

Q3 2023

Heimstaden



Highlights

- The European residential markets continue to experience increased supply/demand imbalances putting further upward pressure on rents across our markets. The like-for-like rental growth was at 4.2% (5.7%) and real economic occupancy continued to stay high at 98.1% (98.2%) in Q3
- The strong operational performance is driven by both rental income at SEK 3.9 billion (3.8) and prudent cost efficiency measures. The NOI margin was 69.5% (69.0%).
- Fair value change was -1.4% (-2.1%) and had an impact on profit of SEK -4.9 billion (-7.4). After five quarters of declining property values, valuations are now showing signs of stabilisation
- Heimstaden Bostad’s Board approved to scale up the privatisation plan initiated earlier in 2023. Proceeds will be prioritised for debt service and liability management to support the key credit metrics
- Heimstaden continued its strategic deleveraging efforts by buying back 2024 and 2025 senior unsecured bonds, amounting to SEK 563 million. The sale of our Icelandic portfolio, which has generated an annualised ROI of appr. 18%, was announced in October. The proceeds will be used for liability management purposes and cover upcoming debt maturities
- Fitch lowered Heimstaden’s rating to ‘BB’ and revised the Outlook to Rating Watch Negative. The downgrade reflects a forecasted weakening of the interest coverage ratio

339 billion

Investment Properties, SEK

2.7 billion

Net operating income, SEK

57.9%

Net loan-to-value

1.8x

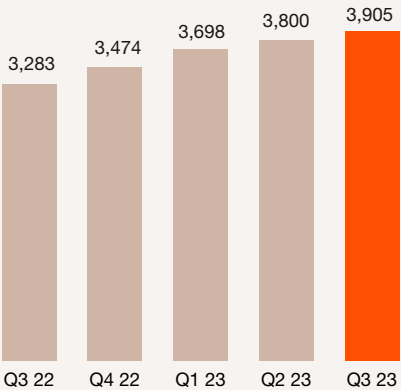
Interest coverage ratio

Key Figures

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Financials						
Rental income	SEK m	3,905	3,800	3,283	11 403	9,729
Growth y-o-y	%	18.9	15.5	42.4	17.2	50.0
Net operating income	SEK m	2,714	2,623	2,260	7,738	6,350
Net operating income margin	%	69.5	69.0	68.8	67.9	65.3
Total comprehensive income/loss	SEK m	-5,812	244	-2,390	-18,135	12,759
Capital expenditures	SEK m	2,043	2,026	2,436	6,113	6,967
Portfolio Metrics						
Fair value of investment properties	SEK m	338,754	346,629	343,456	338,754	343,456
Homes	Units	163,157	162,166	155,822	163,157	155,822
Real economic occupancy, residential	%	98.1	98.2	98.4	98.2	98.5
Like-for-like rental income growth	%	4.2	5.7	5.5	5.0	5.5
Credit Metrics						
Net loan-to-value	%	57.9	57.2	52.2	57.9	52.2
Net debt / Total assets	%	51.4	50.3	46.3	51.4	46.3
Interest Coverage Ratio (ICR)	Multiple	1.8	2.0	2.6	1.8	2.6

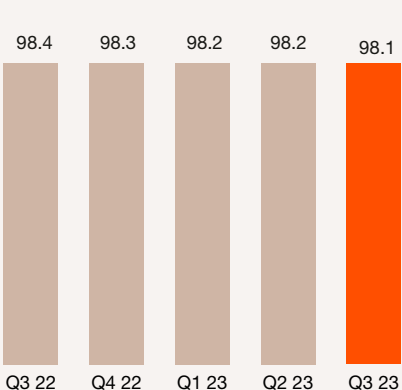
Rental Income

SEK million



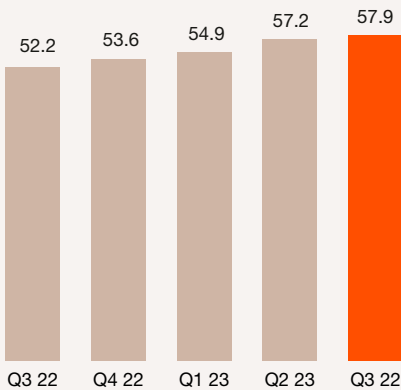
Real Economic Occupancy

%



Net Loan-to-Value (LTV)

%



CEO letter

Favourable market fundamentals continue to benefit us. As an owner and manager of Heimstaden Bostad, we are pleased to see that the company consistently achieves a strong operational performance and that the Net Operating Income margin has organically improved. To further support the Heimstaden's financial position, we completed a bond buyback for a total of SEK 563 million and a sale of the Icelandic portfolio. In addition, Heimstaden Bostad's Board has announced a Privatisation Plan.

Heimstaden Bostad announced the Privatisation Plan

Following last quarter's commitment to defending the 'BBB' rating, Heimstaden Bostad's Board has approved a Privatisation Plan which includes establishing a new business line, where the company target to sell a part of the portfolio to the private home-owner market. The plan will be ramped up over the coming quarters and ultimately is expected to deliver SEK 20 billion by the end of 2025. We see this as an exciting new strategy that will support the company's deleveraging program while crystallising premiums to book values as a key support to the credit metrics.

Continue to reduce leverage

The last months, we have continued to deliver on our strategic plan to reduce leverage.

In September, we completed a bond buyback of 2024 and 2025 senior unsecured bonds for a total consideration of SEK 563 million. Additionally, we announced in October the sale of our Icelandic portfolio, which has given us an annualised return on investment of appr. 18% post-acquisition. The transaction offers an attractive opportunity to accelerate our exit from the Icelandic market, advance our deleveraging, and capture a significant portion of the ongoing exit strategy's upside.

The proceeds from the buyback and the Icelandic transaction will be used for liability management purposes and cover outstanding debt maturities until 2025.

Heimstaden Bostad continues to address upcoming maturities with strong bank partnerships across the portfolio. In the third quarter, Heimstaden Bostad obtained SEK 13 billion in secured bank bank financing and have in total signed SEK 50 billion in funding the past 18 months.

As expected, Fitch lowered our rating to 'BB' and revised the Outlook to Rating Watch Negative. The downgrade reflects a forecasted weakening of the interest coverage ratio.

Attention from the media

Lately, certain media articles have incorrectly described Heimstaden and Heimstaden Bostad as companies in crisis. During the last month, we have proactively countered the allegations in several interviews, highlighting that both companies have for many years delivered great annually returns to shareholders, continue to achieve strong operational results, and are well-prepared for upcoming maturities.

Continued momentum in reaching our sustainability goals

Our sustainability efforts are made with purpose and passion and continue to receive external validation on our sustainability reporting, which confirms we are on the right track. This quarter, Morningstar Sustainalytics and Danske Bank's annual ESG report gave Heimstaden Bostad top scores, spotlighting key achievements, ambitious climate roadmap, and sustainability-linked financing framework.

Welcoming Christian to his new role

In September, I was especially pleased to welcome Chief Investment Officer Christian Fladeland as Deputy CEO, a natural progression considering his substantial contributions to Heimstaden's positive development.

Helge Krogsbøl
CEO Heimstaden





Market update

The investment market faces low transaction volumes and uncertain residential value stability. Residential values are linked to yield spreads and inflation-linked income, with real interest rates as a key determinant. Investors and operators must now prove their operational excellence and deep understanding of residential real estate fundamentals. Privatising part of our portfolio will showcase the resilience of our high-quality assets.

More to residential values than yields

I often hear concerns about how residential yields are too low to be sustainable and that they fall short of covering funding costs. Accordingly, this occasionally prompts questions about the potential impact on property valuations if yields were to increase significantly, creating a positive spread over funding costs. Based on pure math, a 100-200 bps yield expansion would result in 25-50% decline in values overnight.

Interestingly, during the past decade of declining interest rates, there was limited examination of why residential yields didn't decrease to a comparable extent. This period illustrates that residential values are influenced by many factors beyond nominal interest rates. The same obvious explanations remain relevant today, as we observe values declining less than can be explained by the observed yield expansion.

The difference between nominal and real yields

Over the past decade, lower interest rates and low inflation, coupled with increased global productivity, balanced the impact of lenient monetary policies on inflation. During this period, moderate construction cost increases and low funding costs kept rental growth from soaring. Consequently, rental growth prospects, which contribute to the total return for residential real estate, have shifted along with rising interest rates and inflation. This shift should be factored in when comparing nominal funding costs and the actual returns in residential real estate, as the total return outlook for residential real estate has significantly improved.

Residential rents have consistently tracked or outperformed inflation

Rental growth in our markets has matched or outperformed inflation over the past few decades. While regulations may limit rental increases to match inflation, the real increase in wages is enhancing affordability and enabling unregulated markets to experience surplus growth. Currently, we are witnessing like-for-like rental growth matching core inflation, and we anticipate that the growth will surpass core inflation in the near future, making up for the shortfall observed over the past year.

Privatisations are accretive to shareholders and support credit metrics

We are initiating a 5–8-year plan to streamline our portfolio through selective market-based privatisation. This will generate profits and optimise capital allocation as we transition units to the home-ownership market when tenants move out.

Based on a detailed analysis, we have identified approx. 25% of our portfolio, or about SEK 85 billion in book value, suitable for privatisation. This assessment considered achievable profits, operational fit, future returns, and existing funding. Consequently, we've selected five of our nine markets for inclusion and expect profits to exceed 20% of book value based on recent sales and market data. Our multi-year plan aims to begin accelerated execution in Q1 2024, targeting sale of SEK 20 billion in book value by the end of 2025.

