-1,897
Issue costs			-14	-63	-77
Comprehensive income for the period			69	-1,065	-996
Equity, 30 Jun 2020	43	50,240	8,500	-291	58,491

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 Group's 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 acquisitions 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 of business acquisitions 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 acquisitions 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 acquisition 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 acquisition.

The criteria for an acquisition to constitute a business acquisition 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 and its entry into force

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.

IAS 1 Presentation of Financial Statements

IAS 1 requires companies to disclose "significant" accounting principles. The IASB has replaced the "significance" reference with a requirement to disclose "essential" accounting principles to clarify where the limit is set for which disclosures are to be submitted. The IASB has also supplemented IAS 1 with guidance to help companies understand what makes an accounting principle essential. Since Heimstaden Bostad's disclosures are considered essential, the changes do not affect the accounting principles. The amendment shall be applied for financial years commenced as of 1 January 2020.

New and amended accounting principles yet to come into effect

New and amended IFRS accounting principles yet to come into effect have not been applied prematurely in the preparation of the consolidated and Parent Company financial statements. Described below are the IFRS standards that may affect the consolidated or Parent Company financial statements. On 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

Heimstaden Bostad's transactions with related parties are detailed in Notes G 8 and PC-G 6 in Heimstaden Bostad's 2019 Annual Report.

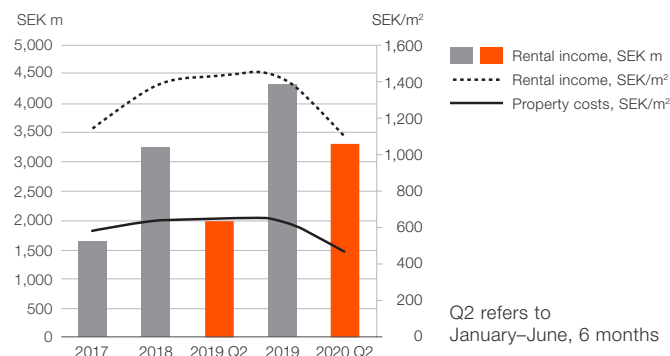
Note 3 Events after the balance sheet date

Heimstaden Bostad is extending its EMTN programme from EUR 4 billion to EUR 8 billion.

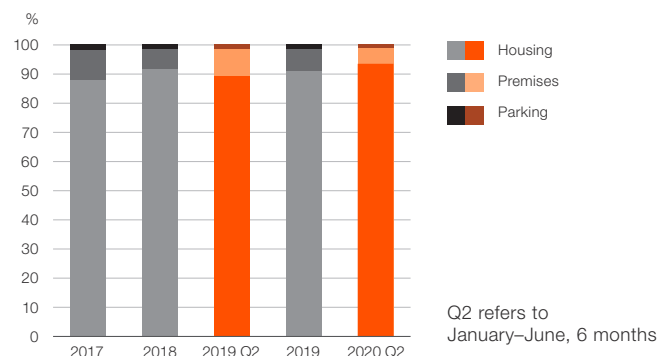


Note 4 Rental income

RENTAL INCOME AND PROPERTY COSTS



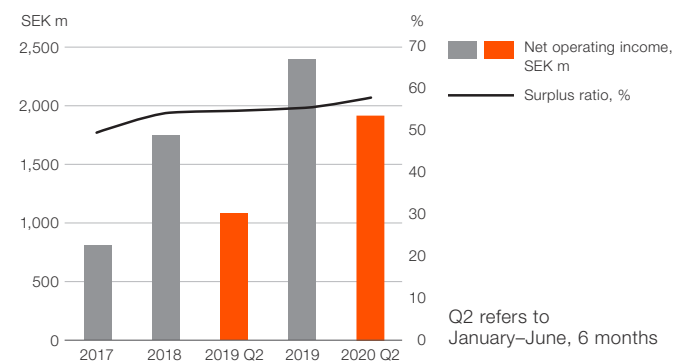
DISTRIBUTION OF RENTAL INCOME



Note 5 Property costs

	2020 6 months Jan-Jun	2019 6 months Jan-Jun	2019 12 months Jan-Dec
Amounts in SEK million			
Operating costs	-767	-521	-1,072
Maintenance and repairs	-268	-208	-409
Property administration	-235	-100	-292
Property tax	-128	-60	-145
Ground rent	–	0	–
Amortisation and depreciation	-1	–	–
Total property costs	-1,401	-890	-1,919

NET OPERATING INCOME AND SURPLUS RATIO



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.

