

Q2 2023

Heimstaden





# Highlights

- Continued strong operational results, driven by a strong market with high occupancy rates and rental growth at 5.7%
- Less pronounced fair value adjustments on investment properties reported at negative 2.1%
- Established a Diversity Board to foster a safe, inclusive workplace with equal opportunities for all
- Initiated Icelandic asset portfolio optimisation, selling 3.7% in Q2 at SEK 242.5 million, 0.4% above book value

347 billion  
Investment Properties, SEK

2.6 billion  
Net operating income, SEK

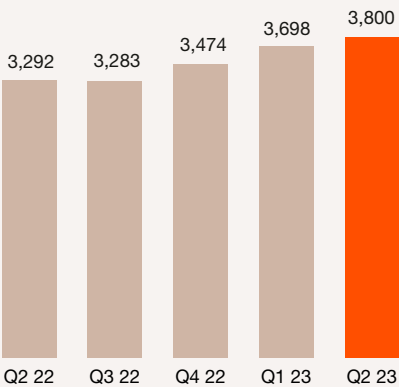
50.3%  
Net loan-to-value

2.0x  
Interest coverage ratio

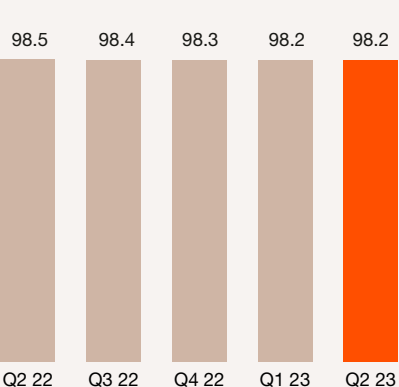
## Key Figures

		Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
<strong>Financials</strong>						
Rental income	SEK m	3,800	3,698	3,292	7,499	6,446
Growth y-o-y	%	15.5	17.2	55.7	16.3	54.2
Net operating income	SEK m	2,623	2,402	2,116	5,024	4,089
Net operating income margin	%	69.0	64.9	64.3	67.0	63.4
Total comprehensive income/loss	SEK m	244	-12,567	5,198	-12,323	15,149
Capital expenditures	SEK m	2,026	2,044	2,271	4,070	4,531
<strong>Portfolio Metrics</strong>						
Fair value of investment properties	SEK m	346,629	341,809	342,077	346,629	342,077
Homes	Units	162,166	160,766	154,883	162,166	154,883
Real economic occupancy, residential	%	98.2	98.2	98.5	98.3	98.5
Like-for-like rental income growth	%	5.7	5.0	5.2	5.4	5.2
<strong>Credit Metrics</strong>						
Net loan-to-value	%	57.2	54.9	50.5	57.2	50.5
Net debt / Total assets	%	50.3	48.2	44.7	50.3	44.7
Interest Coverage Ratio (ICR)	Multiple	2.0	2.3	2.9	2.0	2.9

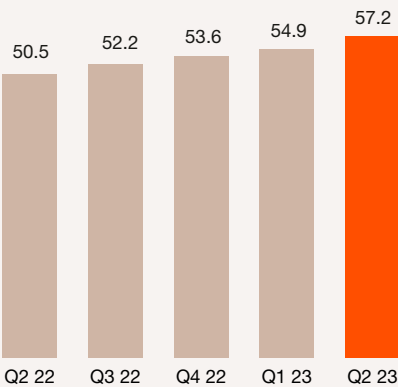
Rental Income  
SEK million



Real Economic Occupancy  
%



Net Loan-to-Value (LTV)  
%



# CEO letter

Our strong operational results continue, driven by high occupancy rates. Despite continued uncertainty on the resilience of core inflation, we are cautiously optimistic that interest rate hikes are mostly behind us. Rental growth has partially offset valuation declines and we anticipate this continued momentum to stabilise values in the near future.

## Prudent financial management

Prudent financial management has been instrumental in preparing us for the upcoming maturities the next years. In the second quarter, we obtained SEK 3 billion in secured bank financing, adding to our total funding of SEK 15 billion obtained over the past 12 months.

In the second quarter, we finalised a strategic review of our Icelandic portfolio, the only market where we solely own the properties. We decided to gradually exit the Icelandic market by selling to private individuals, with potential for block and portfolio sales as well. These sales will generate proceeds to effectively manage our upcoming debt maturities, and we also have other avenues available if needed.

The interest coverage ratio (ICR) is projected to decline due to the current interest rate environment. S&P's revised rating of Heimstaden Bostad's thresholds in December 2022 illustrate that ICR levels are to reflect the prevailing interest rate environment and how it impacts EBITDA growth, taking into account the cushion even at lower ICR levels when EBITDA growth is strong.

## A strong focus on sustainability and people

We have assessed the EU's proposed Energy Performance of Buildings Directive and find that it aligns with Heimstaden Bostad's Board-approved Climate Roadmap. Successful implementation across the industry depends on government support,

the availability of clean energy, technical solutions, and most importantly, harmonisation of the energy labelling scheme. Our employee engagement survey result highlights our focus on Diversity & Inclusion, showcasing our dedication to fostering a Friendly Workplace. To enhance engagement and ensure a safe and inclusive workplace that attracts talent across our markets, we established a Diversity Board for valuable insights and recommendations.

## Looking ahead

With a strong operational foundation and sound financial management, we are well positioned in the current market. The solid fundamentals of residential real estate and the massive decrease of new construction across our markets sustain high demand, promote rental growth, and support property valuations. Our commitment remains to create long-term value for stakeholders as we adapt to the evolving landscape.



Helge Krogsbøl  
CEO Heimstaden



# Sustainability Highlights



## Environmental

After assessing the Energy Performance of Buildings Directive in Q2, we can conclude that its ambition aligns with Heimstaden Bostad’s Board-approved climate roadmap. Successful implementation throughout the industry also depends on government support, clean energy and technical solutions availability, and much needed harmonization of energy labelling across the EU.

In 2022, Heimstaden Bostad achieved a CDP score of B, and as we have submitted the 2023 results, our goal is to retain the same rating, even with the more demanding reporting criteria.

[Read more here](#)



“Investing in energy efficiency measures provides both income and value growth while also improving tenant affordability”

Paul Spina  
Chief Asset Management Officer



## Social

To create a safe and inclusive workplace with equal opportunities for all, we launched our Diversity Board in May.

[Read more here](#)

A Home for a Home Annual Report 2022 was published in June, highlighting the 38 programmes supported, reaching 63,542 children and youth in 498 different communities.

[Read more here](#)



“The Diversity Board is a stepping stone towards breaking down unintentionally created structures and barriers preventing us from seeing talents in whatever shape they come”

Suzanna Malmgren  
Chief People & Culture Officer



## Governance

Our policies, manuals, guidelines, and standard operating procedures undergo annual review by the Governance, Risk, and Compliance Function. They are then updated by C-level executives and approved by the Board or CEO.

This quarter, the CEO of Heimstaden Bostad approved the following updated policies:

- Insider Policy
- Anti-corruption Policy
- Cyber Security Policy

[Read more here](#)

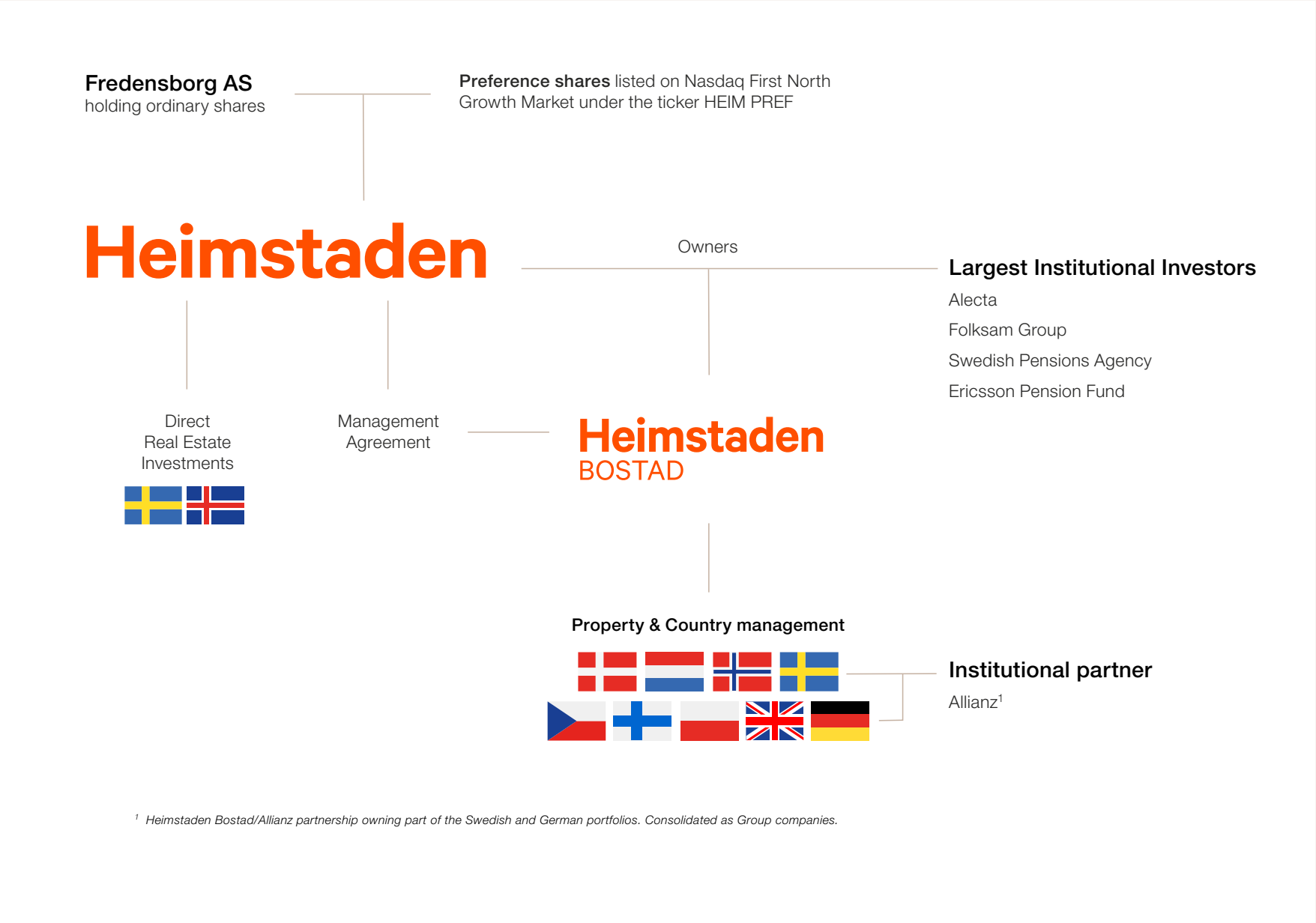


“Our corporate governance framework creates value by enabling effective decision-making aligned with the business strategy and fulfils commitments to stakeholders”

Kristian Berentsen  
Chief Legal Officer

# Simplified Company Structure

Heimstaden is an industrial investor and owns Heimstaden Bostad together with long-term institutional investors who share Heimstaden’s philosophy for evergreen and sustainable investments. Heimstaden is also the Manager of Heimstaden Bostad. The property companies are fully owned by Heimstaden Bostad, except for Iceland, which is owned by Heimstaden.



# Quarterly Review

*This report is presented on a consolidated basis. For information on Heimstaden's standalone financials, see pages 44-46. Figures in brackets refer to the previous quarter.*

### Income

Rental income increased by 2.8% to SEK 3,800 million (3,698), driven primarily by increased income from standing assets and favourable exchange rate developments. Service charges paid by tenants decreased to SEK 414 million (516), mainly due to lower heating consumption.

Like-for-like rental income growth was 5.7% (5.0%). The comparable portfolio made up 90% (92%) of rental income.

Residential real economic occupancy was stable of 98.2% (98.2%), excluding 2.2% (1.9%) in vacancy due to refurbishments and other non-market related vacancies.

### Operating expenses

Utility expenses decreased to SEK 494 million (723), mainly related to seasonally lower consumption. Due to different rental regimes between markets, these costs impact net operating income margins differently. See Note 3 for more details.

Repair and maintenance was stable and amounted to SEK 196 million (198). Costs for facility and property management increased to SEK 623 million (577).

### Capital expenditures and Repair & Maintenance

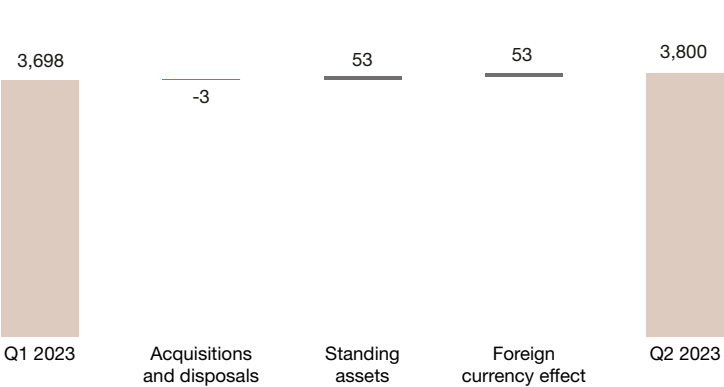
Total expenditure in standing assets was SEK 1,506 million (1,309), corresponding to 0.43% of fair value (0.37%), while investments in properties under construction, excluding forward purchase contracts, amounted to SEK 758 million (965) as the number of homes under construction was reduced from 4,482 to 3,539 at the end of second quarter. More details on page 9.

SEK million	Q2 2023	Q1 2023	YTD 2023	YTD 2022
<b>Income statement items</b>				
Expenses for repair & maintenance <sup>1</sup>	237	238	468	500
<b>Balance sheet items</b>				
Capitalised cost on standing assets excluding tenant improvements	724	602	1,326	1,768
Tenant improvements	545	476	1,021	584
Balance sheet expenditure	1,269	1,078	2,347	2,352
<b>Expenditure on standing assets</b>	<b>1,506</b>	<b>1,309</b>	<b>2,814</b>	<b>2,852</b>
Investment properties under construction	758	965	1,723	2,179
<b>Capital expenditures</b>	<b>2,026</b>	<b>2,044</b>	<b>4,070</b>	<b>4,531</b>

<sup>1</sup> Excluding group eliminations, see Note 3

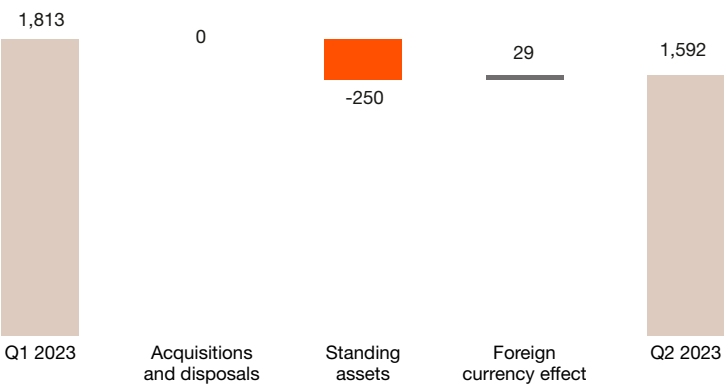
### Rental Income

SEK million



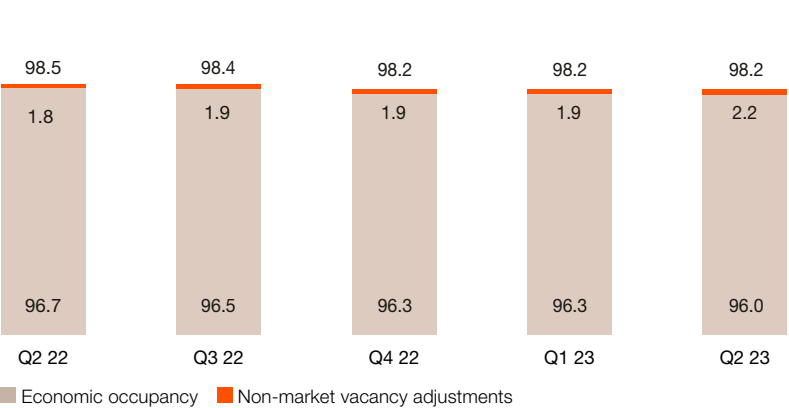
### Property Cost Development

SEK million



### Rental Economic Occupancy

%



Net operating income

Net operating income grew by 9.2% to SEK 2,623 million (2,402), resulting in a net operating income margin of 69.0% (64.9%), mainly driven by rental growth, lower utility costs, and delivery of new builds.

Change in fair value of investment properties<sup>1</sup>

Net loss from fair value adjustments on investment properties was SEK 7,349 million (13,477) corresponding to -2.1% of fair value after transactions. The yield requirement in the valuation amounted to an average 3.42%, up from 3.31% at the end of the previous quarter driven by sentiment-based yield increase.

SEK million	Q2 2023		YTD 2023	
	%	SEK million	%	SEK million
Sweden	-2.6	-2,527	-5.8	-5,700
Germany	-4.0	-3,656	-10.1	-9,845
Denmark	-0.7	-528	-4.7	-3,725
Netherlands	-2.9	-862	-10.2	-3,260
Czech Republic	0.9	240	2.5	626
Norway	-0.1	-10	3.9	706
Iceland	0.9	52	3.5	202
Finland	-0.9	-38	-3.5	-144
United Kingdom	-0.9	-37	7.8	289
Poland	1.1	17	1.5	23
Total	-2.1	-7,349	-5.7	-20,826

<sup>1</sup> For more information regarding fair value assessments, see Note 7.

Interest expenses

Interest expenses was SEK 1,422 million (1,248) and the average interest rate was 2.7% (2.5%). At the balance sheet date the interest rate hedge ratio was 78% (78%). The interest coverage ratio for the last 12 months was 2.0 (2.3).

Foreign currency

Heimstaden has holdings and operations in SEK, EUR, DKK, NOK, CZK, PLN, GBP and ISK. Currency fluctuations gave other comprehensive income of SEK 7,402 million (858), which was partially offset by SEK -3,678 million in foreign exchange loss (-692), the latter mainly related to bonds issued in EUR. For more details, see Note 12.

Cash Flow

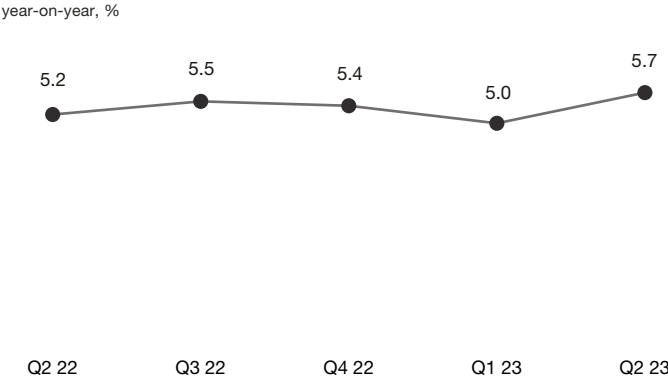
SEK million	Q2 2023	Q1 2023	YTD 2023	YTD 2022
Operating activities	57	15	72	832
Investing activities	-1,970	-1,179	-3,148	-14,895
Financing activities	1,243	2,424	1,180	2,072
Currency effects	268	-26	242	669
Change	-3,155	1,233	-1,896	-11,322
Period opening balance	12,556	11,322	11,322	20,488
Closing balance	9,669	12,556	9,669	9,165

Cash generated from operation was SEK million 1,162 (1,932). Working capital decreased by SEK 1,178 million (decreased 172), resulting in net cash flows from operating activities of SEK 57 million (15). The main difference between operating profit and cash flow from operations is fair value adjustments on investment properties of -7,339 (13,477).