Heimstaden Bostad's Board directive is clear: prioritise all proceeds for debt servicing and liability management. These sale proceeds and expected profits will support our essential credit metrics, playing a key role in stabilising the ICR as we aim to defend our 'BBB' rating.

The era of using real estate as a pure fixed income substitute has ended

The heavy focus on spreads between residential yields and nominal rates reflects the financial engineering of real estate in the recent decade. In a zero-interest rate environment, fundamentals took a back seat, but now it's time to remember what truly drives successful real estate investments: inflation protection.

Residential real estate has seen its fundamentals strengthened. As we navigate this transitional period, the primary emphasis is on adjusting for higher interest rates. However, it's hard to imagine that an undersupplied, non-cyclical asset like residential real estate won't rebound from initial declines in nominal prices in a higher inflationary environment.

Christian Fladeland
Deputy CEO Heimstaden

Sustainability Highlights



Environmental

We have improved our ESG risk rating with leading voices in European sustainability analysis.

Morningstar Sustainalytics' ESG now rates Heimstaden Bostad as "Negligible Risk" (from "Low Risk" last year), with full scores in 23 out of 50 categories in addition to a "Strong" rating of our ESG risk management – the highest possible score.

Danske Bank's annual ESG report for the real estate sector upgraded our ESG reporting from "Good" to "Excellent," spotlighting our key achievements, ambitious climate roadmap, and sustainability-linked financing framework.



“External validation from research, ratings, and analytics firms affirms our purposeful and passionate sustainability endeavors, confirming we’re on the right track”

Katarina Skalare.
Chief Sustainability Officer



Social

In response to the Ukraine war, we provided 750 emergency apartments for Ukrainian refugees in the Czech Republic.

As the government adjusted the programme this summer, Heimstaden proactively engaged Ukrainian tenants, holding meetings to explain legislative changes and offer alternative long-term solutions. As a consequence, 73% of the Ukrainian refugees have chosen to continue to lease with us.



“Our Czech team has met the Ukrainian refugees with compassion, understanding, and a solution-oriented mindset. We are pleased to report that 73% of our Ukrainian tenants have transitioned from social contracts to regular lease agreements—a crucial step towards successful refugee integration into local communities”

Anette Konar Rippe
Group Director Social Sustainability



Governance

This quarter, the CEO approved the following updated policies:

- Corporate Communications Policy and Manual
- Risk Policy and Manual
- Financial Policy

We have executed training on the new Group Authorisation Matrix and on the Insider Framework, in addition to launching Anti Bribery and Corruption training for all employees through our employee portal Workday.

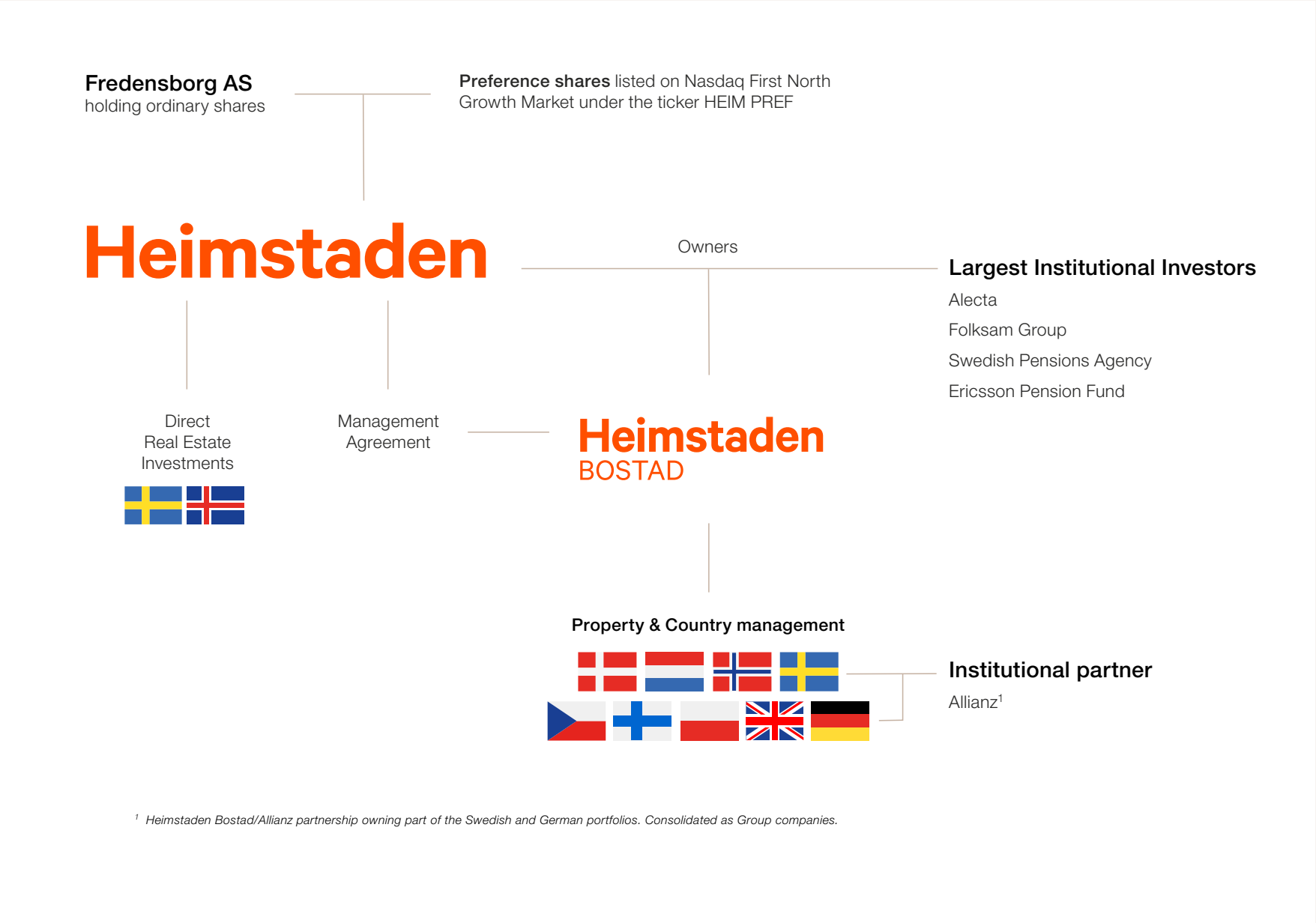


“Improving and streamlining our policy framework, supports a robust governance structure that creates value throughout the entire organisation”

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 2.7% to SEK 3,905 million (3,800), driven primarily by increased income from standing assets and favourable exchange rate developments. Service charges paid by tenants decreased to SEK 389 million (414), mainly due to lower heating consumption.

Like-for-like rental income growth was 4.2% (5.7%). The comparable portfolio made up 88% (90%) of rental income.

Residential real economic occupancy was stable of 98.1% (98.2%), excluding 2.4% (2.2%) in vacancy due to refurbishments and other non-market related vacancies.

Operating expenses

Utility expenses decreased to SEK 458 million (494), mainly related to seasonal varieties. 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 181 million (196). Costs for facility and property management increased to SEK 667 million (623).

Capital expenditures and Repair & Maintenance

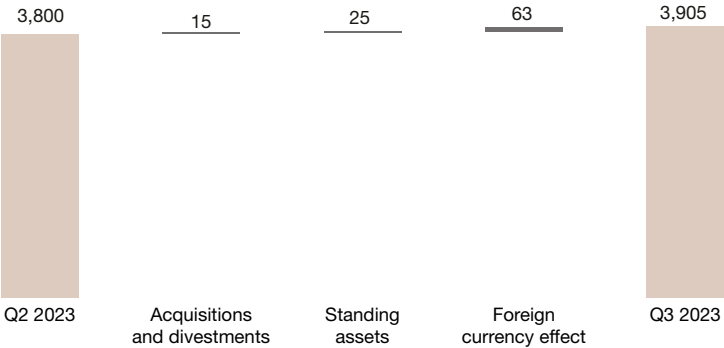
Total expenditure in standing assets was SEK 1,412 million (1,506), corresponding to 0.42% of fair value (0.43%), while investments in properties under construction, excluding forward purchase contracts, amounted to SEK 851 million (758) as the number of homes under construction was reduced from 3,539 to 3,484 at the end of second quarter. More details on page 10.