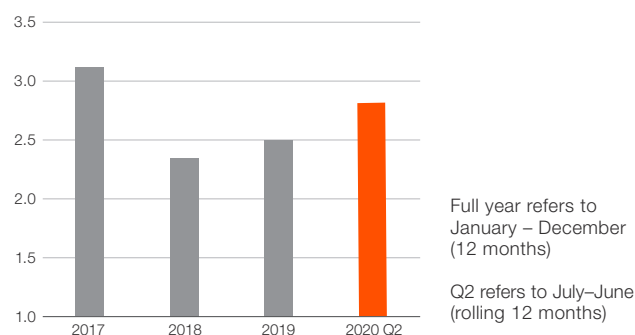
Heimstaden Bostad's operations, financial position and profit can be affected by a number of risks and uncertainties. These are described on pages 80-84 in the 2019 Annual Report. No significant changes have subsequently occurred affecting the assessment by the Board of Directors and company management.

Financial policy	Policy	30 Jun 2020
Interest coverage ratio (rolling 12 months, multiple)	≥ 1.5	2.8
Equity/assets ratio (percent)	≥ 30	48
Capital tied up (months)	≥ 15	122
Loan maturity (percentage in individual year)	≤ 40	24 (2023)
Limitation, individual lenders (percent)	≤ 40	12
Interest rate hedge (percent)	≥ 75	76.0
Loan-to-value ratio (financial policy) (percent)	45 – 55	51
Quick ratio (percent)	* ≥ 125	193

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.

On the balance sheet date, Heimstaden Bostad met all covenants with lenders.

INTEREST COVERAGE RATIO Q2 (ICR)



30 Jun 2020

Years	Fixed interest, loans			Fixed interest incl. interest rate derivatives ¹⁾		
	SEK m	Share, %	Interest, incl. margin, %	SEK m	Share, %	Interest, incl. margin, %
0–1	51,777	75	1.3	22,966	33	3.9
1–2	7,402	11	2.0	11,693	17	1.1
2–3	1,420	2	2.5	6,793	10	0.7
3–4	7,346	11	2.3	14,184	21	0.4
4–5	345	0	1.2	5,604	8	0.6
> 5 years after balance sheet date	731	1	3.5	7,327	11	0.6
Total	69,021	100	1.5	68,567	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: 0.75 years

The average remaining term of fixed interest in the loan portfolio, including derivatives, amounts to: 2.34 years

Note 7 Valuation of investment properties

Yield requirement

Years	Average
2019	3.63%
Q2 2020	3.66%

Note 8 Change in value of derivatives

Change in market value of derivatives

Market value of derivatives, 31 Dec 2019	-65
Unrealised changes in value basis swaps	457
Unrealised changes in value interest rate swaps	-354
Market value of derivatives, 30 Jun 2020	38

Note 9 Investment properties

Change in market 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	–	–	–	–	–	–	–
Acquisitions during the period	18,805	392	693	–	105	4,631	12,985
Investments during the period	1,149	760	203	73	26	21	66
Currency change	-1,741	–	235	-1,616	10	-41	-329
Market value after transactions	131,545	42,393	35,777	15,830	2,432	22,392	12,721
Unrealised value change	3,530	1,053	8	523	40	367	1,538
Market value of investment properties, 30 Jun 2020	135,074	43,447	35,785	16,353	2,472	22,758	14,260

Note 10 Financial instruments

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

Change in loan volume

Interest-bearing loans, 31 Dec 2019	58,746
Repayments on loans	-1,454
Currency exchange effect on loans	4
New borrowing/loans taken over	11,724
Interest-bearing loans, 30 Jun 2020	69,021

Years	Capital tied up, loans		Lines of credit	
	SEK million	Share, %	million	Share, %
0–1	6,196	9	–	–
1–2	11,034	16	4,904	44
2–3	3,697	5	3,823	31
3–4	16,405	24	3,000	25
4–5	232	0	–	–
> 5 years after balance sheet date	31,457	46	–	–
Total	69,021	100	11,727	100