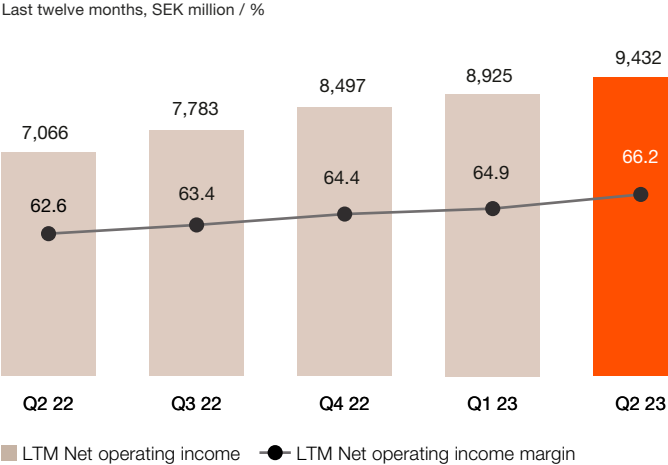
Cash flow from investing activities was SEK -1,970 million (-1,179) and included capex on investment properties of SEK 2,043 million (-2,065), deposits paid for signed acquisitions of SEK -298 million (298) and disposals of investment property of SEK 259 million (1,487).

Cash flow from financing activities was negative SEK 1,243 million (2,424), which included dividends paid of SEK 1,500 million (-1,951) and proceeds from new financing, partly offset by repayments of debt with a net effect of 608 (-263). Repayment on hybrid bonds had a cash effect of SEK -447 million (-804).

Like-for-Like Rental Income Growth



Net Operating Income and Margin





# Investment Properties

Fair value of investment properties increased to SEK 347 billion, up from from SEK 342 billion at 31 March 2023, mainly through a foreign currency gain of SEK 10.2 billion, an unrealised fair value loss of SEK 7.4 billion and capital expenditures of SEK 2.0 billion. The portfolio includes 162,166 homes across ten markets. Residential units made up 92.4% of fair value and 55.4% of residential income comes from regulated units.

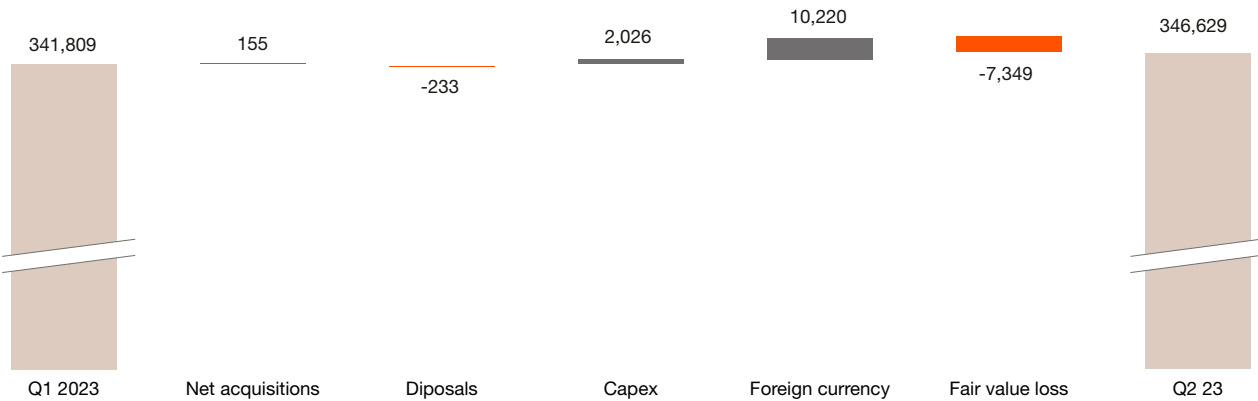
Valuation of Heimstaden’s portfolio is performed by independent external valuers each quarter. For more details, see Note 3.1 on page 59 in the 2022 Annual Report.

The decrease in fair value in Q2 2023 was primarily driven by sentiment-based yield increases (in some cases supported by a limited number of individual comparable transactions)

outweighing the positive effects of rent increases in Heimstaden Bostad’s larger markets (Sweden, Germany, Denmark and Netherlands). In addition, in the Netherlands, the negative owner-occupier house price outlook has further negatively impacted values. These negative movements were mitigated to a small extent by value increases in Czech Republic. Values in Norway, Finland, Poland and the United Kingdom were relatively stable with some minor movements and Iceland benefitted from owner-occupier HPI increases.

In Iceland, Heimstaden has already completed the sale of the first units in the second quarter and anticipates increase in the number of units sold in the future. This strategic move aligns with the objective to optimize the portfolio while continuing to deleverage.

Fair Value Development  
SEK million





# Capital Expenditures

### Four pillars of capital expenditures

Heimstaden allocates CAPEX across two main segments: value preserving and value increasing. These non-recurring projects aim to upgrade, extend or improve the quality and lifetime of an existing asset with little mandatory commitment while maintaining high optionality.

Those segments are built upon four categories. Value preserving segment holds all maintenance CAPEX while the value increasing segment is comprised of Sustainability Capex, Tenant Improvements, and Value add CAPEX.

### Maintenance

Maintenance capex projects preserve the value of an asset or improve tenant quality and satisfaction. All spend is measured individually and alternative investment calculations are carried out considering when to repair vs replace.

### Sustainability

Sustainability capex projects contribute to the Company's ESG targets and Climate Roadmap by reducing either energy consumption through efficiency measures or CO<sub>2</sub> emissions through fuel shifts. Projects are evaluated from both an emission reduction perspective as well as a financial.

### Tenant improvements

Unit refurbishments are carried out at churn when deemed economically viable. Primarily made up of residential units, but can include improvements on the commercial leases as well. All spend is optional and viewed on a case-by-case basis where accretive to the business plan.

### Value add Capex

Value add Projects carried out opportunistically within standing assets to increase the value and grow NOI. Projects include extensions adding rentable square meters, attic apartment conversions, infill buildings, and income producing property upgrades. All projects evaluated and approved on case-by-case basis as per group authority matrix.

### Capital Expenditures<sup>1</sup>

SEK million	Q2 2023		YTD 2023		Q2 2022		YTD 2022	
	%	SEK million	%	SEK million	%	SEK million	%	SEK million
Sweden	0.4	418	0.8	791	0.7	747	1.2	1,193
Germany	0.2	198	0.4	400	0.2	156	0.3	243
Denmark	0.2	162	0.3	242	0.1	39	0.3	232
Netherlands	0.8	229	1.5	459	0.7	191	1.2	332
Czech Republic	0.8	189	1.4	324	0.9	177	1.4	244
Norway	0.1	9	0.1	30	0.2	48	0.4	73
Iceland	0.4	21	0.8	42	0.2	10	0.4	19
Finland	1.1	41	1.5	59	1.3	15	1.5	15
<b>Total</b>	<b>0.4</b>	<b>1,269</b>	<b>0.7</b>	<b>2,347</b>	<b>0.4</b>	<b>1,335</b>	<b>0.8</b>	<b>2,353</b>

<sup>1</sup> Capital expenditure on standing assets

# Signed Acquisitions

Heimstaden expands and improves its portfolio through acquisitions of standing assets and newbuilds. No new signed acquisitions have been made during the quarter.

Newbuild investments are structured either as forward purchase or forward funding. In a forward purchase transaction, Heimstaden commits to buying new turnkey investment properties, which are not recognised on the balance sheet until delivery.

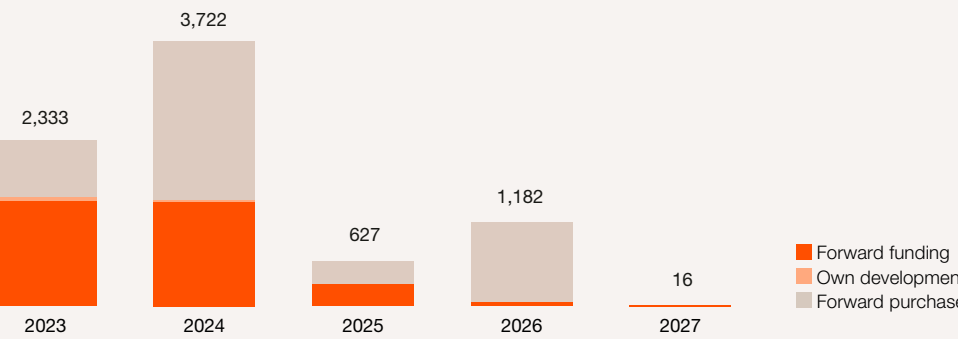
In a forward funding transaction, Heimstaden incurs capex throughout the development phase based on construction milestones, but do not take on direct development risk. To mitigate counterparty risk, Heimstaden performs thorough due diligence and only partners with robust and experienced counterparties.

In Q2 2023, Heimstaden has reached an agreement with a turnkey developer to buy themselves out of the contract to deliver a forward project of SEK 315 million.

Heimstaden has forward funding contracts with a total capital expenditure commitment of SEK 3.4 billion. The total pipeline of signed acquisitions, including standing assets and newbuilds, amounts to SEK 4.5 billion. For more details, see Note 13.

### Remaining Commitments

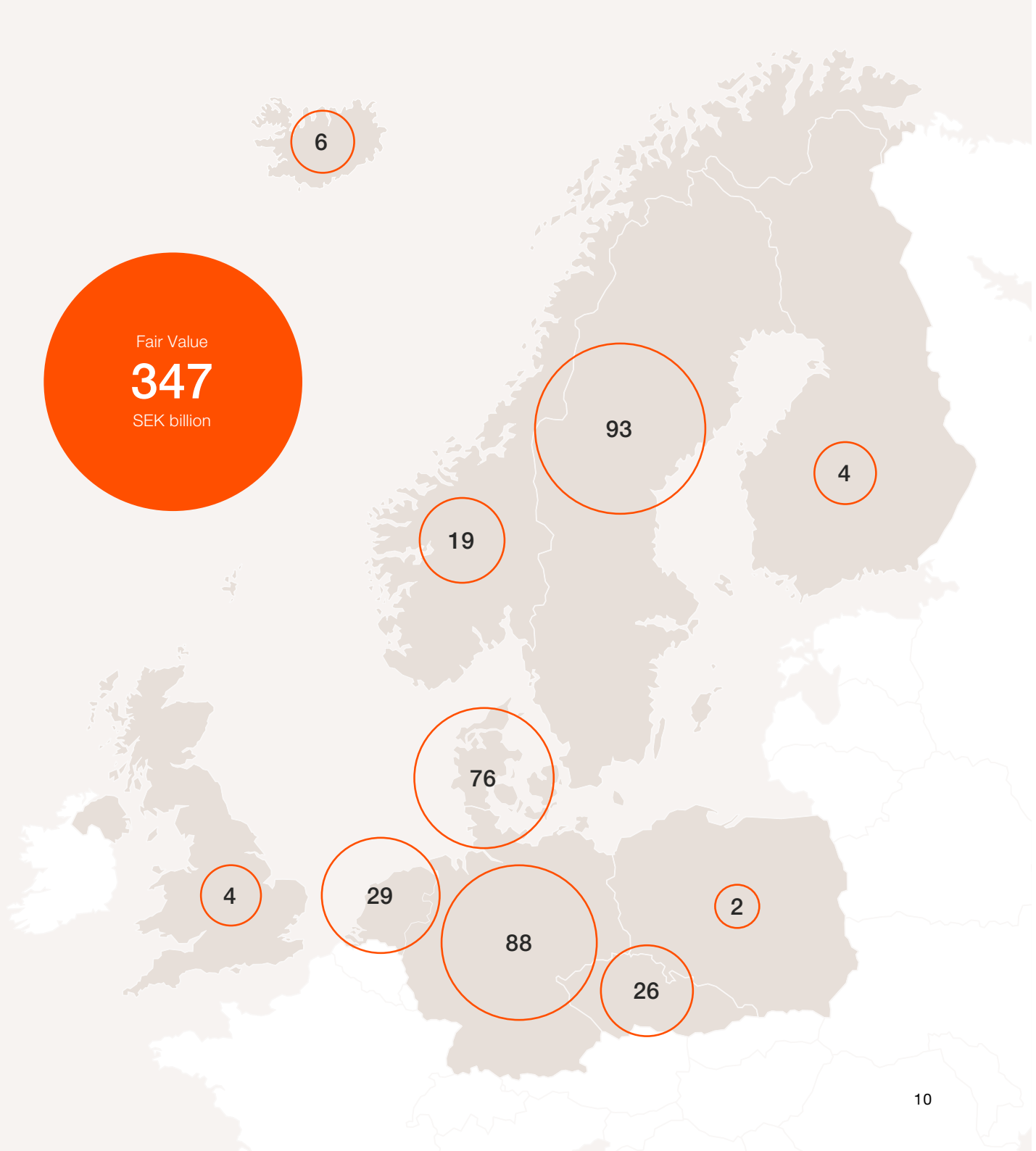
SEK million



# Portfolio Overview

Country	Fair Value, SEK million	Homes, units	Fair Value /sqm, SEK	Residential Area, %	Regulated Income, <sup>1</sup> %	Real Economic Occupancy, %
Sweden	93,219	45,688	27,927	90.2	100.0	99.3
Germany	88,102	29,708	44,087	90.6	100.0	98.8
Denmark	76,286	20,616	37,725	94.5	14.5	96.9
Netherlands	28,714	13,417	27,158	98.1	52.0	99.7
Czech Republic	26,121	42,593	10,006	95.9	26.1	96.8
Norway	18,667	4,004	86,648	86.0	0.0	99.2
Iceland <sup>2</sup>	6,013	1,625	39,545	100.0	0.0	99.9
United Kingdom	4,008	664	62,023	96.9	0.0	83.8
Finland	3,976	3,168	21,448	95.6	0.0	93.3
Poland	1,522	683	41,382	88.5	0.0	92.4
Total	346,629	162,166	29,617	92.4	55.4	98.2

<sup>1</sup> Residential units  
<sup>2</sup> Properties in Iceland are owned 100% by Heimstaden AB.



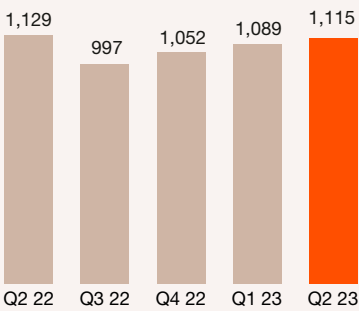


# Sweden

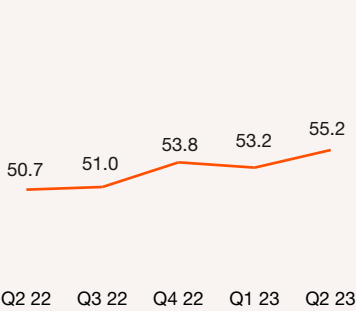
		Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Rental income	SEK m	1,115	1,089	1,129	2,204	2,160
Net operating income	SEK m	674	550	597	1,224	1,138
Net operating income margin	%	60.5	50.5	52.9	55.5	52.7
Like-for-like rental income growth	%	5.4	3.1	2.9	4.3	3.0
Real economic occupancy	%	99.3	99.1	98.9	99.2	99.0
Fair value of investment properties	SEK m	93,219	95,028	102,152	93,219	102,152
Fair value change	SEK m	-2,527	-3,173	-154	-5,700	854
Capital expenditures	SEK m	718	766	1,082	1,484	2,191
Average valuation yield requirement <sup>1</sup>	%	3.2	3.0	2.7	3.2	2.7
Acquisitions	SEK m	–	24	1,754	24	1,833
Disposals	SEK m	–	-33	-453	-33	-456



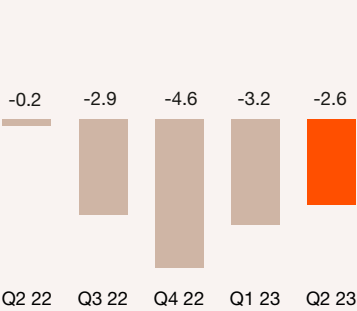
Rental Income  
SEK million



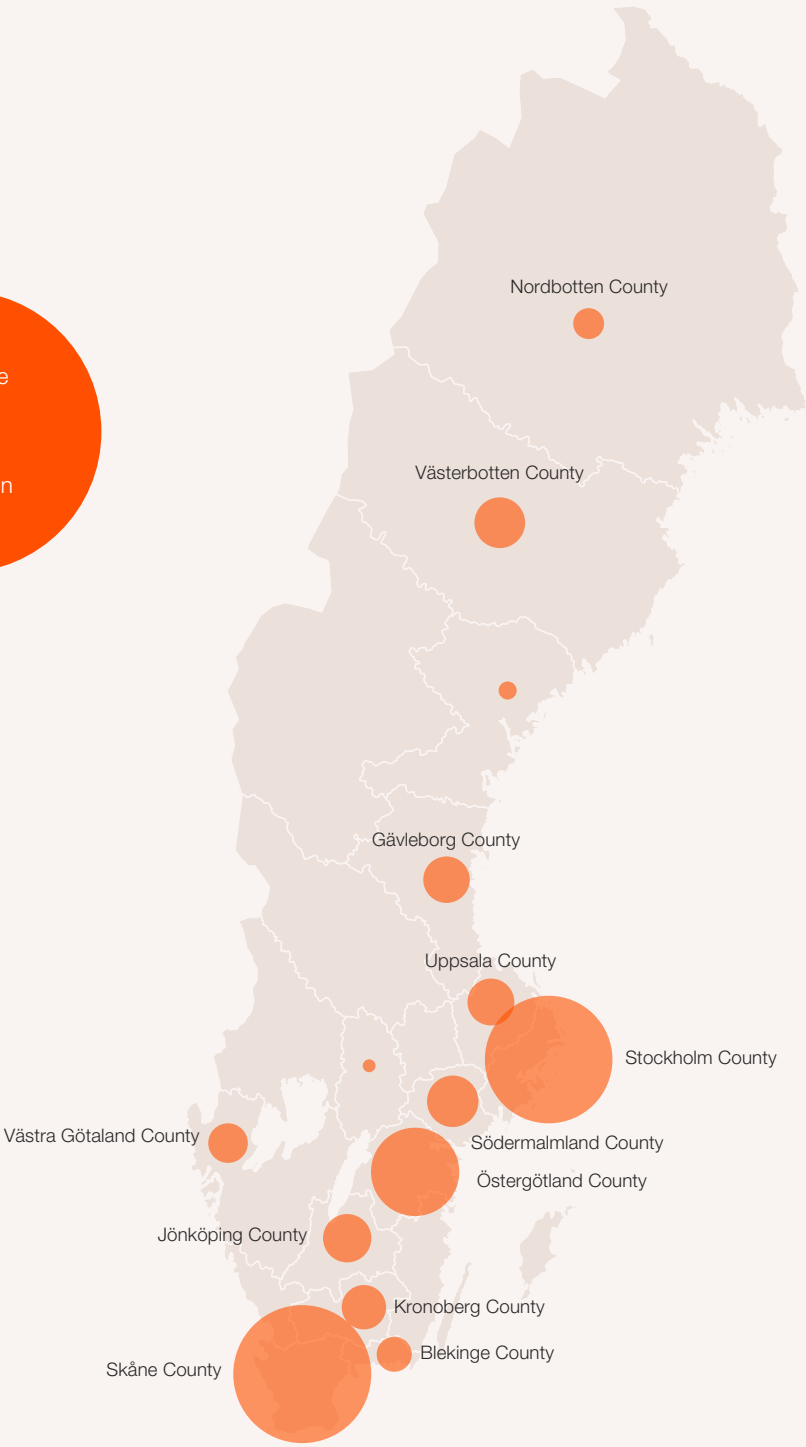
Net Operating Income Margin  
Last twelve months, %



Fair Value Change  
%



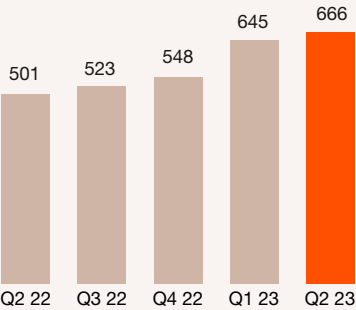
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.