SEK million	Q3 2023	Q2 2023	YTD 2023	YTD 2022
Income statement items				
Expenses for repair & maintenance ¹	220	237	688	708
Balance sheet items				
Capitalised cost on standing assets excluding tenant improvements	761	724	2,086	2,805
Tenant improvements	431	545	1,452	942
Balance sheet expenditure	1,192	1,269	3,539	3,748
Expenditure on standing assets	1,412	1,506	4,226	4,456
Investment properties under construction	851	758	2,574	3,219
Capital expenditures	2,042	2,026	6,113	6,967

¹ Excluding group eliminations, see Note 3

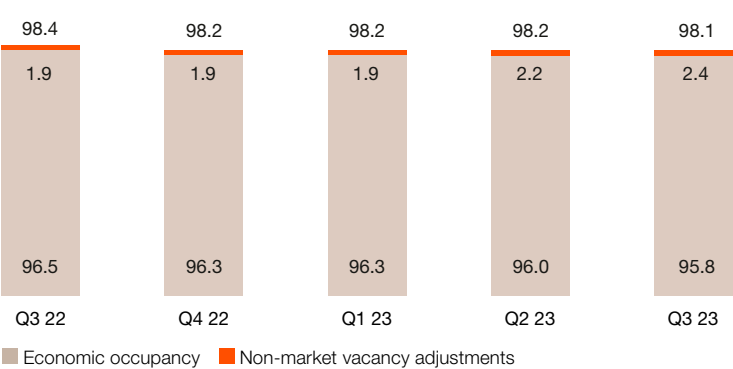
Rental Income

SEK million



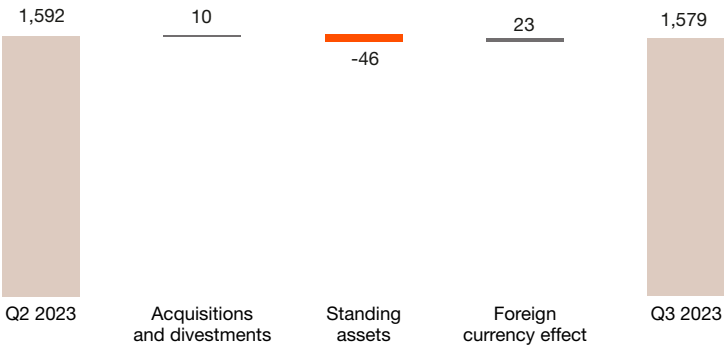
Rental Economic Occupancy

%



Property Expenses

SEK million



Net operating income

Net operating income grew by 3.5% to SEK 2,714 million (2,623), resulting in a net operating income margin of 69.5% (69.0%), mainly driven by rental growth, lower utility costs, and delivery of new builds.

Change in fair value of investment properties¹

Net loss from fair value adjustments on investment properties was SEK 4,946 million (7,349) corresponding to -1.4% of fair value. The yield requirement in the valuation amounted to an average 3.50%, up from 3.42% at the end of the previous quarter mainly driven by sentiment-based yield increase.

SEK million	Q3 2023		YTD 2023	
	%	SEK million	%	SEK million
Sweden	-2.5	-2,319	-8.0	-8,018
Germany	-2.5	-2,130	-12.4	-11,975
Denmark	-0.5	-373	-5.2	-4,083
Netherlands	-0.5	-143	-10.8	-3,403
Czech Republic	1.6	400	4.2	1,026
Norway	-2.5	-464	1.4	243
Iceland	0.6	38	4.1	240
Finland	-2.7	-106	-6.1	-250
United Kingdom	2.3	97	9.9	385
Poland	3.7	54	5.4	77
Total	-1.4	-4,946	-7.1	-25,758

¹ For more information regarding fair value assessments, see Note 7.

Interest expenses

Interest expenses was SEK 1,561 million (1,422) and the average interest rate was 3.0% (2.7%). At the balance sheet date the interest rate hedge ratio was 76% (78%). The interest coverage ratio for the last 12 months was 1.8 (2.0).

Foreign currency

Heimstaden has holdings and operations in SEK, EUR, DKK, NOK, CZK, PLN, GBP and ISK. Exchange differences on translation of foreign operations gave other comprehensive loss of SEK 3,331 million (income 7,402), which was partially offset by SEK 1,500 million in foreign exchange gain (loss 3,678), the latter mainly related to bonds issued in EUR. For more details, see Note 13.

Cash Flow

SEK million	Q3 2023	Q2 2023	YTD 2023	YTD 2022
Operating activities	631	57	703	2,072
Investing activities	-1,203	-1,970	-4,352	-18,960
Financing activities	-1,758	-1,243	-578	3,197
Currency effects	3	268	246	528
Change	-2,331	-2,887	-4,227	-13,162
Period opening balance - Cash and cash equivalents	9,670	12,556	11,323	20,488
Closing balance - Cash and cash equivalents	7,342	9,669	7,343	7,325

Cash generated from operation was SEK 2,719 million (1,162). Interest and taxes paid in period was SEK –2,088 million (1,105) resulting in a net cash flow from operating activities of SEK 631 million (57). The main difference between operating profit and cash flow from operations is fair value adjustments on investment properties of SEK -4,946 million (-7,339).

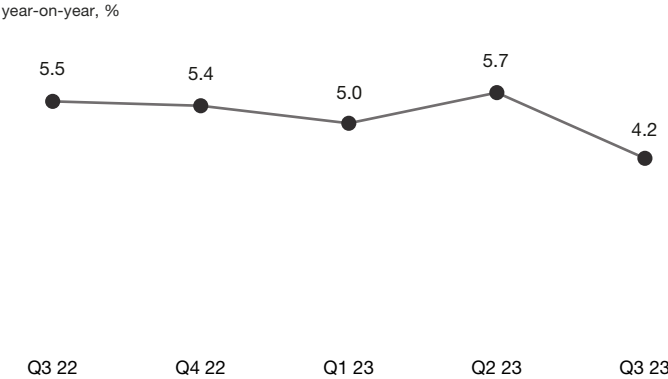
Cash flow from investing activities was SEK -1,203 million (-1,970) and included Capex on investment properties of SEK 2,061million (2,043), and divestments of investment property of SEK 437 million (259).

Cash flow from financing activities was negative SEK 1,758 million (1,243), where repayments of loans exceeded proceeds from new financing, with a net effect of SEK -1,686 million (608).

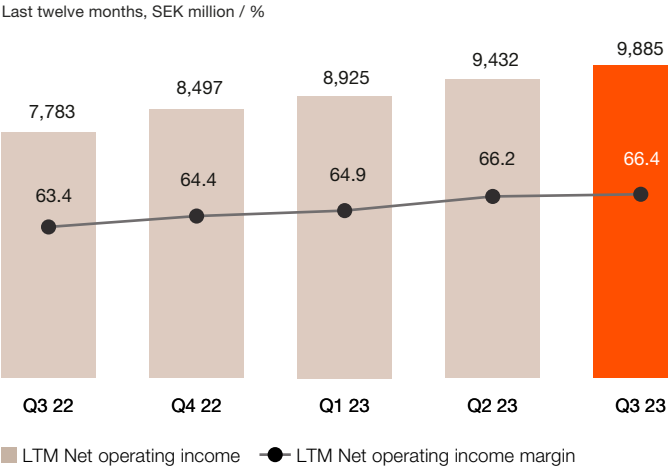
Earnings per share

Heimstaden will no longer report earnings per share (EPS), a financial metric relevant only to companies where the shareholders do not have defined shareholdings across several share classes.

Like-for-Like Rental Income Growth



Net Operating Income and Margin



Investment Properties

Fair Value Development

Fair value of investment properties increased to SEK 339 billion, down from SEK 347 billion at 30 June 2023, mainly through a foreign currency loss of SEK 4.5 billion, and an unrealised fair value loss of SEK 4.9 billion and capital expenditures of SEK 2.0 billion. The portfolio includes 163,157 (162,166) homes across ten markets. Residential units made up 92.6% of fair value and 55.8% of residential in- come comes from regulated units.

The decrease in fair value in Q3 2023 was primarily driven by negative valuation movements in Sweden, Germany and Finland where sentiment-based yield increases (in some cases supported by a limited number of individual comparable transactions) outweighed the positive effects of rental increases. Norway and Iceland also saw values decrease driven by negative owner-occupier price developments. Denmark and The Netherlands saw values stabilise as rental performance and owner-occupier price developments (and outlook) mitigated the effects of increasing yields. Strong rent roll performance saw increasing values in the Czech Republic, United Kingdom and Poland.

The elevated economic volatility in recent months has increased forward looking uncertainty. Assuming it moderates and based on Heimstaden’s expected portfolio operational performance and external valuer forward looking sentiment, on a like-for-like basis we expect the aggregate portfolio value to continue to trend towards stabilisation over the next 1-2 quarters (with some variance shown between individual country portfolios).

Methodology

Heimstaden’s investment properties are valued externally on a quarterly basis, or with interim indexation applied to the latest annual valuation (Norway residential only). For all external valuations the Group instructs a real estate advisory company with appropriate qualifications, experience, and the capacity to carry out the valuation in accordance with the required standards.

In addition, Heimstaden uses a dedicated in-house valuation team to ensure quality control of all external valuations and the execution of standardised structures and processes across its markets.

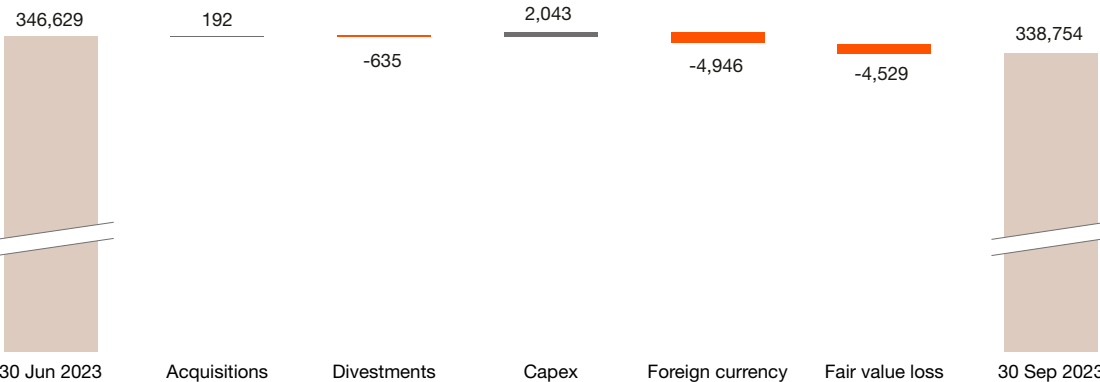
The valuation methodologies the external valuers adopt are based on best market practice in each respective country, typically an explicit income, implicit income, or direct owner-occupier sales comparison approach. In general, valuations are based on a “highest-and-best-use” principle, adopting the highest value given by a re-letting scenario (assuming a re-letting of units at market terms upon tenant churn) and a divestment scenario (assuming a sale of each unit upon tenant churn). For properties under construction, external valuers provide a market value on the special assumption the proposed development works have been completed and occupancy is stabilised, from which Heimstaden deducts remaining costs to complete and appropriate development risk premia to arrive at a fair value.