The average remaining period for which capital is tied up amounts to: 10.2 years

Financing source

	Credit	Secured credits, %	Share, %	Unutilised credit commitment
Bonds	25,756	–	37	–
Mortgages	21,818	100	32	–
Bank loans	21,448	100	31	11,727
Total	69,021	63	100	11,727

Financial instruments

Maturity, interest rate derivatives				
Years	Type	SEK million	Share, %	Interest, % ¹⁾
0–1	Paying fixed	4,427	11	-0.05
1–2	Paying fixed	6,232	15	0.24
2–3	Paying fixed	5,373	13	0.23
3–4	Paying fixed	12,789	31	0.00
4–5	Paying fixed	5,259	13	0.52
> 5 years after balance sheet date	Paying fixed	7,300	18	0.25
Total		41,380	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	–	–	–
1–2	Paying variable	4,847	40	2.36
2–3	Paying variable	–	–	–
3–4	Paying variable	7,293	60	2.65
4–5	Paying variable	–	–	–
> 5 years after balance sheet date	Paying variable	–	–	–
Total		12,140	100	2.53

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

Note 11 Participations in associated companies and joint ventures

	Share, %	Rental income	Net financial items	Change in value	Profit	Assets	Liabilities
Gamlebro	50	8	-3	–	-2	423	432
Fastighets AB Rosengård	25	73	-6	–	12	1,515	870
Byggrätt Norr AB	19	–	–	–	–	0	–
Upplands Bro, Brogårds stage 2	50	–	-10	2	-10	510	384
Magnolia Projekt 5222 AB	50	–	–	–	–	0	–
A place to AS	50	2	–	–	-3	316	316
Total		83	-19	2	-3	2,764	2,002



The Board of Directors and the President 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, 19 August 2020

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), Corp. ID No. 556864-0873
To the Board of Directors of Heimstaden Bostad AB (publ)

Introduction

We have performed a summary review of the summary interim financial information (interim report) for Heimstaden Bostad AB (publ) as of 30 June 2020 and the six-month period ending on that date. It is the Board of Directors and the CEO who are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the company's elected auditor*. A review consists of making inquiries, primarily of those responsible for financial and accounting matters, to perform an analytical review and to take other general review measures. A review has a different focus and is much smaller in scope compared with the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards.

The review measures undertaken in a review do not enable us to obtain the same level of assurance that we would be made aware of all significant circumstances that could have been identified if an audit had been conducted. Accordingly, the conclusion expressed on the basis of a review does not have the same degree of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on our review, no circumstances have emerged that give us reason to believe that the interim report has not, in all material respects, been prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Malmö, 19 August 2020

Ernst & Young AB

Peter von Knorring
Authorised Public Accountant

Current earning capacity

In the adjacent table, Heimstaden Bostad presents its earning capacity on a 12-month basis as per 30 June 2020. Earning capacity is not a forecast for the current year or for the next 12-month period and should only be regarded as a theoretical snapshot and is presented for illustrative purposes only. Current earning capacity does not include an assessment of future trends in rent levels, vacancy rates, property costs, interest rates, changes in value, acquisitions or sales of properties or other factors.

Current earning capacity is based on the properties owned as of 30 June 2020 and their financing. Earning capacity illustrates Heimstaden Bostad's subsequent earnings on an annual basis. Consequently, transactions where Heimstaden gains access after 30 June are not included in the calculation.

In addition, Heimstaden Bostad's Income Statement is affected by the development in the value of the property portfolio and future property acquisitions and/or property sales. Changes in values of derivatives is another item affecting profit. None of the above has been taken into account in the current earning capacity, nor in the item Profit from participations in associated companies.

Earning capacity is based on the contracted rental income, current property costs and administrative costs of the property portfolio. Costs for interest-bearing liabilities have been based on the Group's average interest rate on the balance sheet date, including the effects of derivative instruments.