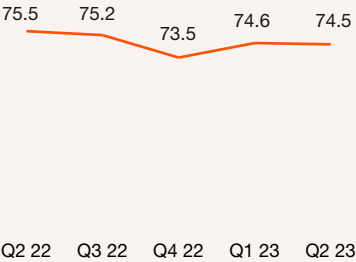
# Germany

		Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Rental income	SEK m	666	645	501	1,311	994
Net operating income	SEK m	507	503	385	1,009	752
Net operating income margin	%	76.0	77.9	76.8	77.0	75.6
Like-for-like rental income growth	%	5.3	3.2	8.0	5.4	15.7
Real economic occupancy	%	98.8	99.2	98.5	99.0	98.4
Fair value of investment properties	SEK m	88,102	87,798	82,115	88,102	82,115
Fair value change	SEK m	-3,656	-6,189	1,519	-9,845	5,032
Capital expenditures	SEK m	198	202	157	400	290
Average valuation yield requirement <sup>1</sup>	%	2.6	2.5	2.3	2.6	2,3
Acquisitions	SEK m	–	–	2,620	–	2,620
Disposals	SEK m	–	–	-4	–	-4

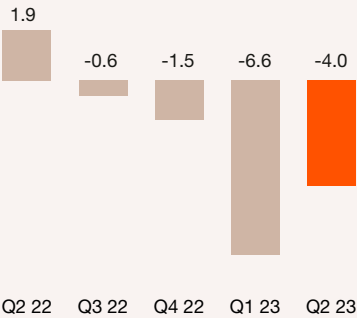
**Rental Income**  
SEK million



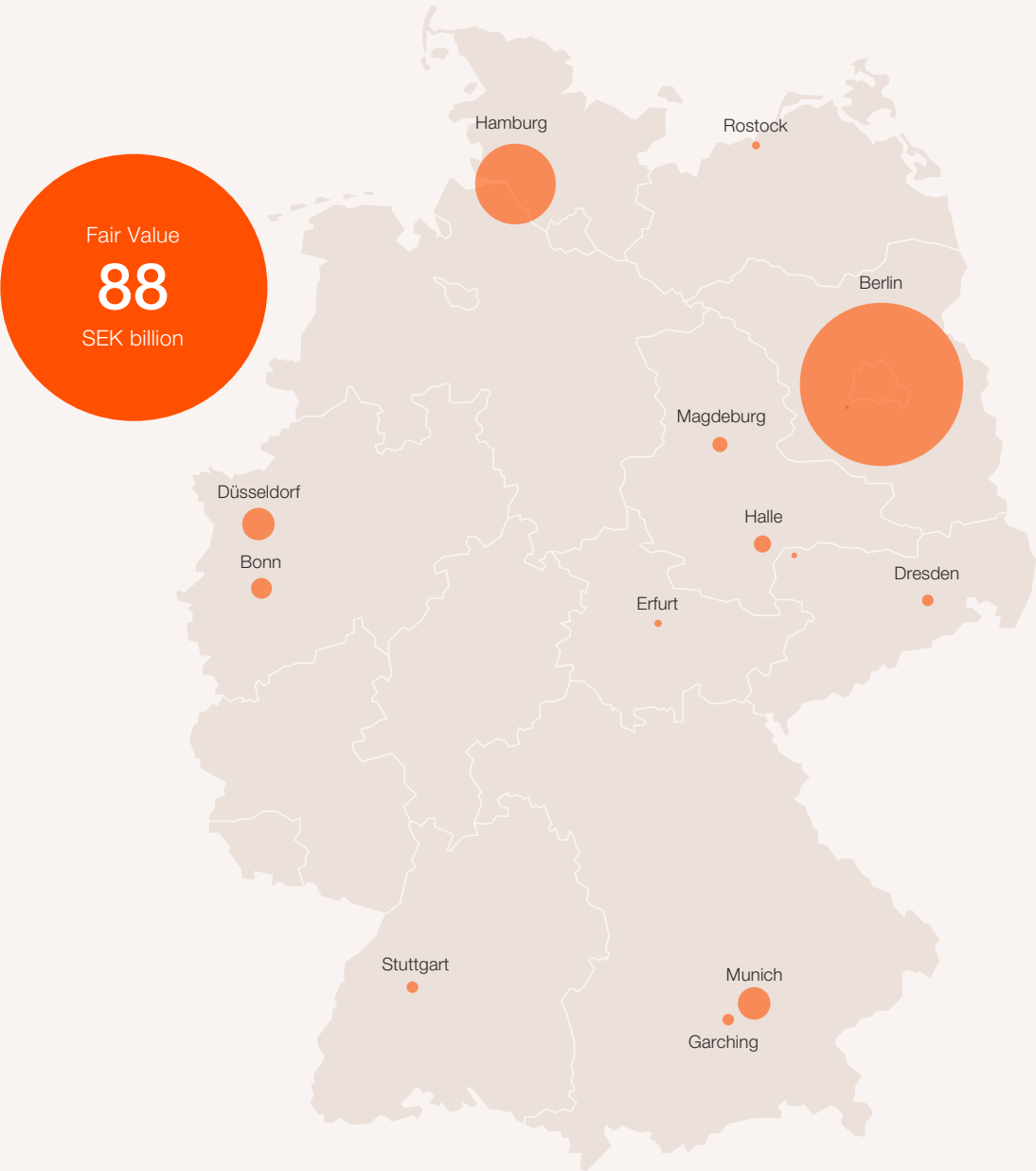
**Net Operating Income Margin**  
Last twelve months, %



**Fair Value Change**  
%



<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

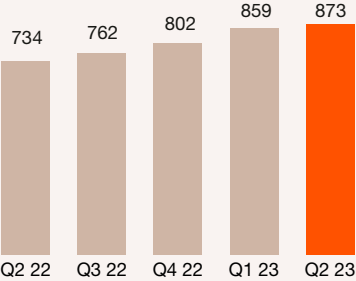




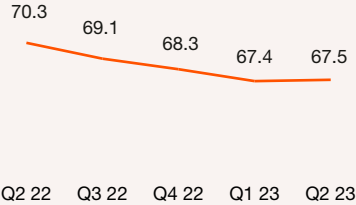
# Denmark

		Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Rental income	SEK m	873	859	734	1,732	1,462
Net operating income	SEK m	605	568	507	1,173	1,014
Net operating income margin	%	69.3	66.1	69.1	67.7	69.6
Like-for-like rental income growth	%	1.0	2.6	6.2	1.2	6.6
Real economic occupancy	%	96.9	96.6	98.5	96.7	98.8
Fair value of investment properties	SEK m	76,286	73,064	73,918	76,286	73,918
Fair value change	SEK m	-528	-3,196	455	-3,724	1,805
Capital expenditures	SEK m	300	243	193	543	644
Average valuation yield requirement <sup>1</sup>	%	4.1	4.1	3.5	4.1	3,5
Acquisitions	SEK m	38	1,652	1,355	1,690	1,627
Disposals	SEK m	–	–	-6	–	-6

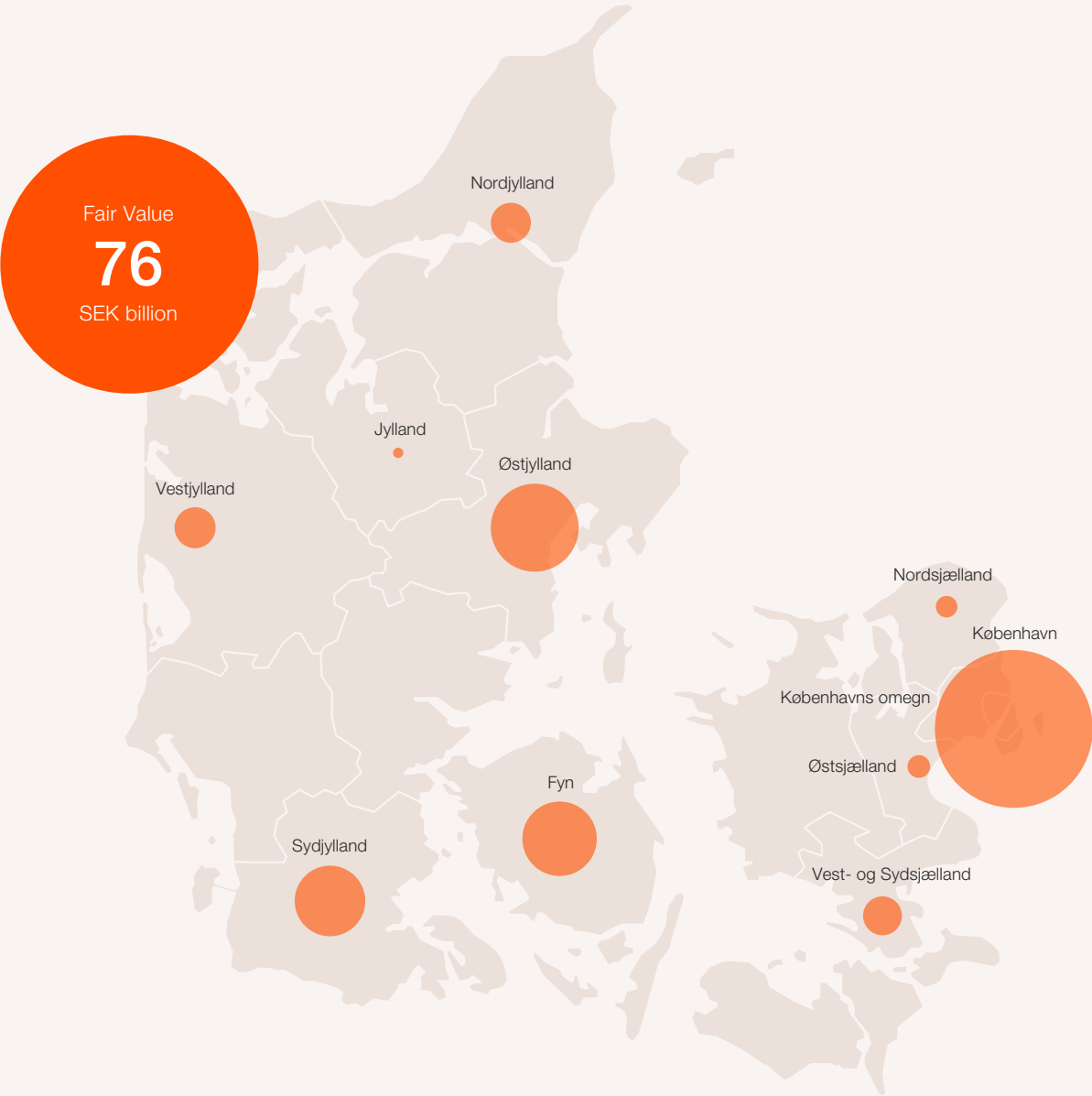
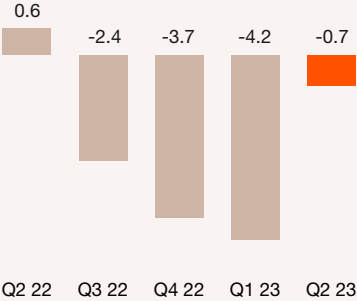
Rental Income  
SEK million



Net Operating Income Margin  
Last twelve months, %



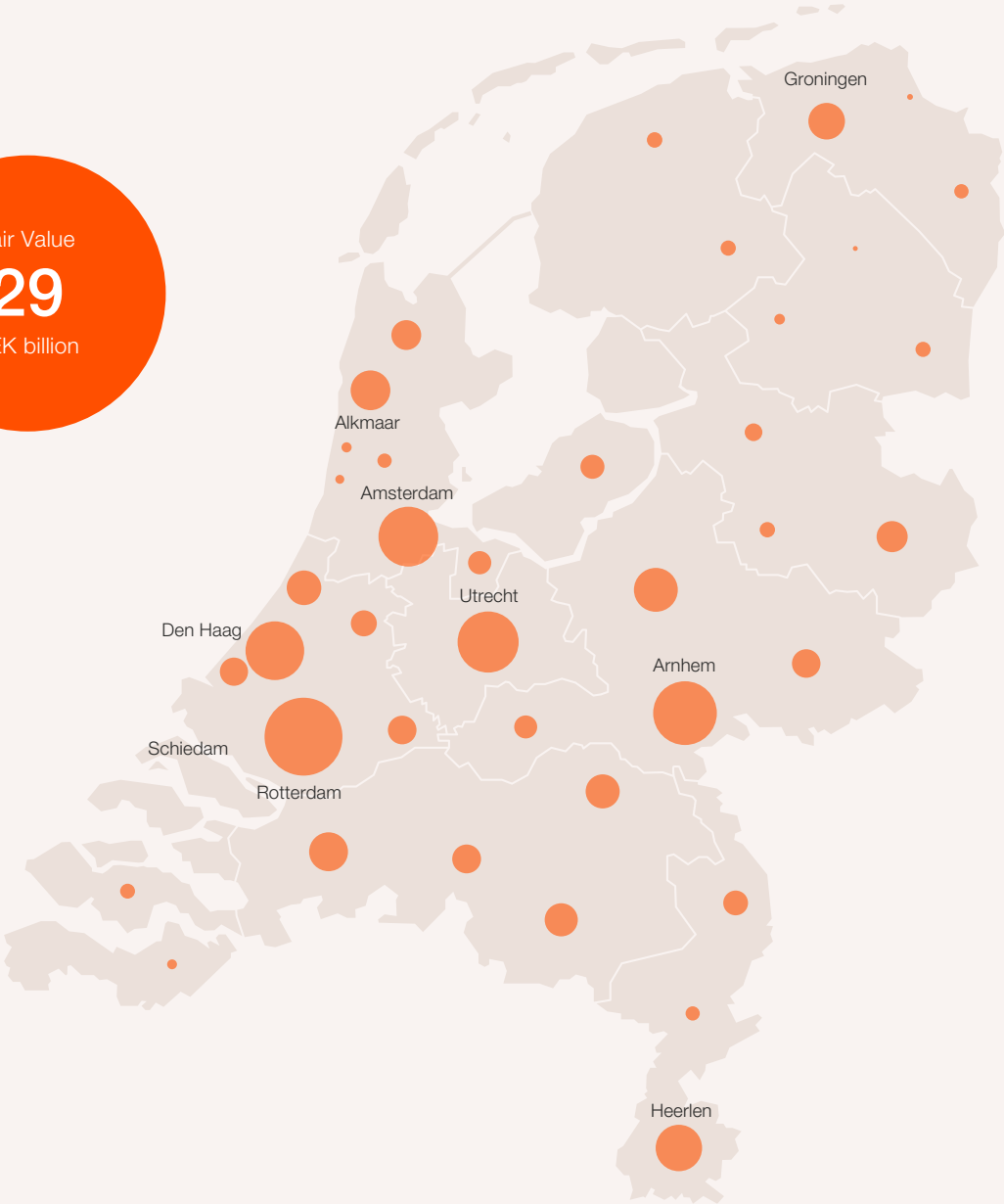
Fair Value Change  
%



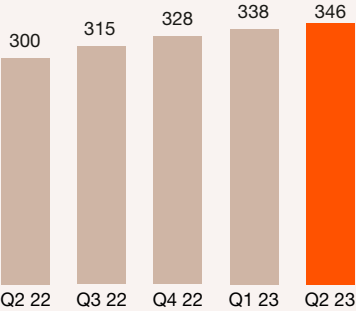
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

# Netherlands

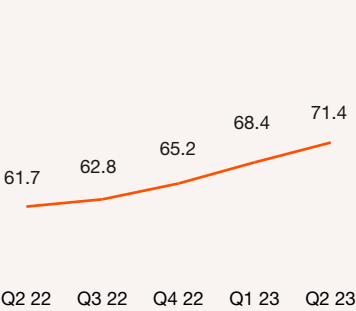
		Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Rental income	SEK m	346	338	300	684	599
Net operating income	SEK m	272	247	200	519	382
Net operating income margin	%	78.5	73.2	66.7	75.9	63.6
Like-for-like rental income growth	%	4.8	4.9	2.2	4.8	3.0
Real economic occupancy	%	99.7	99.8	99.5	99.8	99.6
Fair value of investment properties	SEK m	28,714	28,176	30,798	28,714	30,798
Fair value change	SEK m	-862	-2,398	631	-3,260	1,619
Capital expenditures	SEK m	229	230	191	459	332
Average valuation yield requirement <sup>1</sup>	%	3.7	3.6	2.8	3.7	3.3
Acquisitions	SEK m	–	–	196	–	196
Disposals	SEK m	-55	-15	-3	-71	-5