For more details, see Note 3.1 on page 58 in the 2022 Annual Report



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 exist-ing 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 Improve-ments, and Value add Capex.

Maintenance

Maintenance Capex projects preserve the value of an asset or im-prove tenant quality and satisfaction. All spend is measured in-dividually and alternative investment calculations are carried out considering when to repair versus replace.

Sustainability

Sustainability Capex projects contribute to the Company’s ESG tar-

gets and Climate Roadmap by reducing either energy consumption through efficiency measures or CO₂ 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 eco-nomically viable. Primarily made up of residential units, but can in-clude 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 exten-sions adding rentable square meters, attic apartment conversions, infill buildings, and income producing property upgrades. All pro-jects evaluated and approved on case-by-case basis as per group authority matrix.

Capital Expenditures¹

SEK million	Q3 2023		YTD 2023		Q3 2022		YTD 2022	
	% ²	SEK million	% ²	SEK million	% ²	SEK million	% ²	SEK million
Sweden	0.49	454	1.28	1,246	0.52	530	1.76	1,723
Germany	0.17	148	0.59	548	0.37	302	0.77	546
Denmark	0.16	124	0.49	366	0.15	108	0.51	340
Netherlands	0.65	188	2.15	647	0.64	198	1.94	530
Czech Republic	0.80	210	2.28	534	0.95	201	2.48	445
Norway	0.06	11	0.20	41	0.15	32	0.55	105
Iceland	0.11	7	0.88	49	0.27	15	0.76	34
Finland	1.22	48	2,79	107	0.28	10	2.39	24
Total	0.34	1,192	1.01	3,539	0.41	1,395	1.23	3,748

¹ Capital expenditure on standing assets

² Capital expenditure on standing assets in relation to investment properties

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 pur-chase transaction, Heimstaden commits to buying new turnkey investment properties, which are not recognised on the balance sheet until delivery.

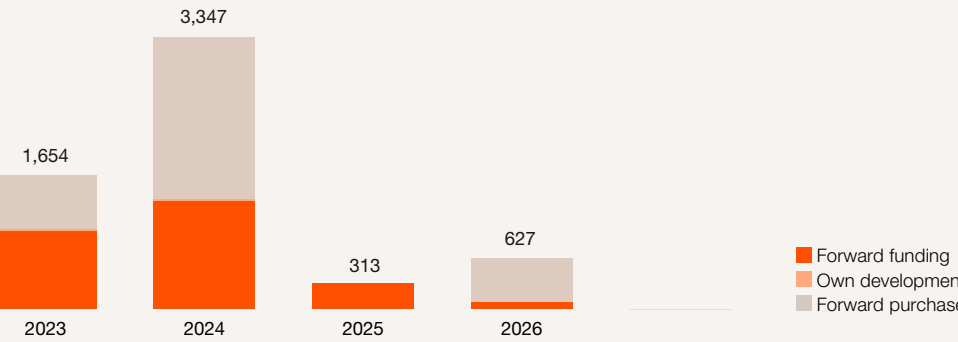
In a forward funding transaction, Heimstaden incurs Capex throughout the development phase based on construction milestones, but do not take on direct development risk. To mitigate counterparty risk, Heim-staden performs thorough due diligence and only partners with robust and experienced counterparties.

In Q3 2023, Heimstaden Bostad reached agreements with developers on two turn-key projects whereby the developers have bought themselves out of their turnkey obligations via payment to Heimstaden Bostad. As a result of the agreement, Heimstaden Bostad also reduces future commitments by SEK 1,222 million.

Heimstaden has forward funding contracts with a total capital expenditure commitment of SEK 2.7 billion. The total pipeline of signed acquisitions, including standing assets and newbuilds, amounts to SEK 3.2 billion. For more details, see Note 14.

Remaining Commitments

SEK million

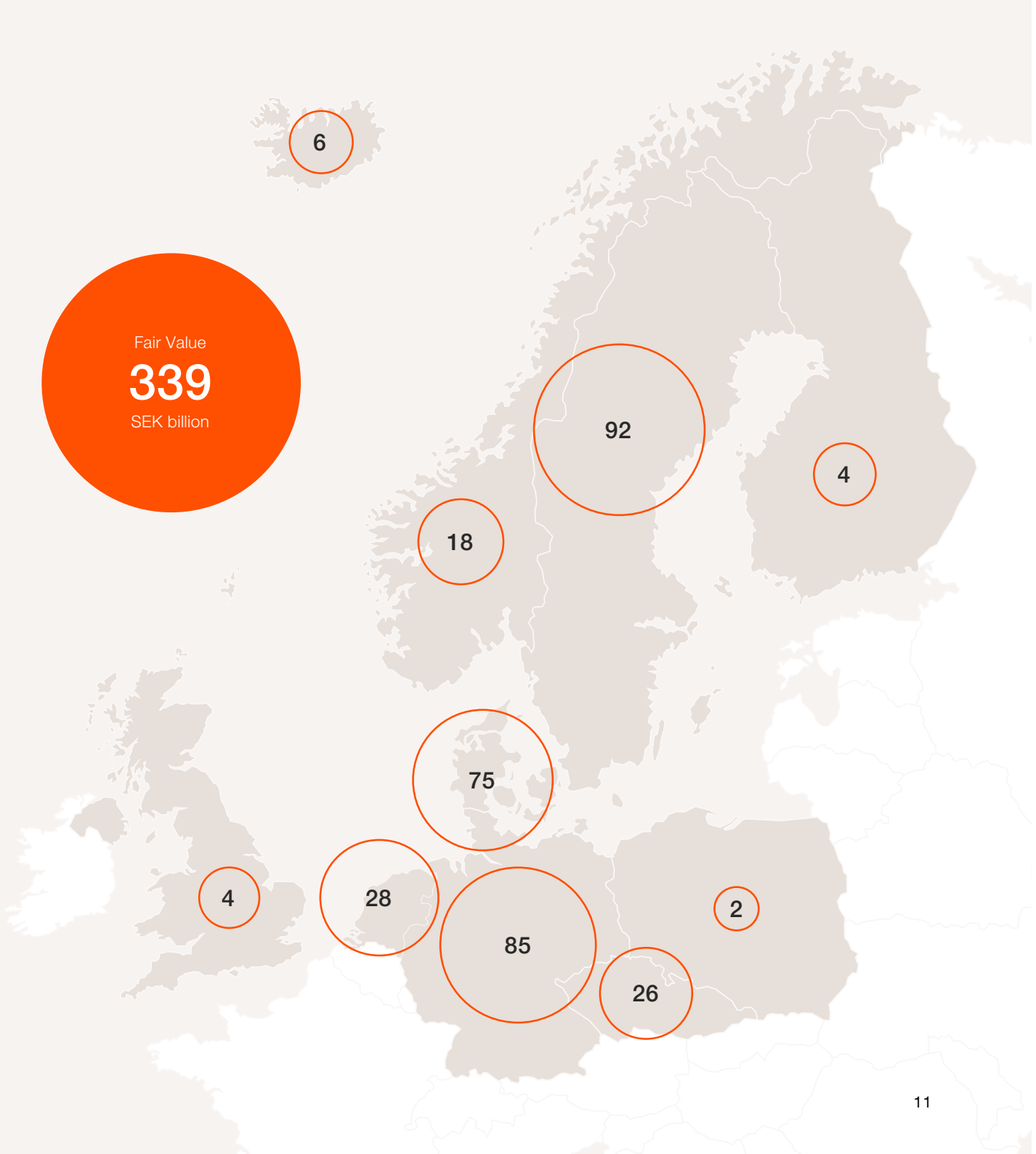


Portfolio Overview

Country	Fair Value, SEK million	Fair Value /sqm, SEK	Homes, units	Residen- tial, %	Regulated Income, ¹ %	Real Economic Occupancy, %
Sweden	91,656	27,319	46,236	90.0	100.0	99.0
Germany	84,595	42,329	29,708	91.0	100.0	99.2
Denmark	74,900	36,866	20,793	94.5	14.4	97.2
Netherlands	28,180	26,756	13,351	98.1	59.2	99.7
Czech Republic	25,509	9,787	42,547	95.9	25.1	96.4
Norway	18,170	86,760	4,004	86.8	0.0	99.6
Iceland ²	6,109	41,799	1,625	100.0	0.0	99.9
United Kingdom	4,268	56,580	949	99.7	0.0	83.2
Finland	3,853	20,698	3,167	95.6	0.0	93.6
Poland	1,515	40,468	777	88.8	0.0.	97.1
Total	338,754	28,936	163,157	92.6	55.8	98.1