Current earning capacity as per 30 June 2020

Amounts in SEK million	
Rental income	7,131
Property costs	-3,095
Net operating income	4,036
Central administration costs	-338
Other operating income	–
Other operating costs	–
Profit from participations in associated companies	–
Profit before financial items	3,698
Financial income	–
Financial costs – interest-bearing liabilities	-1,206
Profit from property management	2,493
Key data	
Surplus ratio, %	56.6
Interest coverage ratio (ICR), multiple	3.1





Norland 1, Helsingborg

Key data

	2020 6 months Jan – Jun	2019 6 months Jan – Jun	2020 3 months Apr – Jun	2019 3 months Apr – Jun	2019 12 months Jan – Dec
Property-related data					
Rental income, SEK m	3,308	1,967	1,752	1,014	4,321
Letting ratio, housing (number), %	94.6	96.8	94.6	96.8	97.6
Real letting ratio, housing (number), %	96.9	98.3	96.9	98.3	99.1
Surplus ratio, %	57.7	54.8	60.0	58.0	55.6
Acquisitions and property investments, SEK m	18,805	8,941	4,429	5,209	33,261
Property sales, SEK m	0	3	0	3	3
Market value of properties on balance sheet date, SEK m	135,074	86,429	135,074	86,429	113,331
Lettable area on balance sheet date, m ²	6,836,415	2,912,420	6,836,415	2,912,420	4,013,270
Number of apartments on balance sheet date	100,123	40,711	100,123	40,711	54,863
Proportion living area on balance sheet date, %	93	89	93	89	91
Financial data					
Cash flow from operating activities, SEK m	802	76	399	465	1,017
Profit from property management, SEK m	1,530	196	727	53	980
Interest coverage ratio (ICR), multiple	2.8	2.5	2.8	2.5	2.5
Equity/assets ratio, %	48.2	38.6	48.2	38.6	47.3
Loan-to-value ratio (debenture loan covenant), %	42.9	55.6	42.9	55.6	44.8
Loan-to-value ratio, secured loans, %	29.7	36.9	29.7	36.9	33.5
Loan-to-value ratio (financial policy), %	50.5	59.0	50.5	59.0	52.7
Quick ratio, %	193	185	193	185	197
Average interest rate on balance sheet date, %	1.7	2.0	1.7	2.0	1.9
Average period of fixed-interest on loans, incl. derivatives, years	2.3	2.4	2.3	2.4	2.7
Average period for which capital is tied up, year	10.2	11.2	10.2	11.2	10.5
Return on equity, %	11.1	9.1	12.0	9.1	11.3
Equity on the balance sheet date, SEK m	70,256	34,710	70,256	34,710	57,548
Net asset value on the balance sheet date, SEK m	73,513	36,522	73,513	36,522	60,074
Long-term net asset value on the balance sheet date, SEK m	73,475	36,833	73,475	36,833	60,139
DEBT/EBITDA, multiple (rolling 12m)	21	23	21	23	22
Data per share					
Profit per ordinary share, SEK	117	991	25	258	1,176
Equity per ordinary share, SEK	3,053	5,704	3,053	5,704	2,954
Equity including deferred tax liabilities, per ordinary share, SEK	3,548	4,431	3,548	4,431	4,753
Equity per preference share A, SEK	719,913	929,324	719,913	929,324	972,342
Equity per preference share B, SEK	2,041	98,672	2,041	98,672	2,064
Number of ordinary shares outstanding at the end of the period	6,578,058	2,429,449	6,578,058	2,429,449	5,315,502
Number of preference shares A outstanding at the end of the period	200	100	200	100	200
Number of preference shares B outstanding at the end of the period	20,317,179	210,378	20,317,179	210,378	16,027,565
Average number of ordinary shares outstanding	6,186,486	2,429,449	6,186,486	2,429,449	2,967,125
Average number of preference shares A outstanding	200	100	200	100	119
Average number of preference shares B outstanding	18,816,685	203,399	18,816,685	203,399	3,158,201

Definitions and glossary

Letting ratio, housing (number), %

Leased housing divided by total number of homes.

Real letting ratio, housing (number), %

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

Surplus ratio, %

Net operating surplus as a percentage of rental income

Proportion living 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/assets ratio, %

Equity as a percentage of total assets.

Loan-to-value ratio (debenture loan 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, financial leasing and 50 percent of the capital attributable to hybrid bonds as a proportion of net debt, financial leasing 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 and cash equivalents.

Average interest, %

Average interest on the balance sheet date for interest-bearing liabilities, with derivatives taken into account.

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, in relation to the number of ordinary shares at the end of the period, after preferential and hybrid capital is taken into account.

Equity per preference share, SEK

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

Profit per ordinary share

Profit for the period in relation to 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

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 under the auspices of the contact persons below at 9:00 a.m. CET on 19 August 2020.

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Arve Regland, CFO Heimstaden Bostad AB, +47 479 07 700

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