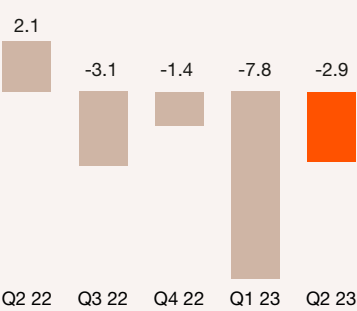
Rental Income  
SEK million



Net Operating Income Margin  
Last twelve months, %



Fair Value Change  
%

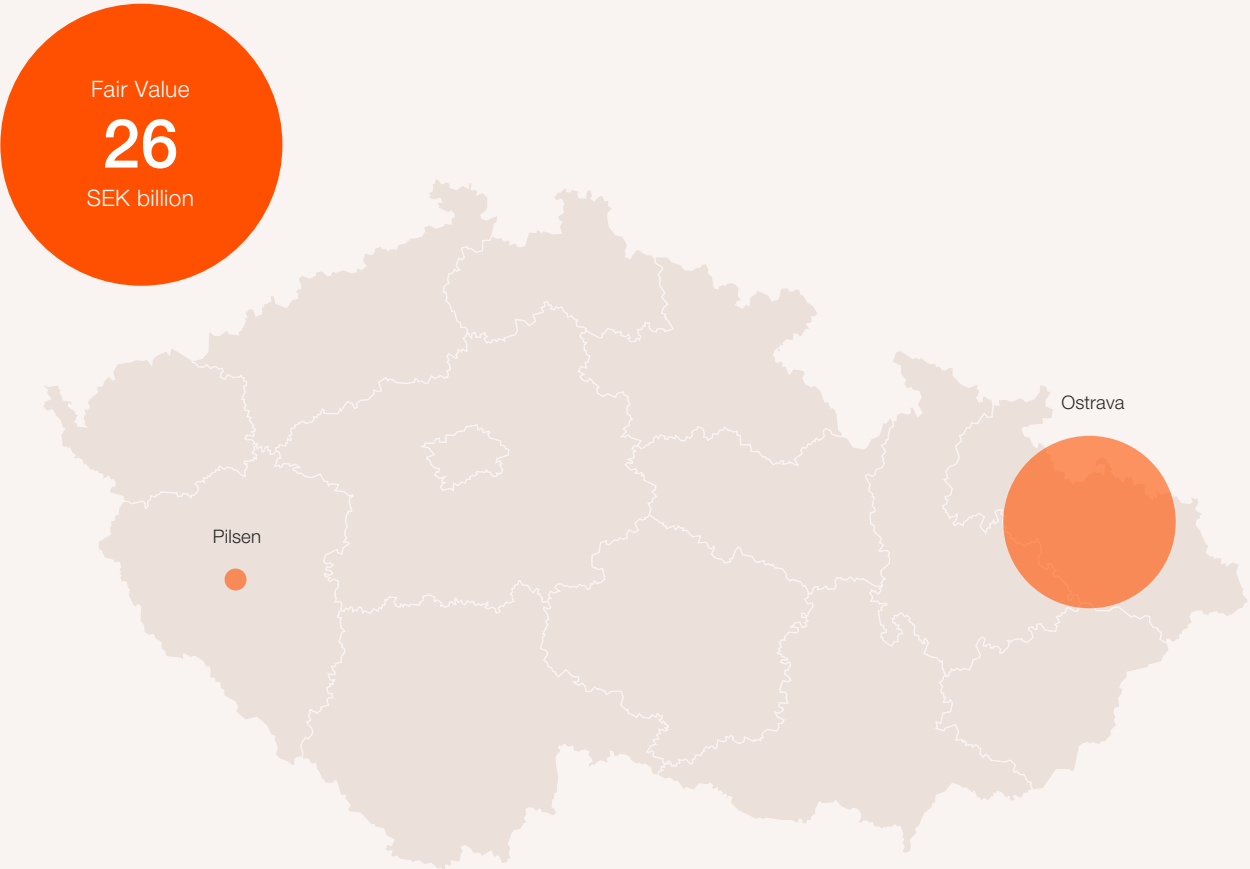


<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

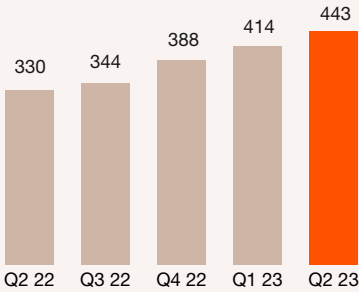


# Czech Republic

		Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Rental income	SEK m	443	414	330	858	650
Net operating income	SEK m	324	301	230	624	454
Net operating income margin	%	73.0	72.6	69.8	72.8	69.9
Like-for-like rental income growth	%	15.8	15.6	7.9	15.7	7.2
Real economic occupancy	%	96.8	97.1	97.0	96.9	96.7
Fair value of investment properties	SEK m	26,121	24,883	21,165	26,121	21,165
Fair value change	SEK m	240	386	990	628	1,984
Capital expenditures	SEK m	189	135	177	324	270
Average valuation yield requirement <sup>1</sup>	%	4.6	4.6	4.5	4.6	4.5
Acquisitions	SEK m	–	–	–	–	–
Disposals	SEK m	-5	–	-1	-5	-1



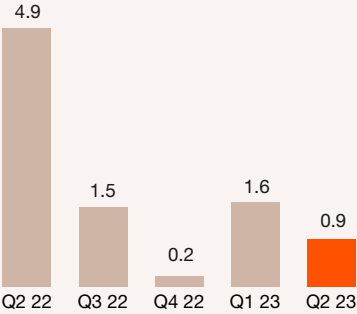
**Rental Income**  
SEK million



**Net Operating Income Margin**  
Last twelve months, %



**Fair Value Change**  
%



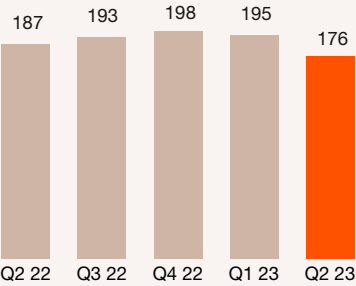
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

# Norway

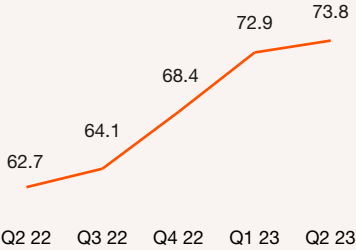
		Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Rental income	SEK m	176	195	185	371	367
Net operating income	SEK m	136	150	131	287	235
Net operating income margin	%	77.3	77.3	70.8	77.3	64.0
Like-for-like rental income growth	%	8.0	7.4	9.9	7.6	7.0
Real economic occupancy	%	99.2	99.3	98.0	99.3	96.9
Fair value of investment properties	SEK m	18,667	18,363	20,809	18,667	20,809
Fair value change	SEK m	-10	717	234	706	1,325
Capital expenditures	SEK m	64	46	119	110	203
Average valuation yield requirement <sup>1</sup>	%	3.0	3.0	2.7	2.5	2.7
Acquisitions	SEK m	–	–	124	–	124
Disposals	SEK m	24	-1,357	-6	-1,333	-6



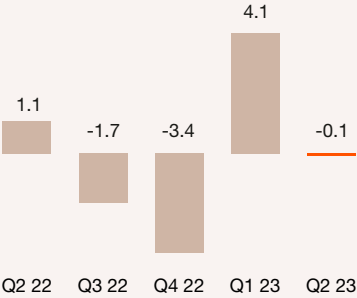
Rental Income  
SEK million



Net Operating Income Margin  
Last twelve months, %



Fair Value Change  
%

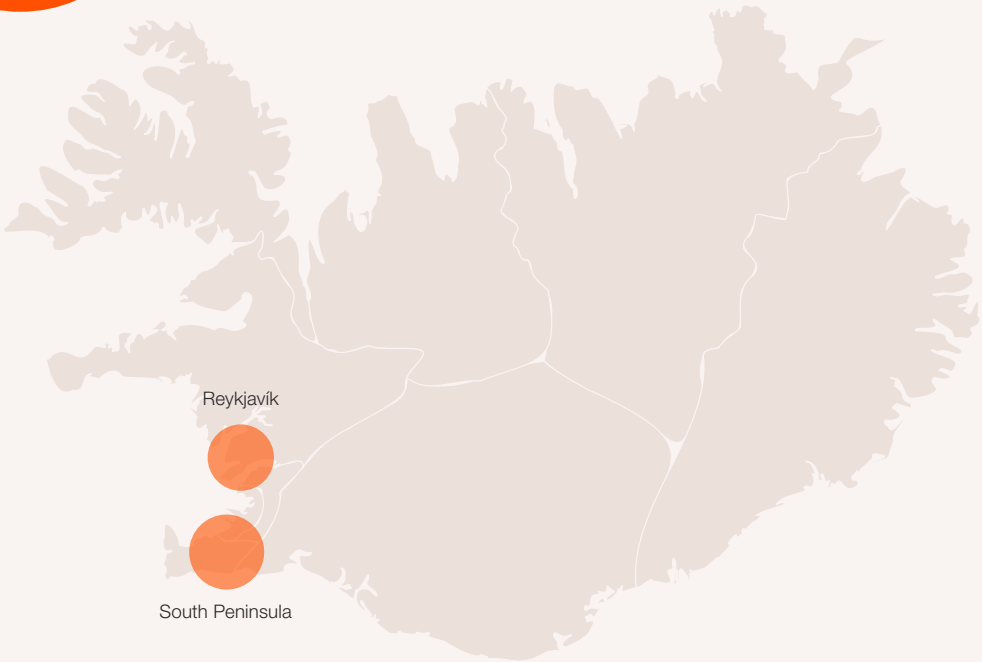


<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.



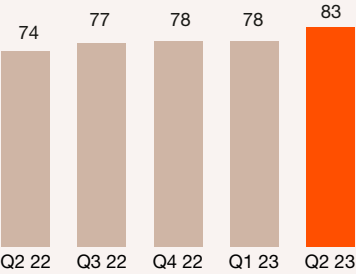
# Iceland

		Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Rental income	SEK m	83	78	74	161	142
Net operating income	SEK m	58	51	49	109	91
Net operating income margin	%	69.2	65.2	66.4	67.4	64.20
Like-for-like rental income growth	%	11.0	13.3	n/a	12.1	n/a
Real economic occupancy	%	99.9	99.9	97.0	99.9	99.20
Fair value of investment properties	SEK m	6,013	5,903	5,597	6,013	5,597
Fair value change	SEK m	52	151	441	202	555
Capital expenditures	SEK m	21	21	10	42	19
Average valuation yield requirement <sup>1</sup>	%	4.2	4.4	4.3	4.2	4.3
Acquisitions	SEK m	–	–	–	–	–
Disposals	SEK m	-225	–	–	-225	–



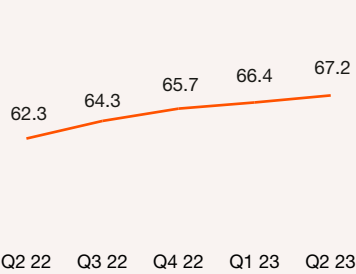
## Rental Income

SEK million



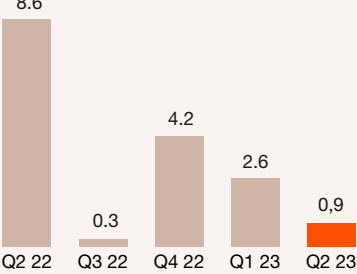
## Net Operating Income Margin

Last twelve months, %



## Fair Value Change

%



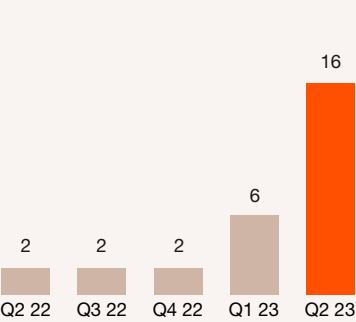
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

# United Kingdom

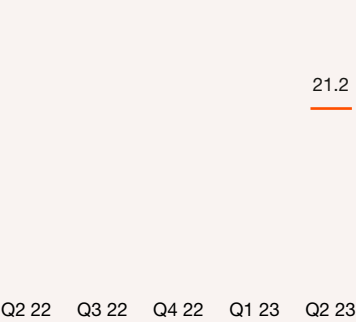
		Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Rental income	SEK m	16	6	2	23	4
Net operating income	SEK m	6	0	0	6	1
Net operating income margin	%	38.5	N/A	N/A	26.5	N/A
Like-for-like rental income growth	%	3.0	7.1	N/A	N/A	N/A
Real economic occupancy	%	83.8	85.7	97.9	84.8	98.4
Fair value of investment properties	SEK m	4,008	3,569	2,116	4,008	2,116
Fair value change	SEK m	-37	325	86	289	230
Capital expenditures	SEK m	233	334	327	567	568
Average valuation yield requirement <sup>1</sup>	%	4.3	4.2	4.5	4.3	4.5
Acquisitions	SEK m	–	–	–	–	268
Disposals	SEK m	–	–	–	–	–



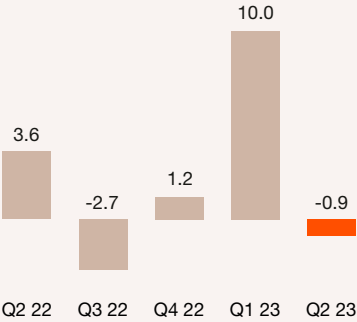
Rental Income  
SEK million



Net Operating Income Margin  
Last twelve months, %



Fair Value Change  
%



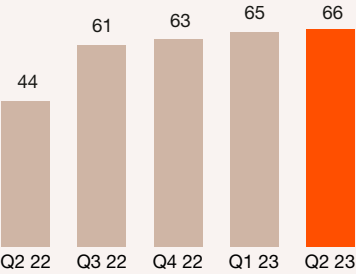
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

# Finland

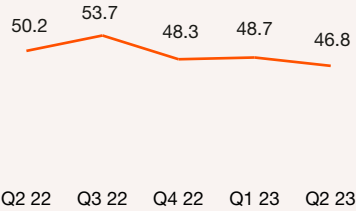
		Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Rental income	SEK m	66	65	44	130	69
Net operating income	SEK m	31	28	25	59	33
Net operating income margin	%	46.9	43.9	56.6	45.4	48.3
Like-for-like rental income growth	%	0.8	0.5	N/A	N/A	N/A
Real economic occupancy	%	93.3	93.8	95.9	93.6	95.7
Fair value of investment properties	SEK m	3,976	3,804	3,408	3,976	3,408
Fair value change	SEK m	-38	-106	119	-144	209
Capital expenditures	SEK m	41	17	15	59	15
Average valuation yield requirement <sup>1</sup>	%	4.3	4.2	4.8	4.3	4.8
Acquisitions	SEK m	–	–	1,962	–	1,962
Disposals	SEK m	–	–	–	–	–



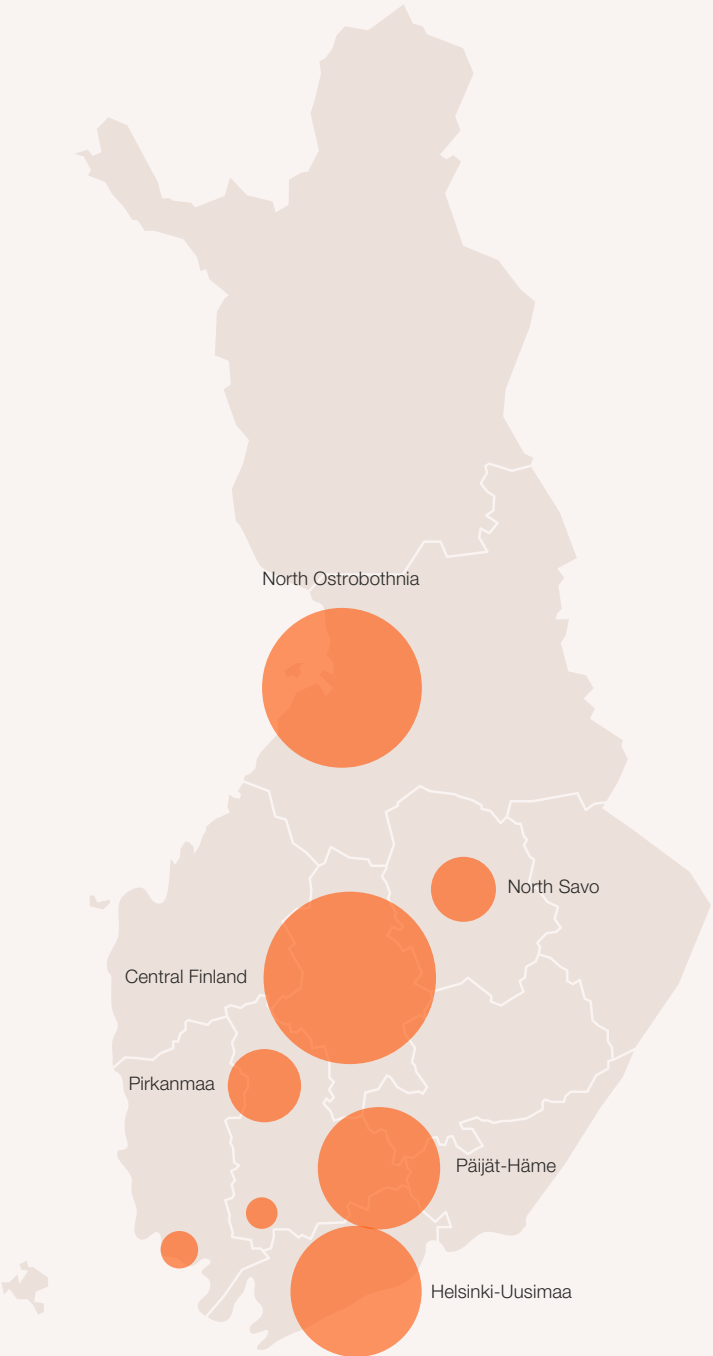
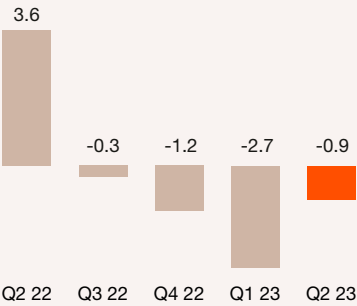
Rental Income  
SEK million



Net Operating Income Margin  
Last twelve months, %



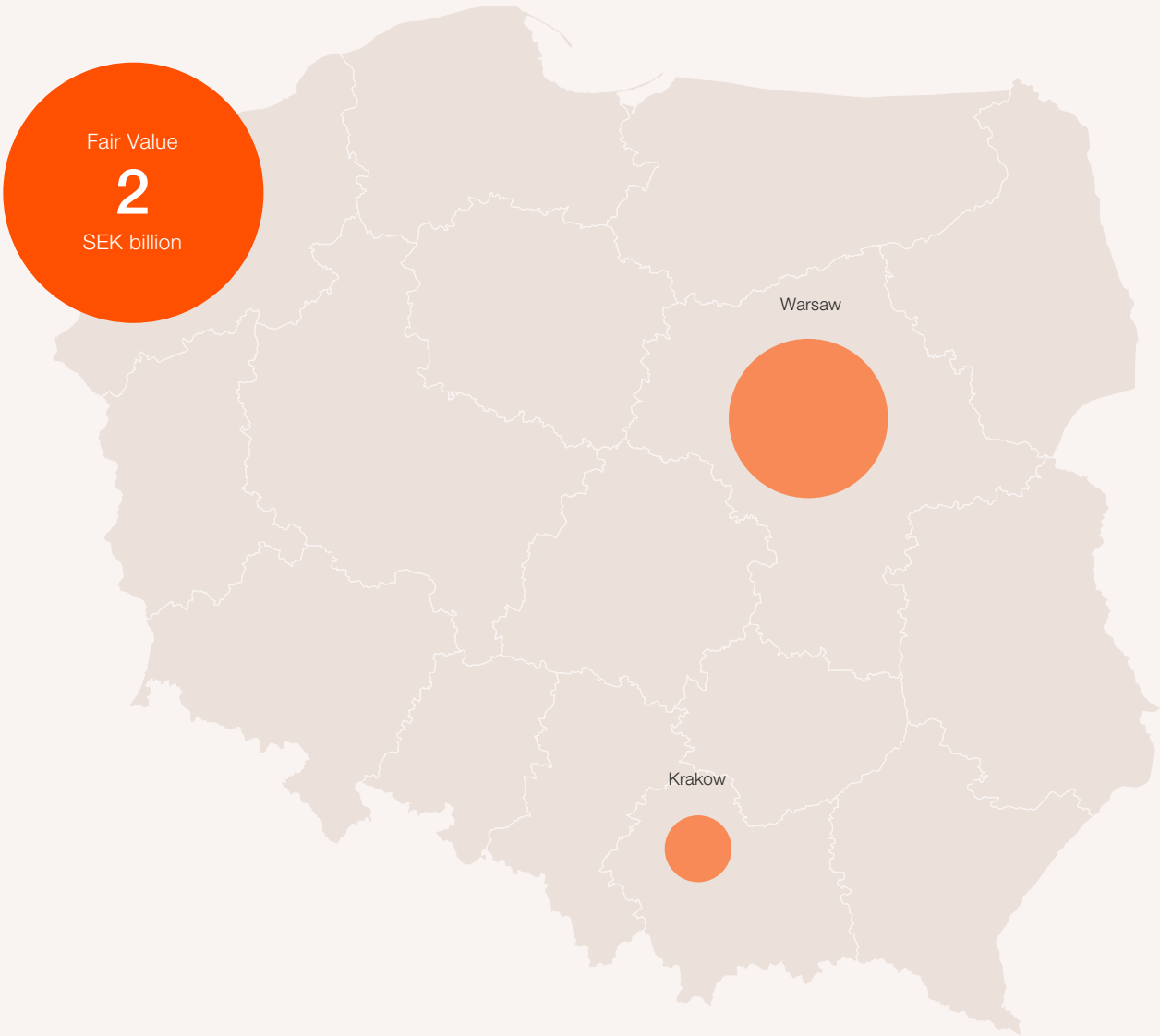
Fair Value Change  
%



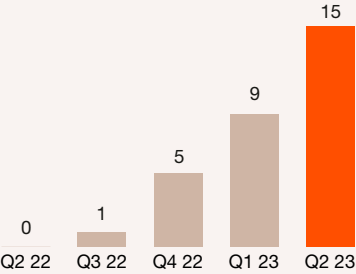
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

# Poland

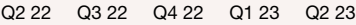
		Q2 2023	Q1 2023	YTD 2023
Rental income	SEK m	15	9	24
Net operating income	SEK m	10	4	14
Net operating income margin	%	65.1	43.5	57.2
Like-for-like rental income growth	%	N/A	N/A	N/A
Real economic occupancy	%	92.4	96.3	93.9
Fair value of investment properties	SEK m	1,522	1,221	1,522
Fair value change	SEK m	17	6	23
Capital expenditures	SEK m	33	50	83
Average valuation yield requirement <sup>1</sup>	%	5.6	5.4	5.6
Acquisitions	SEK m	117	127	244
Disposals	SEK m	–	–	–



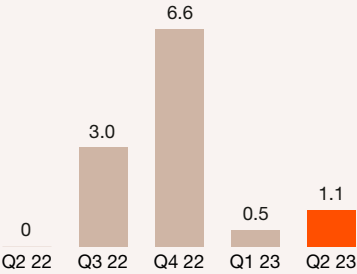
**Rental Income**  
SEK million



**Net Operating Income Margin**  
Last twelve months, %



**Fair Value Change**  
%



<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.