¹ Residential income

² Properties in Iceland are owned 100% by Heimstaden

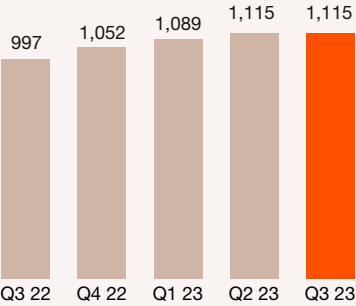


Sweden

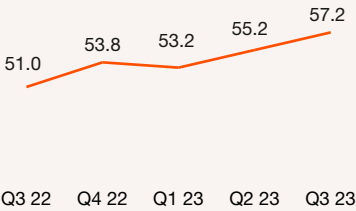
		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	1,115	1,115	997	3 319	3,156
Net operating income	SEK m	725	674	571	1 949	1,709
Net operating income margin	%	65.1	60.5	57.3	58,7%	54.2
Like-for-like rental income growth	%	4.8	5.4	3.2	4,5%	3.0
Real economic occupancy	%	99.0	99.3	99.1	99,1%	99.0
Fair value of investment properties	SEK m	91,656	93,219	100,395	91,656	100,395
Fair value change	SEK m	-2,319	-2,527	-2,955	-8,018	-2,101
Capital expenditures	SEK m	755	718	1,057	2,239	3,247
Average valuation yield requirement ¹	%	3.3	3.2	2.8	3.3	2.8
Acquisitions	SEK m	–	–	154	24	1,987
Divestments	SEK m	–	–	-18	-33	-471



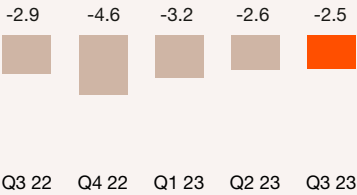
Rental Income
SEK million



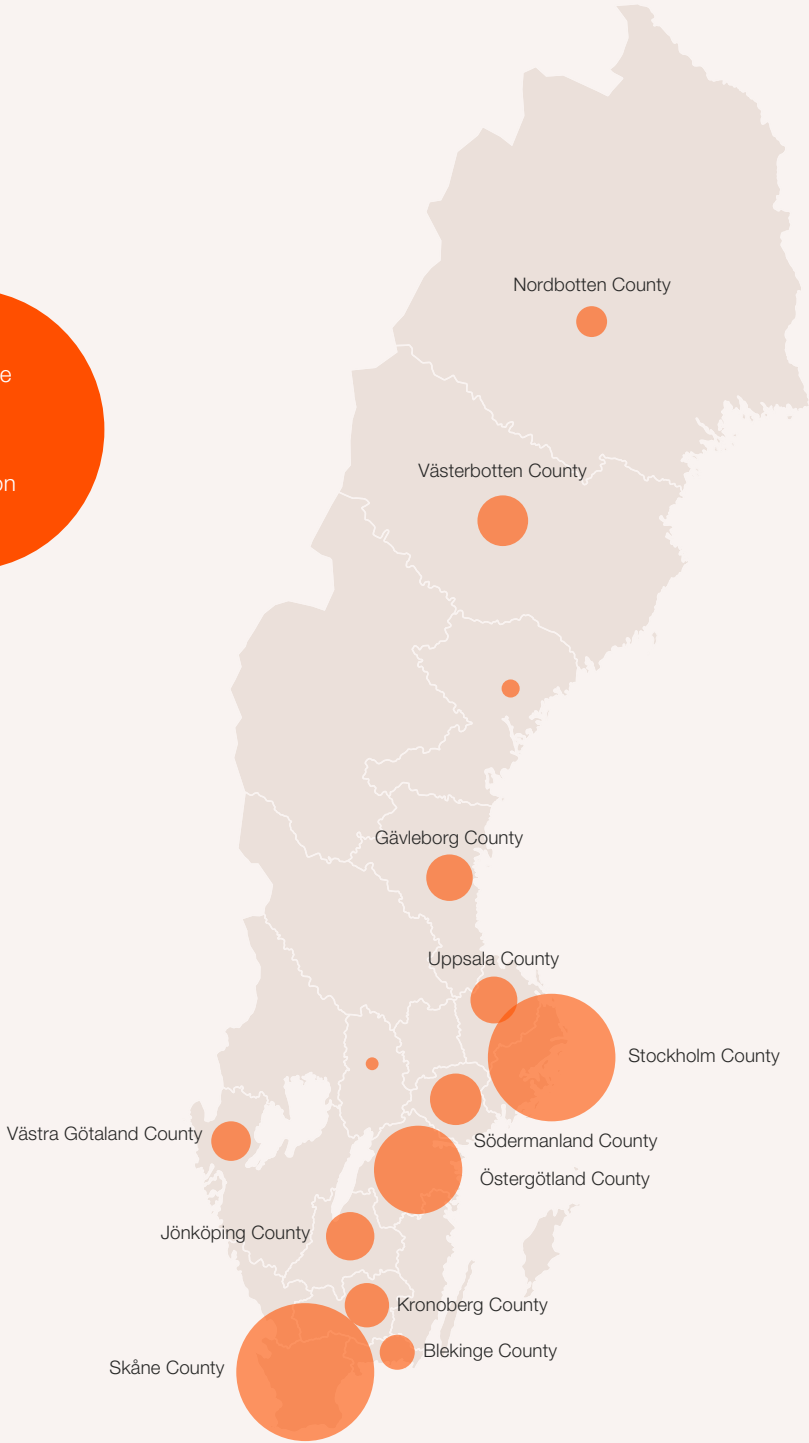
Net Operating Income Margin
Last twelve months, %



Fair Value Change
%



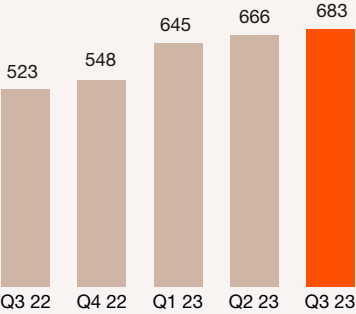
¹ The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.



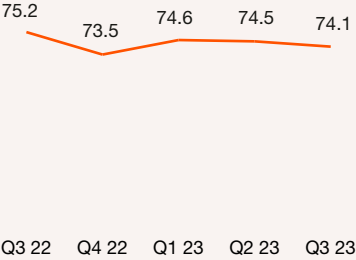
Germany

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	683	666	523	1,994	1,517
Net operating income	SEK m	500	507	390	1,510	1,142
Net operating income margin	%	73.3	76.0	74.6	75.7	75.3
Like-for-like rental income growth	%	3.6	5.3	5.3	4.8	11.6
Real economic occupancy	%	99.2	98.8	98.5	99.1	98.4
Fair value of investment properties	SEK m	84,595	88,102	83,101	84,595	83,101
Fair value change	SEK m	-2,130	-3,656	-498	-11,975	4,534
Capital expenditures	SEK m	149	198	256	549	546
Average valuation yield requirement ¹	%	2.7	2.6	2.3	2.7	2.3
Acquisitions	SEK m	–	–	-2	–	2,618
Divestments	SEK m	–	–	-21	–	-25

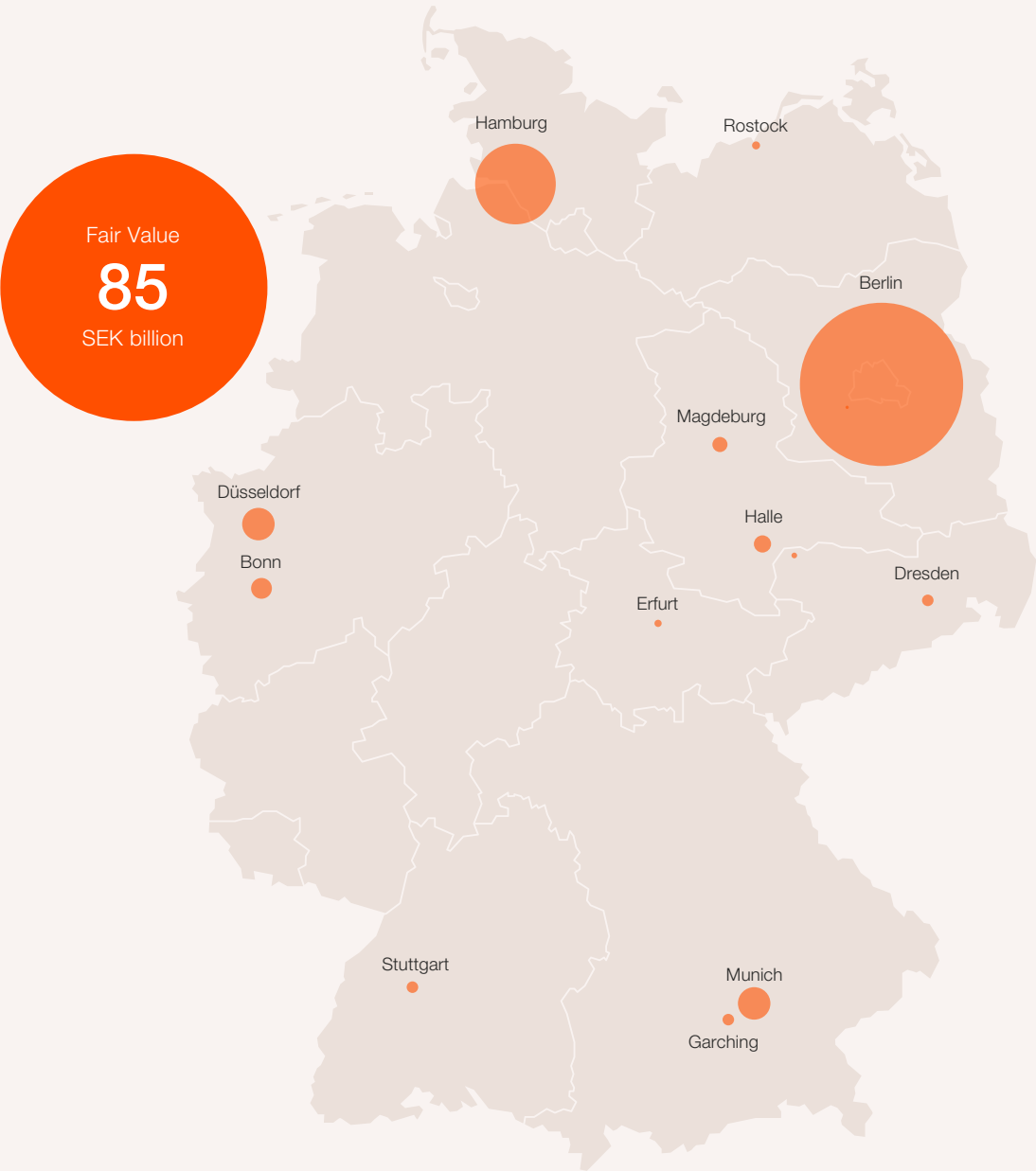
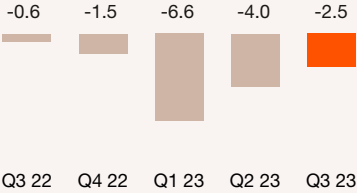
Rental Income
SEK million



Net Operating Income Margin
Last twelve months, %



Fair Value Change
%

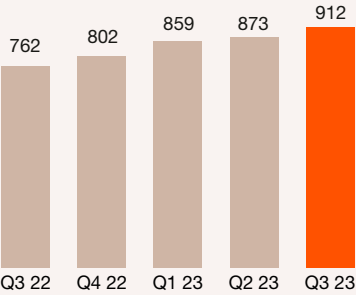


¹ The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

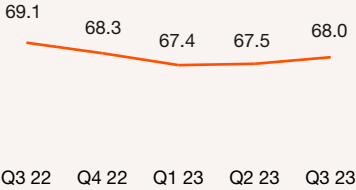
Denmark

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	912	873	762	2,644	2,224
Net operating income	SEK m	649	605	534	1,822	1,548
Net operating income margin	%	71.2	69.3	70.1	68.9	69.6
Like-for-like rental income growth	%	0.5	1.0	5.2	1.0	6.1
Real economic occupancy	%	97.2	96.9	97.6	96.9	98.4
Fair value of investment properties	SEK m	74,900	76,286	74,711	74,900	74,711
Fair value change	SEK m	-373	-528	-1,859	-4,097	-54
Capital expenditures	SEK m	330	300	292	873	937
Average valuation yield requirement ¹	%	4.1	4.1	3.6	4.1	3.6
Acquisitions	SEK m	5.7	38	1,219	1,696	2,846
Divestments	SEK m	-19	–	-10	-19	-16

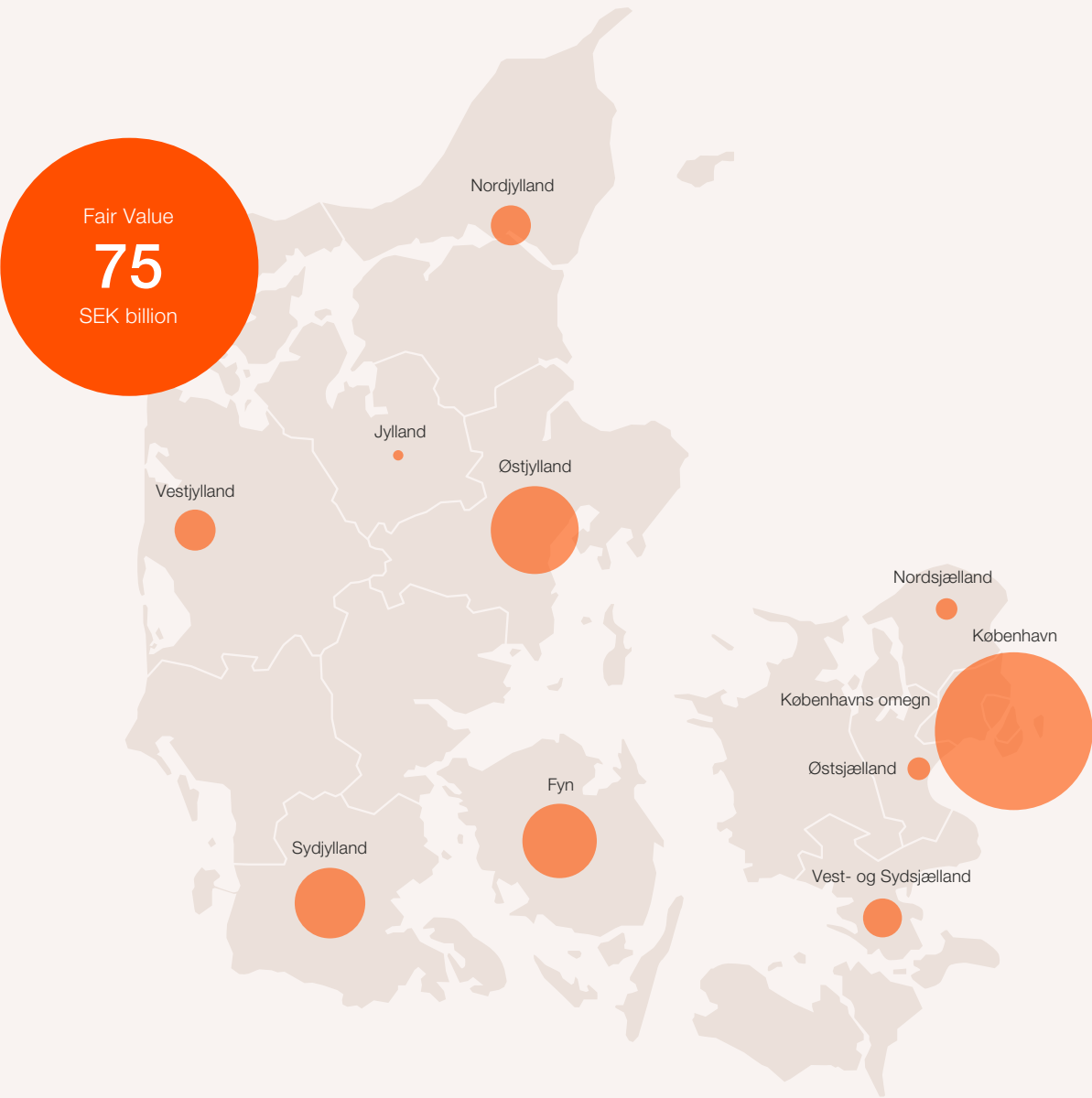
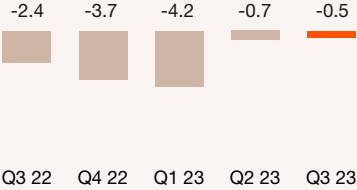
Rental Income
SEK million