# Financing Overview

Owning, managing, and developing residential real estate require stable and favourable access to capital. We safeguard the availability of borrowed capital at competitive terms through a well-diversified financing structure and by owning high-quality properties that generate solid cash flows. In current market conditions, the focus is on obtaining local bank financing by utilizing the property portfolio’s geographical diversification, and secured financing is obtainable in substantial volumes. Despite recent volatility, interest, and priority for funding residential real estate remain intact in the banking sector. In the short term, secured financing will be a higher proportion of the overall composition of the funding mix.

### Finance Policy<sup>1</sup>

Heimstaden Bostad’s financial policy has undergone a review and has recently been updated to better align with the current market circumstances and longerterm fluctuations of business cycles of varying inflationary and interest rates environments and in accordance with S&P’s change of rating thresholds. Selected elements are modified with the fundamental guidelines and objectives of the policy unchanged.

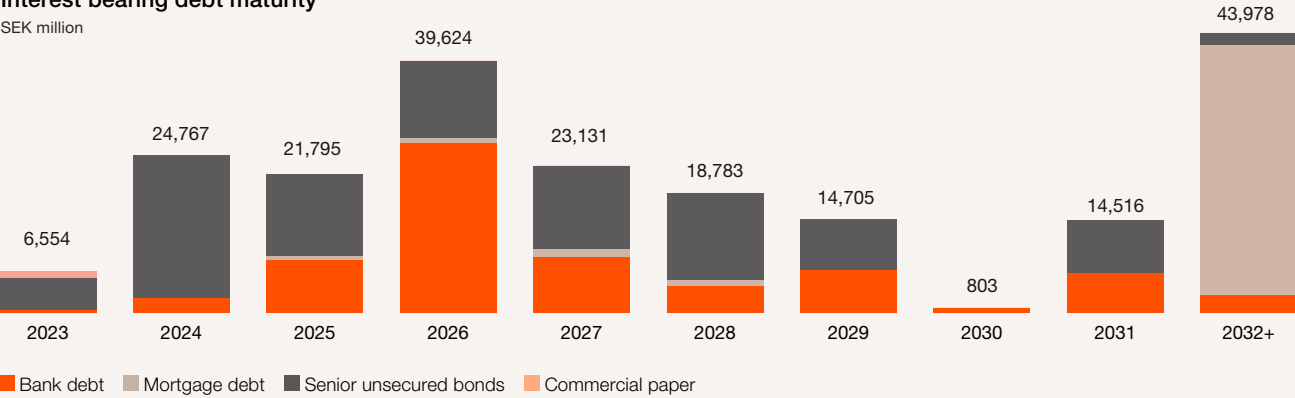
Net interest bearing debt amounts to SEK 198,319 million (187,671). The Net loan to-value increased during the quarter to 57.2% (54.9%) due to negative unrealised fair value change on the investment properties.

For more information on Heimstaden’s debt portfolio, visit [www.heimstaden.com](http://www.heimstaden.com).

<sup>1</sup> The financial policy represents public guidance determined by the board of directors.

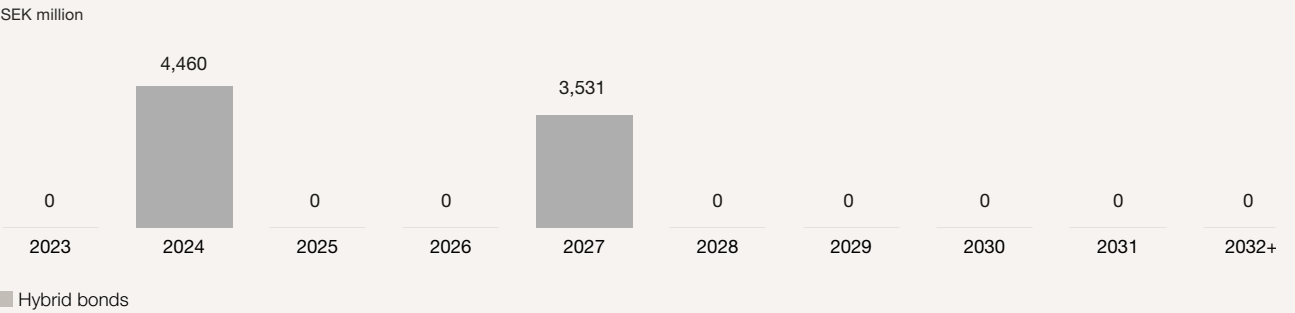
### Interest bearing debt maturity

SEK million



### Hybrid bonds call dates

SEK million



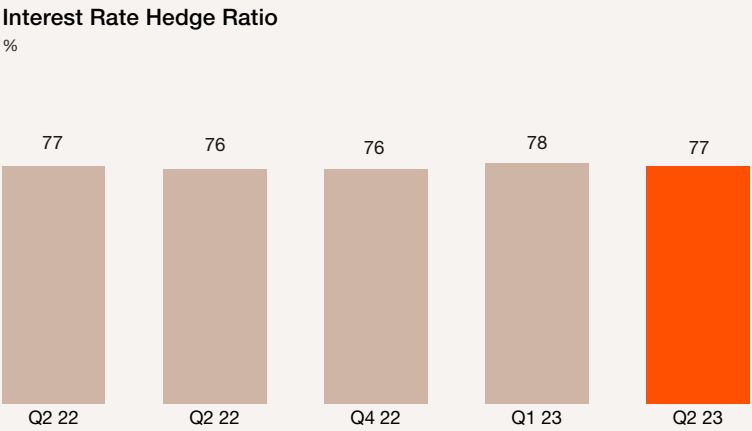
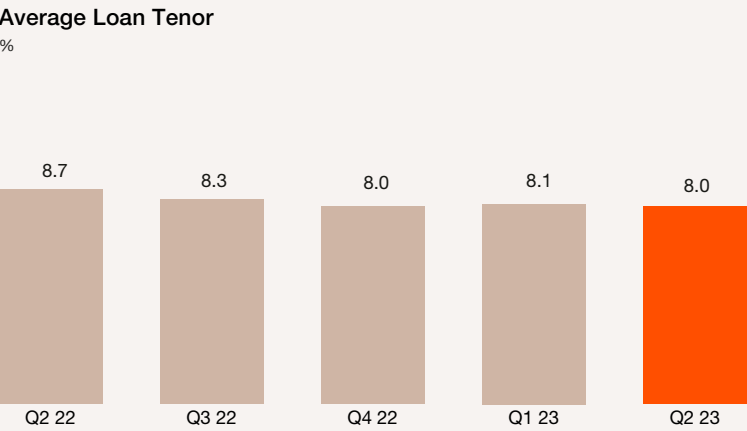
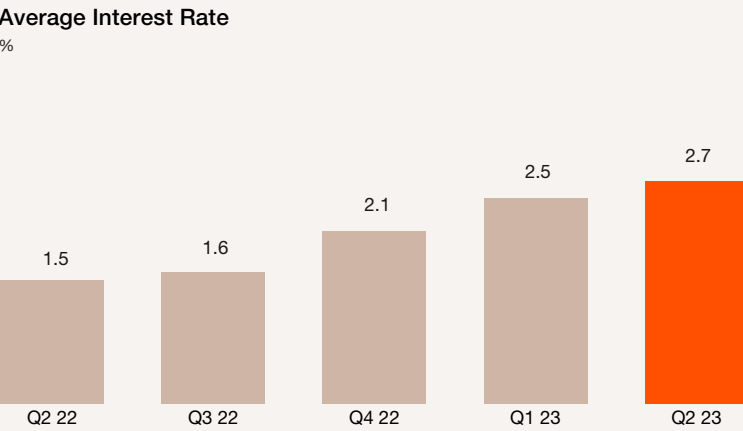
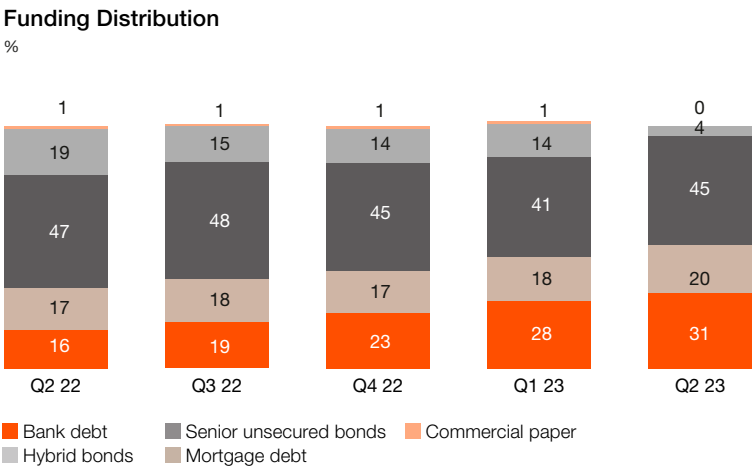
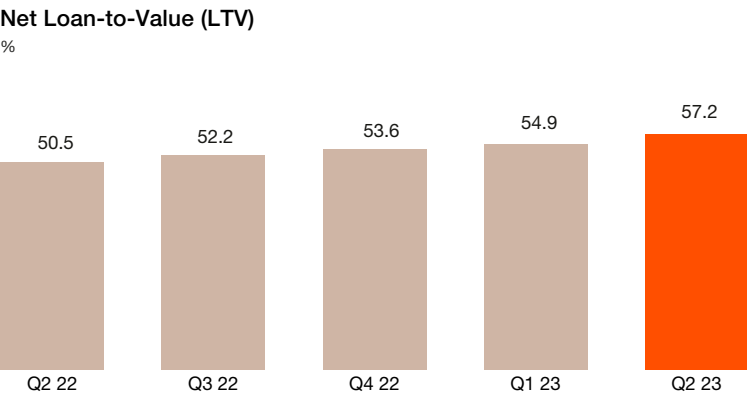
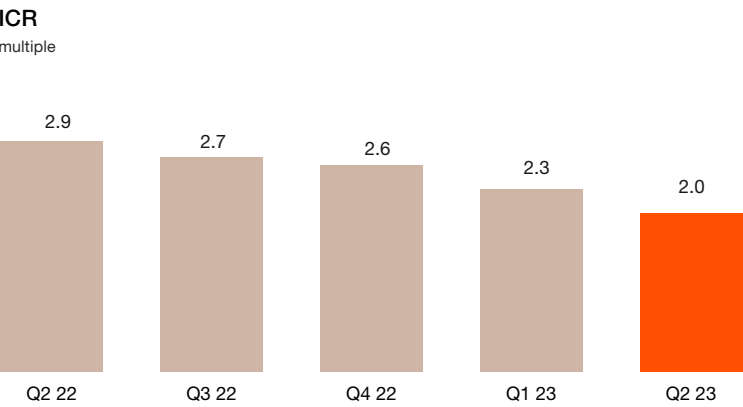
BB+

Fitch credit rating  
of Heimstaden

BBB

S&P and Fitch credit ratings  
of Heimstaden Bostad

# Credit Metrics



# Condensed Consolidated Financial Statements and Notes

## Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Comprehensive Income	24
Condensed Consolidated Statement of Financial Position	25
Condensed Consolidated Statement of Changes in Equity	26
Condensed Consolidated Cash Flow Statement	27
Notes to the Condensed Consolidated Financial Statements	28
1. Accounting Principles	28
2. Related Parties	28
3. Segment Reporting	29
4. Rental Income	31
5. Other Operating Expenses	31
6. Investment Properties	32
7. Intangible Assets	33
8. Investments in Associated companies and Joint Ventures	33
9. Inventory Properties	33
10. Financial Assets and Liabilities	34
11. Fair Value Measurements of Financial Instruments	35
12. Equity	36
13. Commitments and Contingencies	36
14. Subsequent Events	36

## Condensed Parent Company Financial Statements

Parent Company Income Statement	37
Parent Company Statement of Comprehensive Income	37
Parent Company Statement of Financial Position	38
Parent Company Statement of Changes in Equity	39
Parent Company Statement of Cash Flows	40

Earnings Capacity	41
Alternative Performance Measures	42
Heimstaden AB Standalone	44

# Condensed Consolidated Statement of Comprehensive Income

SEK million	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Rental income	3, 4	3,800	3,292	7,499	6,446	13,204
Service charges paid by tenants	3, 4	414	240	931	572	1,229
Property expenses	3	-1,592	-1,416	-3,405	-2,928	-5,935
<b>Net operating income<sup>1</sup></b>		<b>2,623</b>	<b>2,116</b>	<b>5,024</b>	<b>4,089</b>	<b>8,497</b>
Corporate administrative expenses		-153	-169	-296	-328	-724
Other operating income		46	13	205	218	285
Other operating expenses	5	-92	-66	-181	-157	-282
<b>Profit before inventory properties and fair value adjustments</b>		<b>2,424</b>	<b>1,894</b>	<b>4,752</b>	<b>3,821</b>	<b>7,776</b>
Fair value adjustment of investment properties	6	-7,319	4,305	-20,792	13,610	-4,223
Change in value and gains/losses from sale of inventory properties	9	-5	-6	14	-19	402
<b>Operating profit/loss</b>		<b>-4,900</b>	<b>6,193</b>	<b>-16,026</b>	<b>17,412</b>	<b>3,955</b>
Share of net profits/losses of associated companies and joint ventures	8	113	-197	-335	-170	409
Impairment of intangible assets	7	–	–	-1,058	–	–
Interest income		49	–	110	68	342
Interest expenses		-1,422	-665	-2,669	-1,358	-3,253
Net currency translation gains/losses		-3,678	-2,602	-4,370	-3,320	-7,257
Fair value adjustment of derivative financial instruments		257	462	-191	883	1,115
Other financial items		-140	-1,876	503	-1,656	-2,307
<b>Profit/loss before tax</b>		<b>-9,721</b>	<b>1,314</b>	<b>-24,036</b>	<b>11,859</b>	<b>-6,995</b>
Current tax expense		-248	-261	-506	-605	-842
Deferred tax income/expense		2,812	-423	3,959	-2,693	2,028
<b>Profit/loss for the period</b>		<b>-7,157</b>	<b>631</b>	<b>-20,583</b>	<b>8,560</b>	<b>-5,809</b>
Other comprehensive income/loss	12	7,402	4,567	8,260	6,589	13,866
<b>Total comprehensive income</b>		<b>244</b>	<b>5,198</b>	<b>-12,323</b>	<b>15,149</b>	<b>8,056</b>
<b>Profit/loss for the period attributable to:</b>						
The Parent Company's shareholders		-4,560	-182	-12,216	4,125	-4,628
Non-controlling interests		-2,597	813	-8,367	4,435	-1,182
<b>Total comprehensive income for the period attributable to:</b>						
Parent Company's ordinary shareholders		-280	2,602	-7,439	8,143	3,477
Parent Company's preference shareholders		29	29	59	59	117
Non-controlling interests		495	2,567	-4,942	6,948	4,462
Average number of ordinary shares outstanding		132,040,000	132,040,000	132,040,000	132,040,000	132,040,000
Average number of preference shares outstanding		58,593,750	58,593,750	58,593,750	58,593,750	58,593,750
Earnings/loss per ordinary share (basic and diluted)		-3	61	-59	60	22

<sup>1</sup> Excludes income from inventory properties.



# Condensed Consolidated Statement of Financial Position

SEK million	Note	30 Jun 2023	31 Dec 2022	30 Jun 2022
<b>ASSETS</b>				
Investment properties	6	346,629	351,337	342,077
Intangible assets	7	16 340	16,915	17,137
Machinery and equipment		432	358	334
Investments in associated companies and joint ventures	8	9 709	9,758	795
Quoted equity investments		–	–	8,014
Derivative financial instruments	10, 11	759	836	889
Deferred tax assets		1,706	1,297	–
Other financial assets	11	3,627	3,885	3,472
<b>Total non-current assets</b>		<b>379,291</b>	<b>384,387</b>	<b>372,718</b>
Inventory properties	9	493	573	835
Rent and trade receivables		447	403	248
Other financial assets		2,026	5,011	2,018
Derivative financial instruments	10, 11	348	645	323
Prepayments		2,228	1,763	1,016
Cash and cash equivalents		9,669	11,322	9,165
<b>Total current assets</b>		<b>15,212</b>	<b>19,716</b>	<b>13,605</b>
<b>Total assets</b>		<b>394,503</b>	<b>404,103</b>	<b>386,322</b>

SEK million	Note	30 Jun 2023	31 Dec 2022	30 Jun 2022
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	12	<b>154,728</b>	<b>168,808</b>	<b>167,812</b>
Interest-bearing liabilities	10	191,962	185,082	174,316
Lease liabilities	10	1,413	1,405	1,087
Derivative financial instruments	10, 11	51	51	114
Deferred tax liabilities		21,796	24,463	26,699
Other financial liabilities		1,620	1,100	1,014
<b>Total non-current liabilities</b>		<b>216,841</b>	<b>212,101</b>	<b>203,230</b>
Interest-bearing liabilities	10	16,026	14,418	7,559
Lease liabilities	10	115	90	74
Trade payables		609	928	835
Other liabilities		3,307	4,737	4,293
Derivative financial instruments	10, 11	40	75	1
Accrued expenses and prepaid income		2,836	2,946	2,520
<b>Total current liabilities</b>		<b>22,933</b>	<b>23,195</b>	<b>15,279</b>
<b>Total equity and liabilities</b>		<b>394,503</b>	<b>404,103</b>	<b>386,322</b>

# Condensed Consolidated Statement of Changes in Equity

SEK million	Share capital	Other capital contributions	Hybrid bonds	Currency translation reserve	Retained earnings	Attributable to Parent Company shareholders	Non-controlling interests	Total equity
<b>Opening balance, 1 January 2022</b>	95	7,540	7,374	-221	27,013	41,801	105,294	147,093
Profit for the period	–	–	184	–	3,942	4,126	4,434	8,560
Other comprehensive income	–	–	–	4,076	–	4,076	2,514	6,589
<b>Total comprehensive income</b>	–	–	184	4,076	3,942	8,201	6,948	15,149
New share issue	–	–	–	–	–	–	10,387	10,387
Costs of issuance	–	-36	–	–	–	-36	–	-36
Dividends	–	–	-184	–	-59	-243	-12,339	-12,582
Contributions from non-controlling interests	–	–	–	–	–	–	107	107
Transactions with non-controlling interests	–	–	–	–	-441	-441	8,135	7,694
<b>Total transactions with the Company's shareholders</b>	–	-36	-184	0	-500	-720	6,290	5,570
<b>Equity, 30 June 2022</b>	95	7,504	7,374	3,854	30,455	49,282	118,532	167,813
Profit for the period	–	–	145	–	-8,899	-8,754	-5,616	-14,369
Other comprehensive income	–	–	–	4,146	–	4,146	3,130	7,276
<b>Total comprehensive income</b>	–	–	–	4,146	-8,899	-4,607	-2,486	-7,093
New share issue	–	–	–	–	–	–	4,259	4,259
Buyback of hybrid bonds	–	–	–	–	–	–	-7,644	-7,644
Dividends	–	–	–	–	-58	-203	-125	-328
Contributions from non-controlling interests	–	–	–	–	-374	-374	3,500	3,126
Transactions with non-controlling interests	–	–	–	–	–	–	8,674	8,674
<b>Total transactions with the Company's shareholders</b>	–	–	–	–	-432	-577	8,665	8,087
<b>Equity, 31 December 2022</b>	95	7,504	7,374	8,001	21,124	44,098	124,711	168,808
<b>Opening balance, 1 January 2023</b>	95	7,504	7,374	8,001	21,124	44,098	124,711	168,808
Profit for the period	–	–	411	–	-13,467	-13,002	7,527	-20,583
Other comprehensive income	–	–	–	4,835	–	4,835	3,425	8,260
<b>Total comprehensive income</b>	–	–	411	4,835	-13,467	-8,167	-4,101	-12,323
New share issue	–	–	–	–	–	–	1,942	1,942
Buyback of hybrid bonds	–	–	–	–	-7	-7	-91	-98
Cost of issuance	–	–	–	–	–	–	-6	-6
Dividends	–	–	-411	–	-1,559	-1,970	-4,198	-6,168
Contributions from non-controlling interests	–	–	–	–	-264	-264	2,837	2,573
Transactions with non-controlling interests	–	–	–	–	1,376	1,376	-1,376	0
<b>Total transactions with the Company's shareholders</b>	–	–	-411	–	-453	-864	893	-1,757
<b>Equity, 30 June 2023</b>	95	7,504	7,374	12,836	7,203	35,066	119,717	154,728

# Condensed Consolidated Cash Flow Statement

SEK million	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022
<b>Operating activities</b>					
Profit/loss before income tax		-9,721	1,314	-24,036	11,859
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Fair value adjustment on investment properties	6	7,339	-4,299	20,816	-13,591
Fair value adjustment of derivative financial instruments		-257	-462	191	-883
Finance expenses – net		1,373	743	2,559	1,463
Share of profit of an associate and a joint venture		-113	197	335	170
Other adjustments		3,719	4,705	4,579	5,072
<i>Working capital changes</i>					
Increase/decrease(+) in rent and other receivables		-846	50	-1,134	-500
Increase/decrease(-) in trade and other payables		-332	-373	-216	-910
<b>Cash generated from operations</b>		<b>1,162</b>	<b>1,678</b>	<b>3,094</b>	<b>2,510</b>
Interest paid		-1,235	-661	-2,573	-1,035
Interest received		6	9	49	21
Paid income tax		124	-275	-498	-664
<b>Net cash flows from operating activities</b>		<b>57</b>	<b>752</b>	<b>72</b>	<b>832</b>

SEK million	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022
<b>Investing activities</b>					
Purchase of investment and inventory properties	6, 9	-84	-6,153	-1,253	-6,314
Capital expenditure on investment and inventory properties		-2,043	-2,271	-4,108	-4,531
Disposals of investment properties		259	468	1,746	478
Deposits paid for signed acquisitions		-298	-460		-547
Purchase of machinery and equipment		-17	-19	-39	-36
Investments in associated companies and joint ventures		222	-196	485	-246
Purchase of quoted equity investments		–	-1,339	–	-3,699
Other cash flows from investing activities		-9	–	21	–
<b>Net cash flows from investing activities</b>		<b>-1,970</b>	<b>-9,971</b>	<b>-3,148</b>	<b>-14,895</b>
<b>Financing activities</b>					
Proceeds from interest-bearing liabilities	10	2,988	6,069	16,037	27,405
Repayment of interest-bearing liabilities	10	-2,381	-6,421	-15,692	-31,093
Dividends paid		-1,500	–	-1,500	
Dividends paid to preference shares		-29	-29	-59	-59
Dividends paid to non-controlling interest		–	-24	-1,951	-1,010
Proceeds from non-controlling interests		24	-232	6,658	7,694
Buyback of hybrid bonds		–	–	-58	–
Repayments on hybrid bonds		-447	-458	-1,252	-1,020
Transaction costs on issue of shares and hybrid capital		-3	-36	-6	-36
Settlement of derivative financial instruments	11	176	–	176	230
Other cash flows from financing activities		-71	38	-1,172	-40
<b>Net cash flows from financing activities</b>		<b>-1,243</b>	<b>-1,093</b>	<b>1,180</b>	<b>2,076</b>
Net change in cash and cash equivalents		-3,154	-10,312	-1,895	-11,991
Cash and cash equivalents at the beginning of the period		12,556	19,109	11,322	20,488
Net currency exchange effect in cash and cash equivalents		268	369	242	669
<b>Cash and cash equivalents at the end of the period</b>		<b>9,670</b>	<b>9,166</b>	<b>9,670</b>	<b>9,166</b>

# Notes to the Condensed Consolidated Financial Statements

## 1. Accounting Principles

---

### Corporate information

Heimstaden AB (publ), Corp. ID No. 556670-0455, is a limited liability company registered in Sweden with its registered office at Östra Promenaden 7A, SE-211 28, Malmö, Sweden. Heimstaden’s operations consist of owning, developing and managing residential properties.

### Basis for preparation

Heimstaden’s interim condensed consolidated accounts have been prepared in accordance with IAS 34 Interim Financial Reporting. The Parent Company applies RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2022 annual financial statements. The accounting policies and methods of computation followed are consistent with those of the previous financial year.

Due to rounding, numbers presented in these financial statements may not add up precisely to the totals provided.

### Recently issued accounting standards, interpretations and amendments

At the balance sheet date, there were no new or amended standards or interpretations published by IASB that are expected to have a material impact on the financial statements of the Group or the Parent Company.

### Associated companies and joint ventures

Effective 1 January 2023, the Condensed Statement of Comprehensive Income has been revised to provide the user of the consolidated financial statements with more relevant information, including relevant and comparable subtotals. Share of net profits/losses of associated companies and joint ventures are now excluded in the operating profit. The revised presentation did not have any impact on any financial statement line item, the group’s profit for the year, the financial position or equity. The comparative financial data has been reclassified accordingly.

## 2. Related Parties

---

No related party transactions other than salaries and board fees have been paid to management and the board as of Q2 2023.

Heimstaden’s subsidiary Heimstaden Bostad AB received an investment guarantee from Fredensborg AS in 2018, recognised in other current assets. The investment guarantee increased with SEK 10 million to SEK 705 million during Q2 2023, see [note 9](#) for more information.



### 3. Segment Reporting

Heimstaden organises and governs its activities based on geographical areas. These geographical areas form the basis of the reportable segments. Senior management monitors net operating income and changes in the value of investment properties in the identified segments; other statement of profit and loss items are not distributed per segment. Heimstaden has identified ten reportable segments consisting of the geographical areas of Sweden, Germany, Denmark, Netherlands, Czech Republic, Norway, Finland, Iceland, United Kingdom and Poland.

#### Q2 2023

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Iceland	United Kingdom	Finland	Poland	Eliminations	Group in total
<b>Statement of Comprehensive Income</b>												
Rental income <sup>1</sup>	1,115	666	873	346	443	176	83	16	66	15	0	3,800
Service charges paid by tenants	22	245	2	0	129	10	0	0	3	3	0	414
<b>Total income</b>	<b>1,136</b>	<b>912</b>	<b>875</b>	<b>346</b>	<b>573</b>	<b>187</b>	<b>83</b>	<b>16</b>	<b>69</b>	<b>19</b>	<b>0</b>	<b>4,215</b>
Utilities	-156	-155	-29	–	-126	-13	-4	-1	-10	-1	1	-494
Repair and maintenance	-46	-66	-48	-14	-46	-10	-3	-1	-5	0	41	-196
Property tax	-27	-19	-48	-14	-2	-1	-6	-1	-2	-1	–	-121
Other <sup>2</sup>	-36	-34	-33	-15	-24	-11	-2	-1	-5	-1	3	-158
Property management	-198	-132	-112	-31	-51	-16	-11	-7	-15	-6	-44	-623
<b>Total property expenses</b>	<b>-462</b>	<b>-405</b>	<b>-270</b>	<b>-74</b>	<b>-249</b>	<b>-50</b>	<b>-26</b>	<b>-10</b>	<b>-38</b>	<b>-9</b>	<b>1</b>	<b>-1,592</b>
<b>Net operating income</b>	<b>674</b>	<b>507</b>	<b>605</b>	<b>272</b>	<b>324</b>	<b>136</b>	<b>58</b>	<b>6</b>	<b>31</b>	<b>10</b>	<b>0</b>	<b>2,623</b>
<b>Net operating income margin, %</b>	<b>60.5</b>	<b>76.0</b>	<b>69.3</b>	<b>78.5</b>	<b>73.0</b>	<b>77.3</b>	<b>69.2</b>	<b>38.5</b>	<b>46..9</b>	<b>65.1</b>	<b>-</b>	<b>69.0</b>

#### Q2 2022

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Iceland	United Kingdom	Finland	Poland	Eliminations	Group in total
<b>INCOME STATEMENT</b>												
Rental income <sup>1</sup>	1,129	501	734	300	330	187	74	<b>2</b>	44	–	-	3,292
Service charges paid by tenants	20	138	-	-	75	6	-	–	1	–	-	240
<b>Total income</b>	<b>1,148</b>	<b>640</b>	<b>734</b>	<b>300</b>	<b>405</b>	<b>193</b>	<b>74</b>	<b>2</b>	<b>45</b>	<b>–</b>	<b>-</b>	<b>3,532</b>
Utilities	-151	-73	-23	-	-75	-4	-3	–	-6	–	1	-335
Repair and maintenance	-69	-35	-40	-30	-35	-25	-5	–	0	–	26	-213
Property tax	-24	-13	-39	-21	-2	-3	-5	–	-2	–	-	-110
Other <sup>2</sup>	-111	-42	-30	-12	-15	2	-3	<b>-1</b>	-2	–	1	-204
Property management	-195	-92	-96	-37	-47	-25	-9	–	-10	-3	-41	-555
<b>Total property expenses</b>	<b>-551</b>	<b>-255</b>	<b>-227</b>	<b>-100</b>	<b>-175</b>	<b>-55</b>	<b>-25</b>	<b>-2</b>	<b>-20</b>	<b>-3</b>	<b>-13</b>	<b>-1,416</b>
<b>Net operating income</b>	<b>597</b>	<b>385</b>	<b>507</b>	<b>200</b>	<b>230</b>	<b>138</b>	<b>49</b>	<b>0</b>	<b>25</b>	<b>-3</b>	<b>-13</b>	<b>2,116</b>
<b>Net operating margin, %</b>	<b>52.9</b>	<b>76.8</b>	<b>69.1</b>	<b>66.7</b>	<b>69.8</b>	<b>73.5</b>	<b>66.4</b>	<b>13.3</b>	<b>56.6</b>	<b>–</b>	<b>-</b>	<b>64.3</b>

<sup>1</sup> The eliminations of the consolidated financials mainly consist of reclassifications due to internal services provided within countries. The rental income from the portfolio in Sweden reflects all-inclusive rents, meaning that majority of property expenses is not recoverable towards the tenants.

<sup>2</sup> Other property costs consists of Property insurance, Property security, Running costs for broadband/TV, recurring inspections and similar items.

## YTD 2023

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Iceland	United Kingdom	Finland	Poland	Eliminations	Group in total
<b>Statement of Comprehensive Income</b>												
Rental income <sup>1</sup>	2,204	1,311	1,732	684	858	371	161	23	130	24	-1	7,499
Service charges paid by tenants	42	481	3	–	371	23	–	–	6	5	0	931
<b>Total income</b>	<b>2,246</b>	<b>1,792</b>	<b>1,735</b>	<b>684</b>	<b>1,229</b>	<b>394</b>	<b>161</b>	<b>23</b>	<b>136</b>	<b>29</b>	<b>-1</b>	<b>8,429</b>
Utilities	-416	-304	-65	–	-363	-34	-7	-1	-26	-2	2	-1,216
Repair and maintenance	-99	-106	-96	-44	-86	-18	-7	-1	-10	0	73	-395
Property tax	-54	-45	-96	-29	-4	-2	-12	-1	-4	-2	–	-249
Other <sup>2</sup>	-75	-77	-68	-31	-49	-23	-5	-3	-9	-1	4	-337
Property management	-378	-250	-237	-61	-102	-31	-21	-12	-28	-10	-78	-1,208
<b>Total property expenses</b>	<b>-1,022</b>	<b>-783</b>	<b>-562</b>	<b>-165</b>	<b>-604</b>	<b>-107</b>	<b>-53</b>	<b>-17</b>	<b>-77</b>	<b>-15</b>	<b>1</b>	<b>-3,405</b>
<b>Net operating income</b>	<b>1,224</b>	<b>1,009</b>	<b>1,173</b>	<b>519</b>	<b>624</b>	<b>287</b>	<b>109</b>	<b>6</b>	<b>59</b>	<b>14</b>	<b>0</b>	<b>5,024</b>
<b>Net operating income margin, %</b>	<b>55.5</b>	<b>77.0</b>	<b>67.7</b>	<b>75.9</b>	<b>72.8</b>	<b>77.3</b>	<b>67.3</b>	<b>26.5</b>	<b>45.4</b>	<b>65.7</b>	<b>-</b>	<b>67.0</b>

## YTD 2022

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Iceland	United Kingdom	Finland	Poland	Eliminations	Group in total
<b>INCOME STATEMENT</b>												
Rental income <sup>1</sup>	2,160	994	1,462	599	650	366	142	4	69	–	–	6,446
Service charges paid by tenants	30	281	1	–	247	11	–	–	2	–	–	572
<b>Total income</b>	<b>2,190</b>	<b>1,275</b>	<b>1,463</b>	<b>599</b>	<b>897</b>	<b>377</b>	<b>142</b>	<b>4</b>	<b>71</b>	<b>–</b>	<b>–</b>	<b>7,017</b>
Utilities	-386	-154	-46	–	-244	-20	-6	–	-12	–	3	-865
Repair and maintenance	-172	-70	-70	-62	-69	-44	-10	–	-2	–	53	-447
Property tax	-48	-28	-74	-53	-4	-6	-10	–	-3	–	–	-227
Other <sup>2</sup>	-154	-89	-57	-32	-32	6	-5	-2	-6	-1	2	-369
Property management	-292	-182	-201	-71	-93	-69	-19	-1	-16	-4	-71	-1,020
<b>Total property expenses</b>	<b>-1,052</b>	<b>-523</b>	<b>-449</b>	<b>-218</b>	<b>-442</b>	<b>-134</b>	<b>-51</b>	<b>-3</b>	<b>-38</b>	<b>-5</b>	<b>-13</b>	<b>-2,928</b>
<b>Net operating income</b>	<b>1,138</b>	<b>752</b>	<b>1,014</b>	<b>381</b>	<b>454</b>	<b>243</b>	<b>91</b>	<b>1</b>	<b>33</b>	<b>-5</b>	<b>-13</b>	<b>4,089</b>
<b>Net operating margin, %</b>	<b>52.7</b>	<b>75.6</b>	<b>69.4</b>	<b>63.6</b>	<b>69.9</b>	<b>66.3</b>	<b>64.2</b>	<b>N/A</b>	<b>48.3</b>	<b>–</b>	<b>–</b>	<b>63.4</b>

<sup>1</sup> The eliminations of the consolidated financials mainly consist of reclassifications due to internal services provided within countries. The rental income from the portfolio in Sweden reflects all-inclusive rents, meaning that majority of property expenses is not recoverable towards the tenants.

<sup>2</sup> Other property costs consists of Property insurance, Property security, Running costs for broadband/TV, recurring inspections and similar items.

## 4. Rental Income

### Rental income distributed by property category

SEK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Residential	3,483	3,018	6,875	5,903
Commercial premises	267	230	523	457
Garage and parking spaces	51	44	101	86
<b>Total rental income</b>	<b>3,800</b>	<b>3,292</b>	<b>7,499</b>	<b>6,446</b>

### Service charges paid by tenants distributed by property category

SEK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Residential	387	232	879	550
Commercial premises	27	9	51	22
<b>Total service charges paid by tenants</b>	<b>414</b>	<b>240</b>	<b>931</b>	<b>572</b>

## 5. Other Operating Expenses

During 2023, SEK 65 million (73) was expensed, of which SEK 33 million (41) in the quarter, as donations to SOS Children's Villages. See [page 19](#) in the 2022 Annual Report for more information regarding the partnership A Home for a Home.

## 6. Investment Properties

### Total properties value per segment

The total properties value, measured at fair value, as of 30 June 2023 was SEK 346,629 million (351,337). The fair value decreased by SEK million 13,477 (decrease 4,239) during the first six months. In percentage, the decrease in value was 5.7 (1.2) of fair value of investment properties after transactions. The decrease in fair value in during the first six months was primarily driven by sentiment-based yield increases (in some cases supported by a limited number of individual comparable transactions) outweighing the positive effects of rent increases and outlook in Heimstaden Bostad's larger markets (Sweden, Germany, Denmark, Netherlands, and Finland). In addition, in Netherlands, an increase in Real Estate Transfer Tax (RETT) combined with negative owner-occupier house price outlook has negatively impacted values. These negative movements were mitigated to a small extent by value increases in Czech Republic, Poland, and United Kingdom as rental increases and outlook outweighed sentiment-based yield increases, and in Norway and Iceland which benefitted from strong owner-occupier HPI increases. The total property value per operating segment is shown below.