Net Operating Income Margin
Last twelve months, %



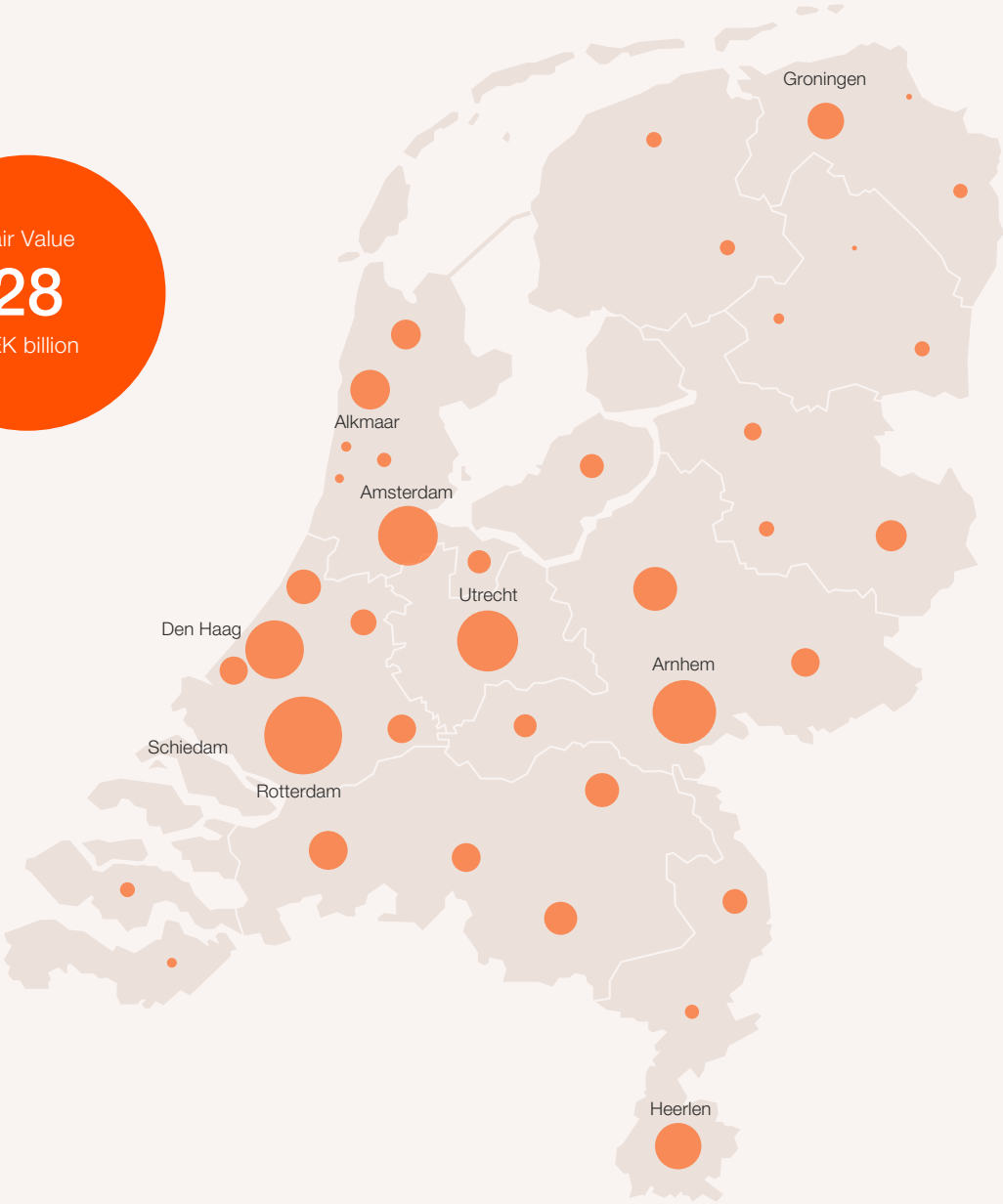
Fair Value Change
%



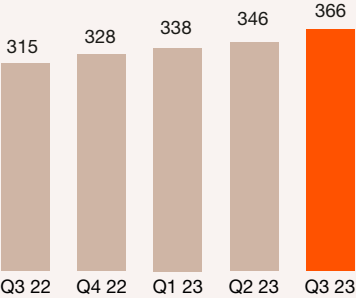
¹ The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

Netherlands

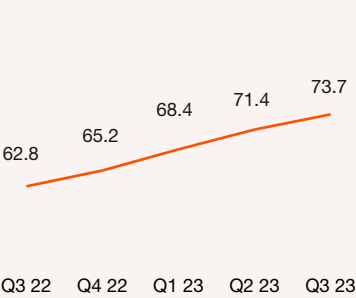
		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	366	346	315	1,050	914
Net operating income	SEK m	278	272	210	797	591
Net operating income margin	%	76.0	78.5	66.9	75.9	64.7
Like-for-like rental income growth	%	4.1	4.8	4.1	4.6	3.3
Real economic occupancy	%	99.7	99.7	99.7	99.7	99.7
Fair value of investment properties	SEK m	28,180	28,714	30,444	28,180	30,444
Fair value change	SEK m	-143	-862	-985	-3,403	634
Capital expenditures	SEK m	188	229	198	647	530
Average valuation yield requirement ¹	%	3.7	3.7	2.9	3.7	2.9
Acquisitions	SEK m	–	–	–	–	196
Divestments	SEK m	-82	-55	-11	-152	-14



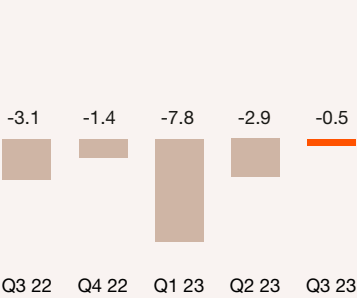
Rental Income
SEK million



Net Operating Income Margin
Last twelve months, %



Fair Value Change
%

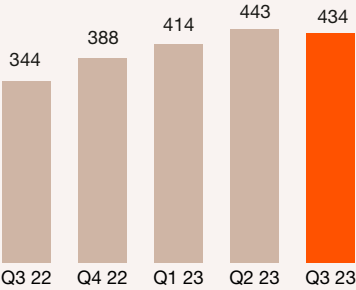


¹ The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

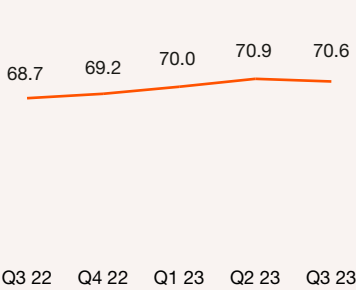
Czech Republic

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	434	443	344	1,292	994
Net operating income	SEK m	307	324	249	932	703
Net operating income margin	%	70.9	73.0	72.3	72.1	70.8
Like-for-like rental income growth	%	10.1	15.8	9.6	13.8	8.0
Real economic occupancy	%	96.4	96.8	97.0	96.8	96.8
Fair value of investment properties	SEK m	25,509	26,121	22,209	25,509	22,209
Fair value change	SEK m	400	240	337	1,026	2,321
Capital expenditures	SEK m	210	189	201	534	471
Average valuation yield requirement ¹	%	4.7	4.6	4.4	4.7	4.4
Acquisitions	SEK m	–	–	–	–	–
Divestments	SEK m	-19	-5	–	-24	-1

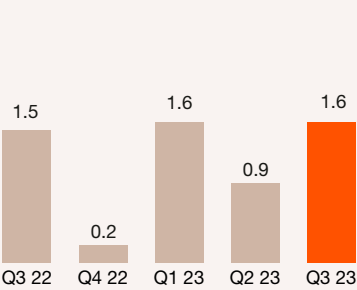
Rental Income
SEK million



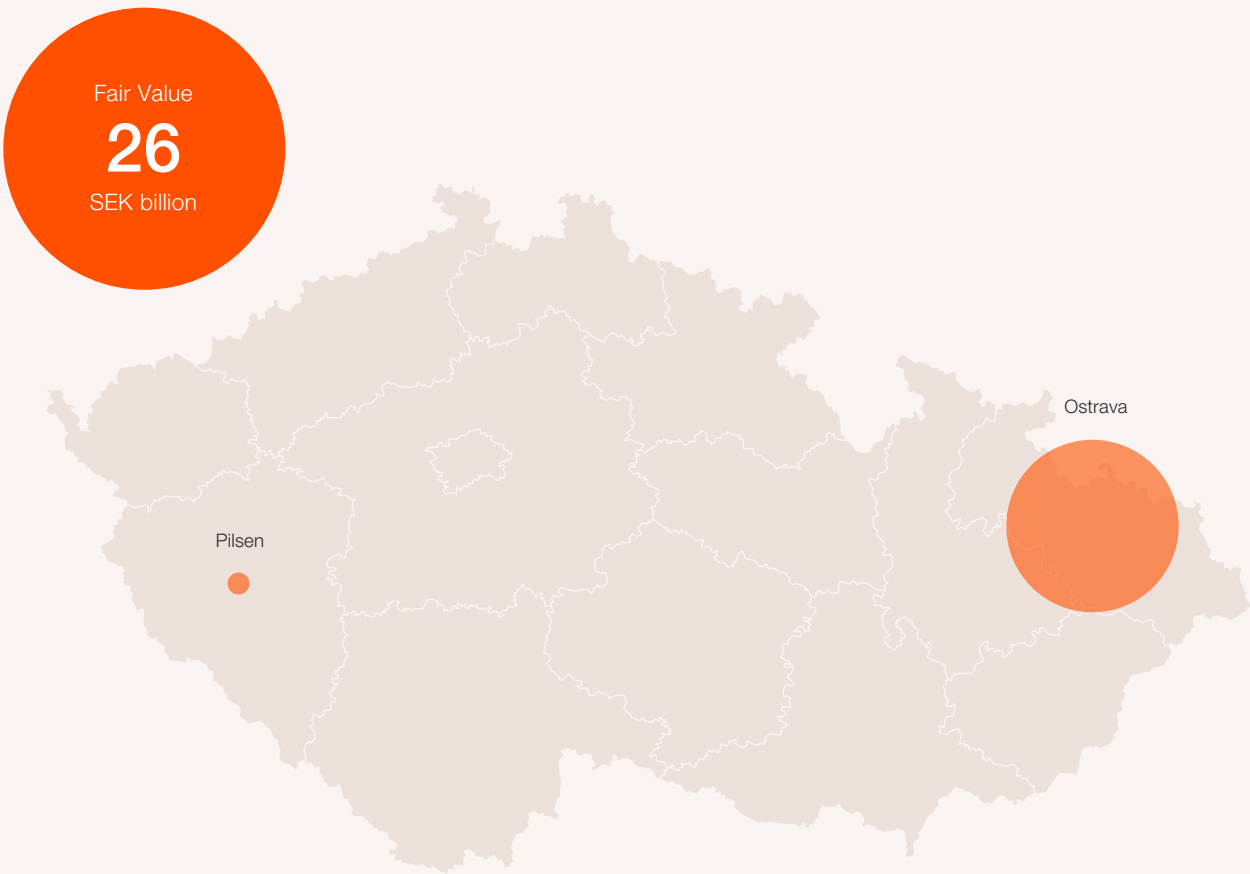
Net Operating Income Margin
Last twelve months, %



Fair Value Change
%



¹ 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.