### Change in fair value of investment properties

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Iceland	United Kingdom	Finland	Poland	Total
<b>Fair value of investment properties, 31 Dec 2022</b>	<b>97,429</b>	<b>92,820</b>	<b>73,960</b>	<b>30,048</b>	<b>23,443</b>	<b>20,338</b>	<b>5,583</b>	<b>2,854</b>	<b>3,837</b>	<b>1,026</b>	<b>351,337</b>
Acquisitions during the period	24	-	1,690	-	-	-	-	-	0	244	1,958
Disposals	-33	-	-	-71	-5	-1,333	-225	-	0	-	-1,666
Land leases	15	-	-	-	-	-70	4	-	37	-	-15
Capital expenditure on investment properties	791	400	242	459	324	30	42	-	59	-	2,347
Capital expenditure on investment properties under construction	693	-	301	-	-	79	-	567	-	83	1,723
Currency translation	-	4,727	3,818	1,537	1,733	-1,084	407	298	189	146	11,771
<b>Fair value after transactions</b>	<b>98,919</b>	<b>97,947</b>	<b>80,011</b>	<b>31,974</b>	<b>25,495</b>	<b>17,961</b>	<b>5,811</b>	<b>3,719</b>	<b>4,120</b>	<b>1,499</b>	<b>367,455</b>
Value change <sup>1</sup>	-5,700	-9,845	-3,725	-3,260	626	706	202	289	-44	23	-20,826
<b>Fair value of investment properties, 30 Jun 2023</b>	<b>93,219</b>	<b>88,102</b>	<b>76,286</b>	<b>28,714</b>	<b>26,121</b>	<b>18,667</b>	<b>6,013</b>	<b>4,008</b>	<b>3,976</b>	<b>1,522</b>	<b>346,629</b>

### Breakdown by category

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Iceland	United Kingdom	Finland	Poland	Total
Investment properties	89,288	88,102	75,039	28,714	25,899	18,072	5,961	2,486	3,602	1,399	338,562
Investment properties under construction	3,499	-	1,142	-	-	-	-	1,523	-	123	6,286
Land and building rights	191	-	105	-	223	-	-	-	-	-	518
Land leases reclassified from RoU assets	241	-	-	-	-	595	52	-	374	-	1,262
<b>Total</b>	<b>93,219</b>	<b>88,102</b>	<b>76,286</b>	<b>28,714</b>	<b>26,121</b>	<b>18,667</b>	<b>6,013</b>	<b>4,008</b>	<b>3,976</b>	<b>1,522</b>	<b>346,629</b>

<sup>1</sup> Fair value adjustment of investment properties in the Statement of Comprehensive Income also includes realised change and is not reflected in the table above.



## 7. Intangible Assets

As of 30 June 2023 the carrying amount of goodwill is SEK 16,273 million, of which SEK 16,191 million is goodwill identified in the acquisition of Akelius Lägenheter Aktiebolag, Akelius Bolig Holding Aps and Akelius GmbH.

Goodwill identified in a business combination is allocated to the Group’s cash generating units (CGUs) and tested for impairment annually or when impairment indicators are present. In Q1 2023, the Company recorded an impairment of SEK 1,058 million. The impairment is related to goodwill identified in connection with the business combination from the acquisition of the Akelius portfolio.

For more information of assumptions regarding the methodology for calculating recoverable amount and WACC, see [Note 3.2](#) in Annual Report 2022.

## 8. Investments in Associated companies and Joint Ventures

SEK million	
Opening balance, 1 January 2023	9,758
Investment for the period	12
Disposal of associated companies and joint ventures	-2
Change in value from foregin currency	490
Dividend from associated companies and joint ventures	-215
Share of net profits/losses of associated companies and joint ventures	-335
Closing balance, 30 June 2023	9,709

Heimstaden has due to the decreased share price of Kojamo Oyj during Q2 2023, performed an impairment test for its holding in the Company. To identify the recoverable amount, the management calculated the “value in use” by discounting the estimated future cash flows of the investment. The economic benefits derived from the combined asset base is higher than the associated company’s carrying amount. Accordingly, no impairment has been recognised.

YTD 2023							Heimstaden's holding of profit/loss YTD 2023
SEK million	Share, %	Rental income	Property expenses	Financial items, net	Change in value	Profit/loss YTD 2023	
Kojamo Oyj	20	2,453	-1,367	-758	-2,131	-1,497	-299
Rosengård Fastighets AB	25	79	-60	-16	-83	-63	-16
Upplands Bro Brogårds Etapp 2 AB	50	9	-5	-33	-14	-42	-21
Kiinteistö Oy Hiihtomäentie 14	53	4	-3	0	5	4	2
Other	20-50	17	-20	-3	0	-6	-3
Total		2,562	-1,454	-810	-2,225	-1,603	-337

## 9. Inventory Properties

SEK million	
Opening balance, 1 January 2023	573
Capital expenditures	37
Foreign currency translation	-32
Disposals of inventory properties	-80
Value change <sup>1</sup>	-5
Closing balance, 30 June 2023	493

<sup>1</sup> Change in value and gains/losses from sale of inventory properties in the income statement, SEK 14 million, also includes return on investment guarantee from Fredensborg of SEK 20 million (0).

In 2018, Fredensborg AS sold the Norwegian housing portfolio to Heimstaden Bostad. As part of the commercial agreement between the parties, Fredensborg AS guaranteed that the development projects would provide an annual equity return of at least 7.5% until April 2025. The guarantee is settled in cash on an ongoing basis for completed projects that do not generate a return above the minimum level, and the total guarantee responsibility must be settled in cash at the end of the guarantee period, with potential subsequent settlement for projects that have been started but not completed at this time.

The investment guarantee is not reflected in the table above. The balance as per 30 June 2023 is recognised as other current assets.

## 10. Financial Assets and Liabilities

Despite macroeconomic challenges, we are cautiously optimistic that the market conditions will improve. Inflation is trending down in many European markets, which may end the hiking cycle, but we expect the higher interest rate environment to remain.

From Heimstaden's perspective, rental market fundamentals remain strong. Inflation has driven rental growth and positively impacted operating results. While sentiment-driven yield expansion initially negatively impacted portfolio values, this effect is now gradually countered by rising NOI due to rent indexation. Increasing residential transaction volumes, yield rebalancing, and reduced bid-offer spreads further reinforce expectations of short-term value stabilisation. The current interest rate environment impacts Heimstaden's funding expenses and future borrowing costs. Heimstaden's is presently prioritising to obtain secured financing due to limited liquidity in the public debt market. The banking sector continue to provide financing to counterparts such as Heimstaden. Managing the financial risk is a key priority by maintaining strong liquidity and proactive maturity management. Heimstaden proactively identifies and addresses significant business risks. Refer to [pages 37-38](#) of the 2022 Annual Report for a detailed description of the risk factors.

During the last six months, Heimstaden has redeemed the outstanding amount of the 2019/2023 SEK senior unsecured bond. The payment in Q1 was SEK 165 million with a gain of SEK 1 million and Q2 repayment was SEK 168 million. In Q1, Heimstaden's subsidiary, Heimstaden Bostad bought back SEK 10,346 million of outstanding senior unsecured bonds, obtaining an average discount of 7.8% and resulted in a SEK 805 million gain, net of SEK 175 million in tax, recognised in other financial items.

At the balance sheet date, Heimstaden was in compliance with its financial covenants. The Company's hybrid bonds are classified as equity, amounting to SEK 31,623 million, and therefore not included in the specifications of interest bearing liabilities in the tables below. For more information, see note 12.

### Specification of interest bearing liabilities

SEK million	Interest-bearing liabilities	Secured loans, %	Share, %	Unutilised credit commitment(s)
Corporate bonds	98,402	–	47	–
Mortgages	43,563	100	21	–
Bank loans	66,723	98	32	18,664
<b>Total</b>	<b>208,689</b>	<b>52</b>	<b>100</b>	<b>18,664</b>
Deferred charges	-701			
<b>Total incl. deferred charges</b>	<b>207,988</b>			

### Movements of interest bearing liabilities

SEK million	Corporate bonds	Mortgages/ bank loans	Deferred charges	Lease liabilities	Total
<b>Opening balance, 31 December 2023</b>	105,206	94,950	-656	1,495	200,996
Loan repayments	-11,495	-5,003	–	-89	-16,587
New borrowings	719	15,318	–	133	16,170
Assumed debt from acquisitions	–	949	–	–	949
Currency exchange effect on loans	3,972	4,072	–	-11	8,033
Capitalisation of debt issuance cost, net of amortisation	–	–	-45	–	-45
<b>Closing balance, 30 June 2023</b>	<b>98,402</b>	<b>110,287</b>	<b>-701</b>	<b>1,528</b>	<b>209,516</b>

### 30 June 2023

Years	Interest maturity, loans			Interest maturity, incl. financial instruments		
	SEK million	Share, %	Interest, incl. margin, %	SEK million	Share, %	Interest, incl. margin, %
0-1	92,791	44	4.59	76,036	36	4.03
1-2	21,405	10	0.90	24,675	12	0.91
2-3	23,290	11	2.14	24,707	12	2.16
3-4	18,493	9	2.81	19,651	9	2.82
4-5	13,541	6	1.91	16,581	8	2.10
>5 years after balance sheet date	39,169	19	1.72	47,040	23	1.92
<b>Total</b>	<b>208,689</b>	<b>100</b>	<b>3.07</b>	<b>208,689</b>	<b>100</b>	<b>2.70</b>

Average remaining term of fixed interest in the loan portfolio, including derivatives: 3.06 years

Years	Loan tenor		Lines of credit	
	SEK million	Share, %	SEK million	Share, %
0-1	15,312	7	-	-
1-2	22,905	11	3,209	17
2-3	36,681	18	9,246	50
3-4	36,211	17	6,208	33
4-5	16,774	8	-	-
>5 years after balance sheet date	80,805	39	-	-
<b>Total</b>	<b>208,689</b>	<b>100</b>	<b>18,664</b>	<b>100</b>

Average loan tenor 7.98 years

## Financial instruments

Years	Type	Maturity, interest rate derivatives		
		SEK million	Share, %	Interest, % <sup>1</sup>
0-1	Payed	24,157	58	0.91
1-2	Payed	4,072	10	1.09
2-3	Payed	1,417	3	2.58
3-4	Payed	1,157	3	3.05
4-5	Payed	3,040	7	2.93
>5 years after balance sheet date	Payed	7,871	19	2.88
<b>Total</b>		<b>41,714</b>	<b>100</b>	<b>1.56</b>

Years	Type	Maturity, interest rate derivatives		
		SEK million	Share, %	Interest, % <sup>1</sup>
0-1	Received	40,912	98	-3.45
1-2	Received	802	2	-1.69
2-3	Received	-	-	-
3-4	Received	-	-	-
4-5	Received	-	-	-
>5 years after balance sheet date	Received	-	-	-
<b>Total</b>		<b>41,714</b>	<b>100</b>	<b>-3.41</b>

<sup>1</sup> The interest rate indicates the agreed average fixed interest in the contracts. A negative interest rate indicates that we receive fixed interest.

## 11. Fair Value Measurements of Financial Instruments

SEK million	30 June 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>				
Derivative financial instruments	1,107	1,107	1,481	1,481
Other non-current financial assets	3,627	3,627	3,885	3,885
Trade receivables	447	447	403	403
Other financial receivables	2,026	2,026	5,011	5,011
Cash and cash equivalents	9,669	9,669	11,322	11,322
<b>Total</b>	<b>16,876</b>	<b>16,876</b>	<b>22,102</b>	<b>22,102</b>
<b>Financial liabilities:</b>				
Derivative financial instruments	91	91	127	127
Non-current interest-bearing liabilities	191,962	168,313	198,835	179,827
Other non-current financial liabilities	1,620	1,620	1,100	1,100
Current interest-bearing liabilities	16,026	16,026	665	665
Lease liabilities	1,528	1,528	1,495	1,495
Trade payables	609	609	928	928
Other current liabilities	3,307	3,307	4,737	4,737
<b>Total</b>	<b>215,142</b>	<b>191,493</b>	<b>207,887</b>	188,879

Fair value hierarchy of the Group's financial assets and financial liabilities as of 30 June 2023:

SEK million	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value:</b>	<b>1,107</b>	<b>–</b>	<b>941</b>	<b>166</b>
Derivative financial assets				
Interest rate swaps	941	–	941	–
Forward purchase contracts	166	–	–	166
<b>Financial liabilities measured at fair value:</b>	<b>-91</b>	<b>–</b>	<b>-91</b>	<b>–</b>
Derivative financial liabilities				
Interest rate swaps	-91	–	-91	–

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period. There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2023.

## 12. Equity

### Hybrid bonds

Heimstaden's subsidiary, Heimstaden Bostad, bought back hybrid bonds in Q1 2023. The hybrid bond buyback included SEK 82 million in outstanding hybrid bonds, obtaining an average discount of 34.6% and resulted in a SEK 25 million gain, net of SEK 6 million in tax, recognised in retained earnings.

### Non-controlling interests

Non-controlling interests consist of external ownership interests in subsidiaries and their subsidiaries. Heimstaden AB's shareholders only control hybrid bonds in Heimstaden AB, all other hybrid bonds are classified as non-controlling interests.

### Specification of Other Comprehensive Income

Other comprehensive income is related to foreign currency translation differences that may be reclassified to profit or loss in subsequent periods.

SEK million					
Country	Currency code	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Czech Republic	CZK	776	460	1,651	864
Denmark	DKK	1,589	1,360	1,796	1,601
Iceland	ISK	135	156	210	261
Netherlands, Germany & Finland	EUR	3,887	3,055	4,938	3,599
Norway	NOK	329	-521	-1,110	214
Poland	PLN	403	44	441	39
United Kingdom	GBP	282	12	336	10
<b>Total</b>		<b>7,402</b>	<b>4,567</b>	<b>8,260</b>	<b>6,589</b>

## 13. Commitments and Contingencies

### Investment obligations and capital expenditures

Heimstaden's subsidiary, Heimstaden Bostad, has signed agreements to buy turnkey investment properties under construction after the balance sheet date. Heimstaden Bostad has signed agreements to buy turnkey investment properties under construction after the balance sheet date. As at 30 June 2023, Heimstaden Bostad had total investment obligations of SEK 4,497 million. Additionally, Heimstaden Bostad had agreed forward funding contracts with third parties and is consequently committed to future capital expenditure in respect of investment properties under construction of SEK 3,384 million.

SEK million	2023	2024	2025	2026		Total
Forward funding	1,469	1,466	300	46	16	3,297
Own development	70	17	–	–	–	87
Forward purchase	794	2,240	327	1,136	–	4,497
<b>Total</b>	<b>2,333</b>	<b>3,722</b>	<b>627</b>	<b>1,182</b>	<b>16</b>	<b>7,881</b>

### Disputes

As of the balance sheet date and to the best of our knowledge, Heimstaden is not a part in any ongoing legal processes or administrative proceedings which have had or may have a material impact to its financial statements.

## 14. Subsequent Events

No significant subsequent events have occurred after the Balance Sheet date.

# Parent Company Income Statement

SEK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022	R12	FY 2022
Management service revenues	45	173	102	410	253	581
Administrative expenses	-32	-137	-70	-266	-163	-421
Operating profit/loss	14	36	32	144	90	161
Dividends from shares in subsidiaries	–	182	–	182	–	182
Profit/loss from the sale of shares in subsidiaries	–	–	–	–	–	2,603
Interest income	19	1	38	1	41	14
Interest expenses	-168	-169	-370	-336	-508	-824
Net currency translation gains/losses	-384	-301	-467	-362	-683	-699
Other financial items	-2	-36	-5	-73	-48	-13
Profit/loss after financial items	-522	-287	-773	-444	-1,109	1,423
Closing dispositions	–	–	–	–	–	109
Profit/loss before tax	-522	-287	-773	-444	-695	1,532
Current tax expense	108	–	108	–	414	306
Profit/loss for the period	-414	-287	-665	-444	-695	1,837

# Parent Company Statement of Comprehensive Income

SEK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022	R12	FY 2022
Profit/loss for the period according to the Income Statement	-414	-287	-665	-444	-695	1,837
Other comprehensive income/loss	–	–	–	–	–	–
Comprehensive income/loss	-414	-287	-665	-444	-695	1,837

# Parent Company Statement of Financial Position

SEK million	30 Jun 2023	31 Dec 2022	30 Jun 2022
<b>ASSETS</b>			
Shares and participations	29,864	20,233	20,136
Receivables, subsidiaries	394	186	198
Deferred tax assets	414	306	–
<b>Total non-current assets</b>	<b>30,672</b>	<b>20,725</b>	<b>20,334</b>
Receivables, subsidiaries	–	14,394	14,672
Other financial assets	27	13	203
Cash and cash equivalents	1,215	1,862	1,999
<b>Total current assets</b>	<b>1,242</b>	<b>16,269</b>	<b>16,874</b>
<b>Total assets</b>	<b>31,914</b>	<b>36,994</b>	<b>37,209</b>

SEK million	30 Jun 2023	31 Dec 2022	30 Jun 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>19,963</b>	<b>22,597</b>	<b>20,519</b>
Interest-bearing liabilities	8,748	11,172	14,310
Liabilities, subsidiaries	–	181	181
<b>Total non-current liabilities</b>	<b>8,748</b>	<b>11,353</b>	<b>14,490</b>
Interest-bearing liabilities	3,056	2,869	1,946
Trade and other payables	–	22	59
Accrued expenses and prepaid income	147	153	194
<b>Total current liabilities</b>	<b>3,203</b>	<b>3,044</b>	<b>2,199</b>
<b>Total equity and liabilities</b>	<b>31,914</b>	<b>36,994</b>	<b>37,209</b>



# Parent Company Statement of Changes in Equity

SEK million	Share capital	Share premium reserve	Hybrid bonds	Retained earnings	Total equity
Opening balance, 1 January 2022	95	1,802	7,374	11,934	21,206
Profit/loss for the period	–	–	184	-628	-444
<b>Total profit/loss</b>	–	–	<b>184</b>	<b>-628</b>	<b>444</b>
Dividends	–	–	-184	-59	-243
<b>Total transactions with the Company's shareholders</b>	–	–	<b>184</b>	<b>-59</b>	<b>-243</b>
<b>Equity, 30 June 2022</b>	<b>95</b>	<b>1,802</b>	<b>7,374</b>	<b>11,248</b>	<b>20,519</b>
Profit/loss for the period	–	–	145	2,136	2,281
<b>Total profit/loss</b>	–	–	<b>145</b>	<b>2,136</b>	<b>2,281</b>
Dividends	–	–	-145	-58	-203
<b>Total transactions with the Company's shareholders</b>	–	–	<b>145</b>	<b>-58</b>	<b>-203</b>
<b>Equity 31 December 2022</b>	<b>95</b>	<b>1,802</b>	<b>7,374</b>	<b>13,326</b>	<b>22,597</b>
Opening balance, 1 January 2023	95	1,802	7,374	13,326	22,597
Profit/loss for the period	–	–	411	-1,076	-665
<b>Total profit/loss</b>	–	–	<b>411</b>	<b>-1,076</b>	<b>-665</b>
Dividends	–	–	-411	-1,559	-1,970
<b>Total transactions with the Company's shareholders</b>	–	–	<b>-411</b>	<b>-1,559</b>	<b>-1,970</b>
<b>Equity, 30 June 2023</b>	<b>95</b>	<b>1,802</b>	<b>7,374</b>	<b>10,691</b>	<b>19,963</b>

# Parent Company Statement of Cash Flows

SEK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022
<b>Operating activities</b>				
Profit/loss before income tax	-522	-287	-773	-444
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
Finance expenses – net	135	204	367	407
Other adjustments	384	301	467	362
<i>Working capital changes</i>				
Increase/decrease(+) in short-term receivables	112	-8	-15	16
Increase/decrease(-) in trade and other payables	63	40	-28	27
<b>Cash generated from operations</b>	<b>172</b>	<b>249</b>	<b>-12</b>	<b>367</b>
Interest paid	-165	-189	-367	-409
Interest received	17	-	31	-
<b>Net cash flows from operating activities</b>	<b>24</b>	<b>60</b>	<b>-348</b>	<b>-42</b>

SEK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022
<b>Investing activities</b>				
Acquisitions of subsidiaries	-	216	-	216
<b>Net cash flows from investing activities</b>	<b>-</b>	<b>216</b>	<b>-</b>	<b>216</b>
<b>Financing activities</b>				
Proceeds from loan and borrowings	-	500	-	500
Repayment of loan and borrowings	-936	-497	-2,674	-497
Repayment of loans from subsidiaries	-	-	-	2,216
Dividends paid	-1,530	-30	-1,559	-59
Proceeds to subsidiaries	-27	-632	4,336	-632
Repayments on hybrid bonds	-97	-65	-411	-184
<b>Net cash flows from financing activities</b>	<b>-2,536</b>	<b>-724</b>	<b>-308</b>	<b>1,344</b>
Net change in cash and cash equivalents	-2,512	-448	-656	1,518
Cash and cash equivalents at the beginning of the period	3,696	2,452	1,862	484
Net currency exchange effect in cash and cash equivalents	30	-6	8	-4
<b>Cash and cash equivalents at the end of the period</b>	<b>1,215</b>	<b>1,999</b>	<b>1,215</b>	<b>1,999</b>

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

Malmö, 17 August 2023

Helge Krogsbøl  
CEO

Ivar Tollefsen  
Chairman

John Giverholt  
Board Member

Fredrik Reinfeldt  
Board Member

Vibeke Krag  
Board Member

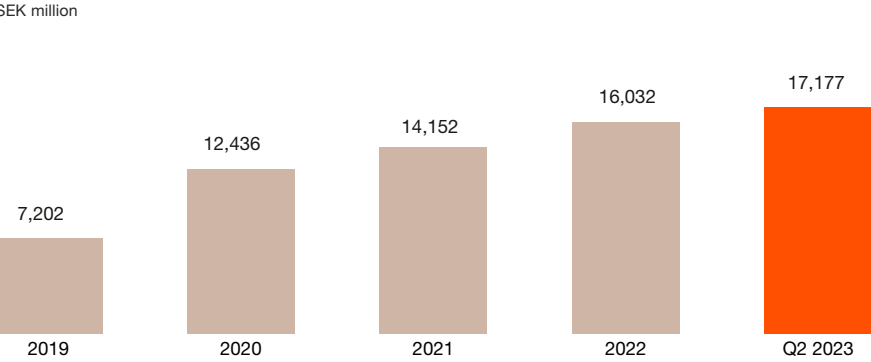
This interim report has not been subject to review by the Company’s auditors.

# Earnings Capacity

Earnings capacity represents annualised earnings calculated on the basis of the contracted rental income, current property expenses and administrative expenses of the property portfolio as of 30 June 2023. Announced property acquisitions that closed after the balance sheet date are not included in the calculation. Earnings capacity does not include any adjustment for development trends in rent levels, vacancy rates, property expenses or interest rates, nor does the earnings capacity provide any adjustment for expected changes in the fair value of properties, foreign exchange rates, acquisitions or disposals. Earnings capacity should not be considered a forecast for the current year or for the next 12-month period.

SEK million	Q2 2023
Rental income	15,246
Service charges paid by tenants	1,931
Property expenses	-6,966
<b>Net operating income</b>	<b>10,210</b>
Corporate administrative expenses	-461
<b>Profit before financial items</b>	<b>9,750</b>

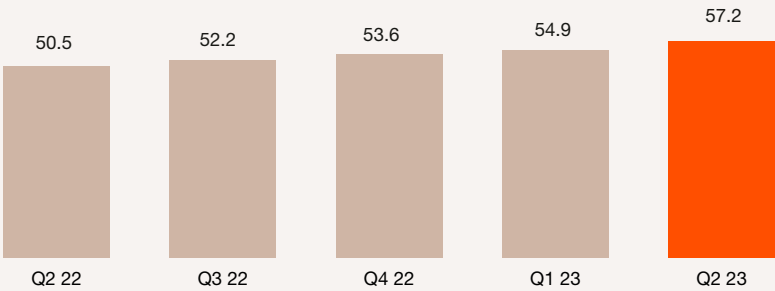
## Earnings Capacity Rental Income



# Alternative Performance Measures

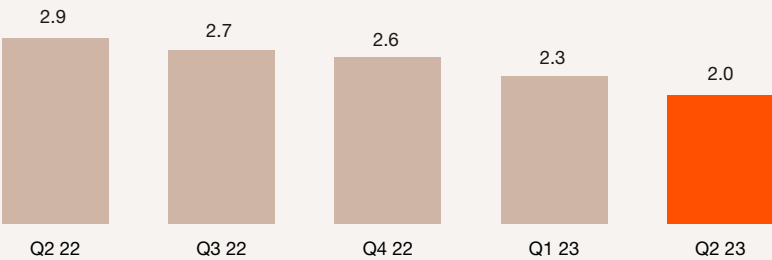
For more information, definitions, and methodology please refer to [www.heimstaden.com](http://www.heimstaden.com)

Net loan-to-value (LTV)  
%



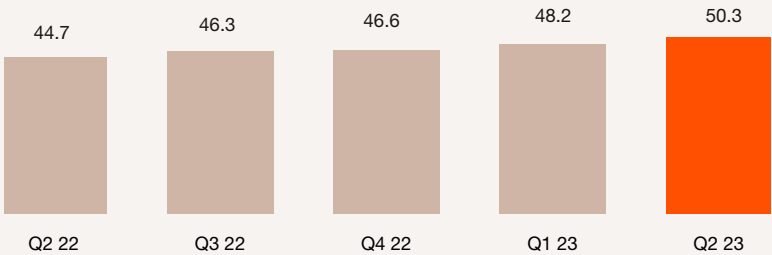
SEK million	Q2 2023	Q1 2023	Q2 2022
Interest-bearing secured liabilities	108,677	103,599	72,444
Interest-bearing unsecured liabilities	99,310	96,628	109,431
Cash and cash equivalents	9,669	12,556	9,165
Net interest-bearing liabilities	198,319	187,671	172,710
Fair value of investment properties	346,629	341,809	342,077
Net Loan-to-Value (LTV), %	57.2	54.9	50.5

Interest Coverage Ratio (ICR)  
multiple



SEK million Rolling 12 months	Q2 2023	Q1 2023	Q2 2022
Profit before financial items	8,707	8,177	4,434
Transaction costs from business combination	–	–	2,054
Financial income	321	265	198
Profit before financial items plus financial income	9,028	8,443	6,686
Financial costs - interest-bearing liabilities	4,495	3,739	2,351
ICR	2.0	2.3	2.9

Net Debt / Total Assets  
%



SEK million	Q2 2023	Q1 2023	Q2 2022
Net interest-bearing liabilities	198,319	187,671	172,710
Total assets	394,503	389,483	386,322
Net Debt / Total Assets, %	50.3	48.2	44.7

All figures in SEK million unless otherwise specified.

Residential share of investment property, %	Q2 2023	Q4 2022
Fair value residential properties	312,864	316,219
Fair value investment properties	338,562	340,150
Residential share of investment property, %	<b>92.4</b>	<b>93.0</b>

Like-for-like rental income growth	Q2 2023 <sup>1</sup>	Q2 2022 <sup>1</sup>
Rental income current year	3,410	1,997
Rental income last year	3,227	1,898
Like-for-like rental income growth, %	<b>5.7</b>	<b>5.2</b>

<sup>1</sup> Includes properties owned one year before balance sheet date

Net operating income margin	YTD 2023	YTD 2022
Rental income	7,499	6,446
Net operating income	5,024	4,089
Net operating income, %	<b>67.0</b>	<b>64.4</b>

Economic occupancy, residential	Q2 2023	Q2 2022
Theoretical rental income on residential units	3,620	3,052
Economic vacancy	-146	-99
Rental income on residential units	<b>3,474</b>	<b>2,953</b>
Economic occupancy rate, %	<b>96.0</b>	<b>96.8</b>

Real economic occupancy, residential	Q2 2023	Q2 2022
Theoretical rental income on residential units	3,620	3,052
Adj. for non-market vacancy	-67	-45
Adj. Theoretical rental income	<b>3,553</b>	<b>3,007</b>
Real economic occupancy, %	<b>98.2</b>	<b>98.5</b>

Equity ratio	Q2 2023	Q4 2022
Equity	154,728	168,808
Total assets	394,503	404,103
Equity ratio, %	<b>39.2</b>	<b>41.8</b>

EBITDA	Q2 2023	Q4 2022
Rolling 12 months		
Operating profit before investment properties and fair value adjustments	8,707	11,337
Transaction costs from business combination	–	2,050
Depreciation and amortisation	18	12
EBITDA	<b>8,725</b>	<b>13,399</b>

Debt / EBITDA	Q2 2023	Q4 2022
Rolling 12 months		
Interest-bearing loans and borrowings	185,355	183,233
EBITDA	8,725	13,399
Debt / EBITDA	<b>21.2</b>	<b>13.7</b>

Secured loan-to-value	Q2 2023	Q4 2022
Interest-bearing secured liabilities	108,677	92,154
Total assets	394,503	404,103
Secured loan-to-value, %	<b>27.5</b>	<b>22.8</b>

# Heimstaden AB

## Standalone

In this section the Heimstaden AB financials are included standalone to present the performance of the entity on an isolated basis. Standalone is defined as the management companies of Heimstaden Group as well as the consolidated balance sheet of Heimstaden AB excluding the consolidated balance sheet of any (partly) owned subsidiary-group, which includes but is not limited to Heimstaden Bostad AB.

### Standalone Earnings, Rolling 12 Months

SEK million	30 Jun 2023	31 Dec 2023	30 Jun 2022
Operating income <sup>1</sup>	780	826	656
Operating cost <sup>1</sup>	-536	-569	-440
<b>Operating profit/loss<sup>1</sup></b>	<b>245</b>	<b>257</b>	<b>216</b>
Pref A dividend	673	434	434
Common dividend <sup>2</sup>	1,648	1,809	1,809
Pref B dividend	1,063	1,007	1,007
<b>Dividends from Heimstaden Bostad</b>	<b>3,384</b>	<b>3,250</b>	<b>3,250</b>
Other profit distribution	1,178	–	–
<b>Adjusted earnings</b>	<b>4,807</b>	<b>3,507</b>	<b>3,466</b>
Interest expense <sup>1</sup>	-859	-824	-564
<b>Adjusted earnings after interest expense</b>	<b>3,948</b>	<b>2,683</b>	<b>2,903</b>
Payments on hybrid securities	-459	-329	-317
<b>Adjusted earnings after debt and hybrid instruments</b>	<b>3,490</b>	<b>2,354</b>	<b>2,586</b>

### Interest Coverage Ratio (ICR)

SEK million	30 jun 2023	31 Dec 2023	30 Jun 2022
Adjusted earnings	4,807	3,507	3,466
Interest expense <sup>1</sup>	-859	-824	-564
<b>Interest Coverage Ratio</b>	<b>5.6</b>	<b>4.3</b>	<b>6.1</b>
Payments on hybrid securities	-459	-329	-317
<b>Interest Coverage Ratio including hybrid payments</b>	<b>3.6</b>	<b>3.0</b>	<b>3.9</b>

<sup>1</sup> Operating Statement of Comprehensive Income of Heimstaden AB parent company and wholly-owned management companies.

<sup>2</sup> Only includes part that has been distributed in cash and not dividend sett-off against the subscription price in new share issue.

### Heimstaden Bostad AB Dividend Policy

Heimstaden Bostad has three share classes, Preference Share Class A ('Pref A'), Preference Share Class B ('Pref B') and Common shares. Pref A shares are entitled to quarterly dividends of 0.05% of the market value of Heimstaden Bostad's investment properties. Dividends on the Pref B shares are dependent on the Loan-to-Value and Return on Equity of Heimstaden Bostad. Owners of Common Shares are entitled to all additional possible dividend payments, to be decided by the general assembly, subject to that Heimstaden Bostad maintains its financial policies, after owners of Pref A Shares and Pref B Shares have received their parts in full. More information on the dividend policy can be found in Heimstaden Bostad's Articles of Association at: <https://www.heimstadenbostad.com/articles-of-association>.



### Debt and Relevant Assets

SEK million	Q2 2023	Q4 2022	Q2 2022
Interest-bearing secured liabilities <sup>1</sup>	1,938	2,542	2,025
Interest-bearing unsecured liabilities <sup>1</sup>	12,830	14,364	17,209
<b>Interest-bearing liabilities</b>	<b>14,768</b>	<b>16,906</b>	<b>19,234</b>
Cash and cash equivalents <sup>1</sup>	-1,427	-1,937	-2,440
<b>Net interest-bearing debt</b>	<b>13,341</b>	<b>14,969</b>	<b>16,794</b>
Heimstaden Bostads net asset value	171,440	190,101	191,053
Equity attributed to Heimstaden Bostad's hybrid securities and non-controlling interests	40,631	42,167	42,471
<b>Heimstaden Bostads adjusted net asset value</b>	<b>130,809</b>	<b>147,934</b>	<b>148,582</b>
Heimstaden share of capital, %	37.5	42.1	45.9
<b>Heimstaden share of capital</b>	<b>49,009</b>	<b>62,334</b>	<b>68,173</b>
Investment properties <sup>1</sup>	6,893	6,481	6,175
<b>Relevant assets</b>	<b>55,903</b>	<b>68,815</b>	<b>74,348</b>

<sup>1</sup> Difference between Heimstaden AB and Heimstaden Bostad consolidated figures excluding deferred charges.

### Net loan-to-value (LTV)

SEK million	Q2 2023	Q4 2022	Q2 2022
Net interest-bearing debt	13,341	14,969	16,794
Relevant assets	55,903	68,815	74,348
<b>Net loan-to-value (LTV), %</b>	<b>23.9</b>	<b>21.8</b>	<b>22.6</b>

### Liquidity Reserves

SEK million	Q2 2023
Cash and cash equivalents <sup>1</sup>	1,427
Unutilised credit commitment	1,000
<b>Total</b>	<b>2,427</b>
Estimated interest expense (12-months forward)	-822

<sup>1</sup> Difference between Heimstaden AB and Heimstaden Bostad consolidated figures excluding deferred charges.

# Standalone Funding Overview

## Standalone Financial Policy

	Policy	Q2 2023
Net Loan-to-Value, %	≤30	23.8
Interest Coverage Ratio, rolling 12 months, multiple	≥2.0	5.6
Interest Coverage Ratio including hybrid bonds, rolling 12 months, multiple	≥1.5	3.6

As at 30 June 2023, Heimstaden had outstanding senior unsecured bonds amounting to SEK 11,728 million, listed on Nasdaq Stockholm and Euronext Dublin

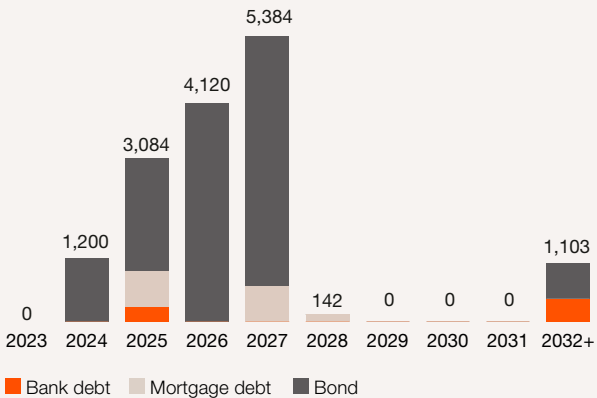
Currency	Amount (million)	Fixed/floating	Coupon/spread	Start date	Maturity
SEK	1,200	Floating	Stibor 3m + 330 bps	15/10/2020	15/01/2024
SEK	1,200	Floating	Stibor 3m + 400 bps	15/10/2020	15/10/2025
EUR	350	Fixed	425 bps	09/03/2021	09/03/2026
EUR	400	Fixed	438 bps	06/09/2021	06/03/2027
SEK	500	Floating	Stibor 3m + 475 bps	14/04/2022	14/04/2025

As at 30 June 2023, Heimstaden had outstanding perpetual hybrid bonds amounting to SEK 7,991 million, listed on Nasdaq Stockholm

Currency	Amount (million)	Fixed/floating	Coupon/spread	Start date	First call date
SEK	4,500	Floating	Stibor 3m + 590 bps	11/04/2019	10/11/2024
EUR	300	Fixed	675 bps	15/10/2021	15/01/2027

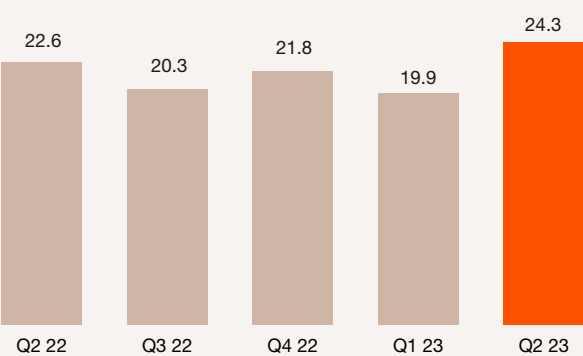
## Funding Maturity Profile

SEK million



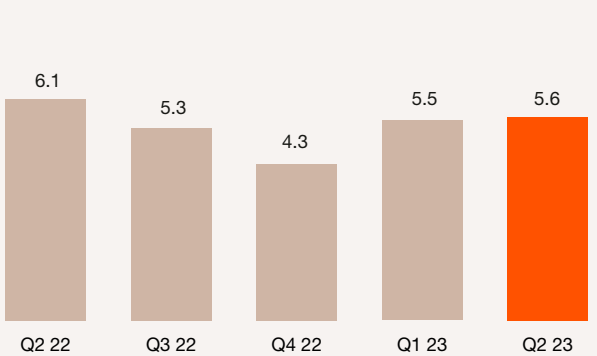
## Net Loan-to-Value

%



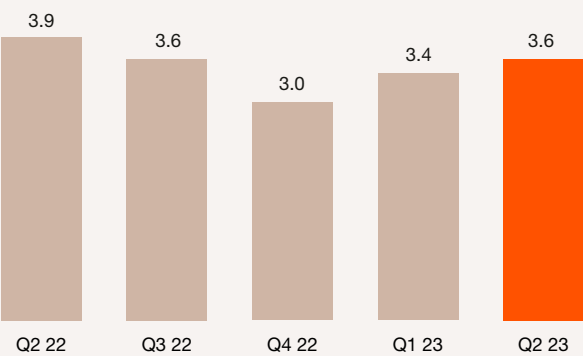
## Interest Coverage Ratio

multiple



## Interest Coverage Ratio incl. 100% hybrid

multiple



Financial calendar

Q3 2023 Report	24 October 2023
Annual Report 2023	27 February 2024
Q1 2024 Report	24 April 2024
Q2 2024 Report	16 August 2024
Q3 2024 Report	25 October 2024

Contacts

Thomas Alexander Hansen, CFO, +47 90 06 30 54, [thomas.hansen@heimstaden.com](mailto:thomas.hansen@heimstaden.com)  
Malin Lethenström, Investor Relations, +44 77 48 05 58 21, [ir@heimstaden.com](mailto:ir@heimstaden.com)

This information is such that Heimstaden AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication through the agency of the above contact persons at 08:00 CET on 18 August 2023.

# Heimstaden

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