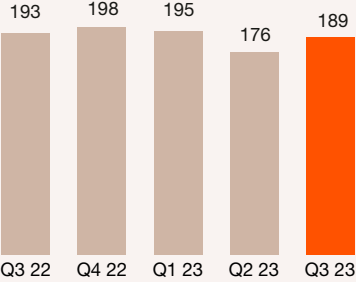
Norway

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	189	176	193	561	559
Net operating income	SEK m	142	136	131	429	374
Net operating income margin	%	74.9	77.3	67.9	76.5	66.8
Like-for-like rental income growth	%	6.3	8.0	10.5	7.2	8.1
Real economic occupancy	%	99.6	99.2	98.7	99.4	97.6
Fair value of investment properties	SEK m	18,170	18,667	20,417	18,170	20,417
Fair value change	SEK m	-464	-10	-348	243	977
Capital expenditures	SEK m	31	64	60	141	262
Average valuation yield requirement ¹	%	3.2	3.0	2.9	3.2	2.9
Acquisitions	SEK m	–	–	1	–	125
Divestments	SEK m	-189	24	–	-1,522	-6



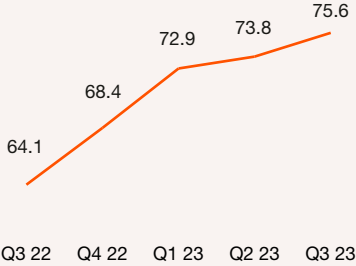
Rental Income

SEK million



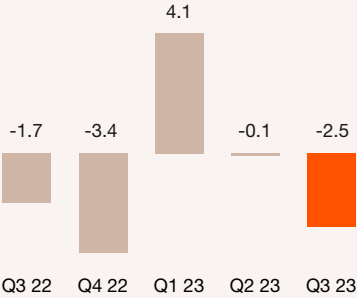
Net Operating Income Margin

Last twelve months, %



Fair Value Change

%



¹ 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.



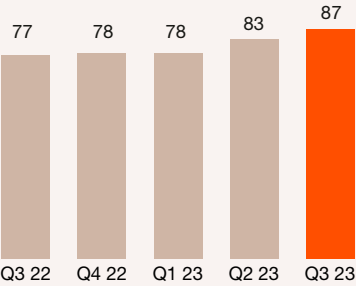
Iceland

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	87	83	77	249	220
Net operating income	SEK m	58	58	54	167	145
Net operating income margin	%	66.5	69.2	69.2	67.1	66.0
Like-for-like rental income growth	%	4.9	11.0	N/A	9.6	N/A
Real economic occupancy	%	99.9	99.9	99.7	99.9	99.4
Fair value of investment properties	SEK m	6,109	6,013	5,624	6,109	5,624
Fair value change	SEK m	38	52	18	240	573
Capital expenditures	SEK m	7	21	15	49	34
Average valuation yield requirement ¹	%	4.6	4.2	4.6	4.6	4.6
Acquisitions	SEK m	181	–	–	181	–
Divestments	SEK m	-154	-225	-3	-379	-3



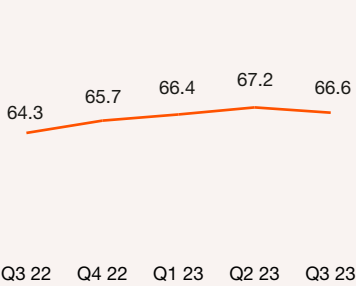
Rental Income

SEK million



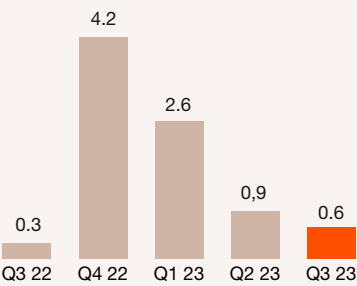
Net Operating Income Margin

Last twelve months, %

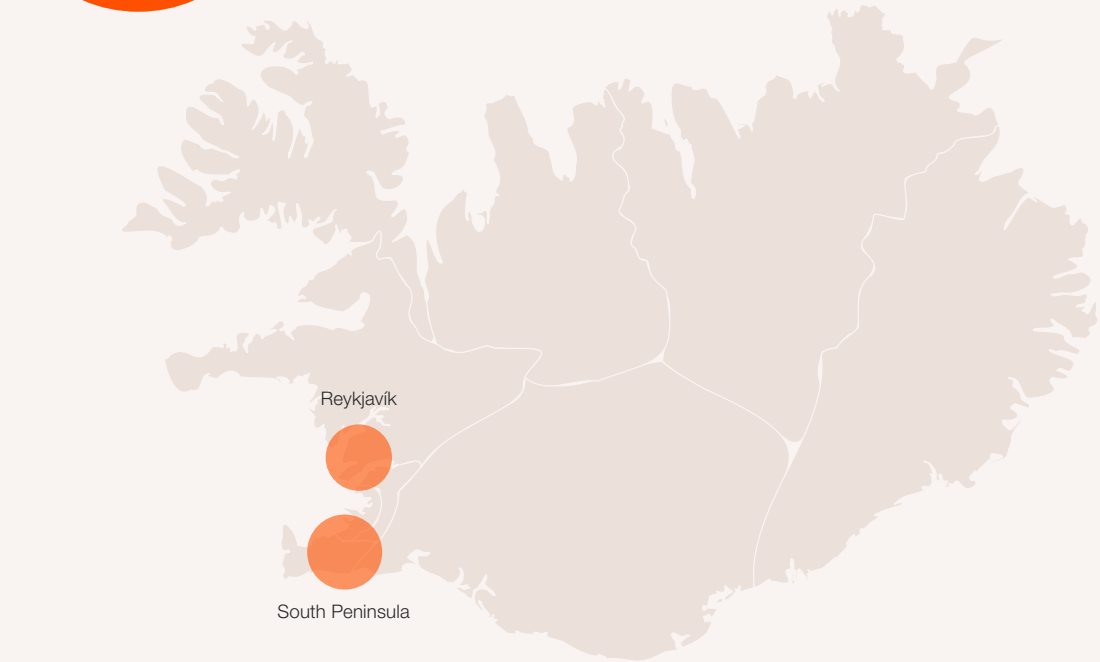


Fair Value Change

%



¹ 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.

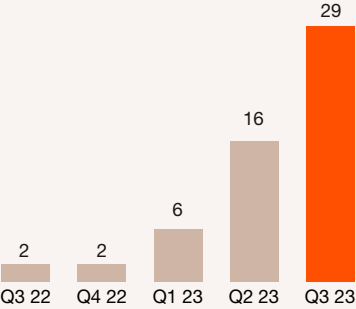


United Kingdom

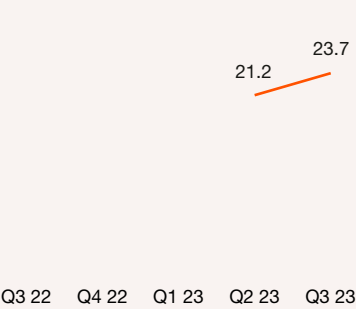
		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	29	16	2	52	6
Net operating income	SEK m	7	6	1	13	1
Net operating income margin	%	23.7	38.5	N/A	24.9	N/A
Like-for-like rental income growth	%	5.1	3.0	N/A	3.0	N/A
Real economic occupancy	%	83.2	83.8	99.6	83.4	99.2
Fair value of investment properties	SEK m	4,268	4,008	2,370	4,268	2,370
Fair value change	SEK m	97	-37	-66	385	164
Capital expenditures	SEK m	293	233	348	860	916
Average valuation yield requirement ¹	%	4.4	4.3	4.5	4.4	4.5
Acquisitions	SEK m	–	–	–	–	268
Divestments	SEK m	–	–	–	–	–



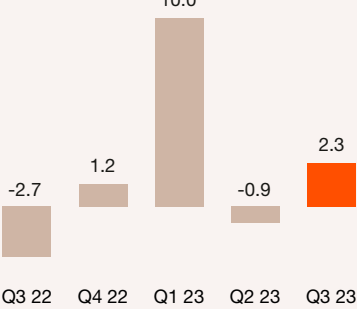
Rental Income
SEK million



Net Operating Income Margin
Last twelve months, %



Fair Value Change
%



¹ 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.

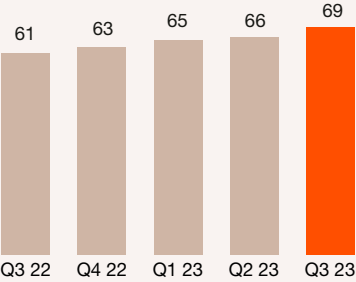
Finland

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	69	66	61	199	130
Net operating income	SEK m	34	31	36	94	69
Net operating income margin	%	50.3	46.9	58.9	47.1	53.3
Like-for-like rental income growth	%	3.5	0.8	N/A	1.6	N/A
Real economic occupancy	%	93.6	93.3	95.5	93.6	95.6
Fair value of investment properties	SEK m	3,853	3,976	3,711	3,853	3,711
Fair value change	SEK m	-106	-38	-10	-250	200
Capital expenditures	SEK m	48	41	10	106	24
Average valuation yield requirement ¹	%	4.4	4.3	5.3	4.4	5.3
Acquisitions	SEK m	–	–	–	–	1,962
Divestments	SEK m	–	–	–	–	–



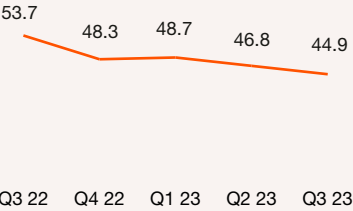
Rental Income

SEK million



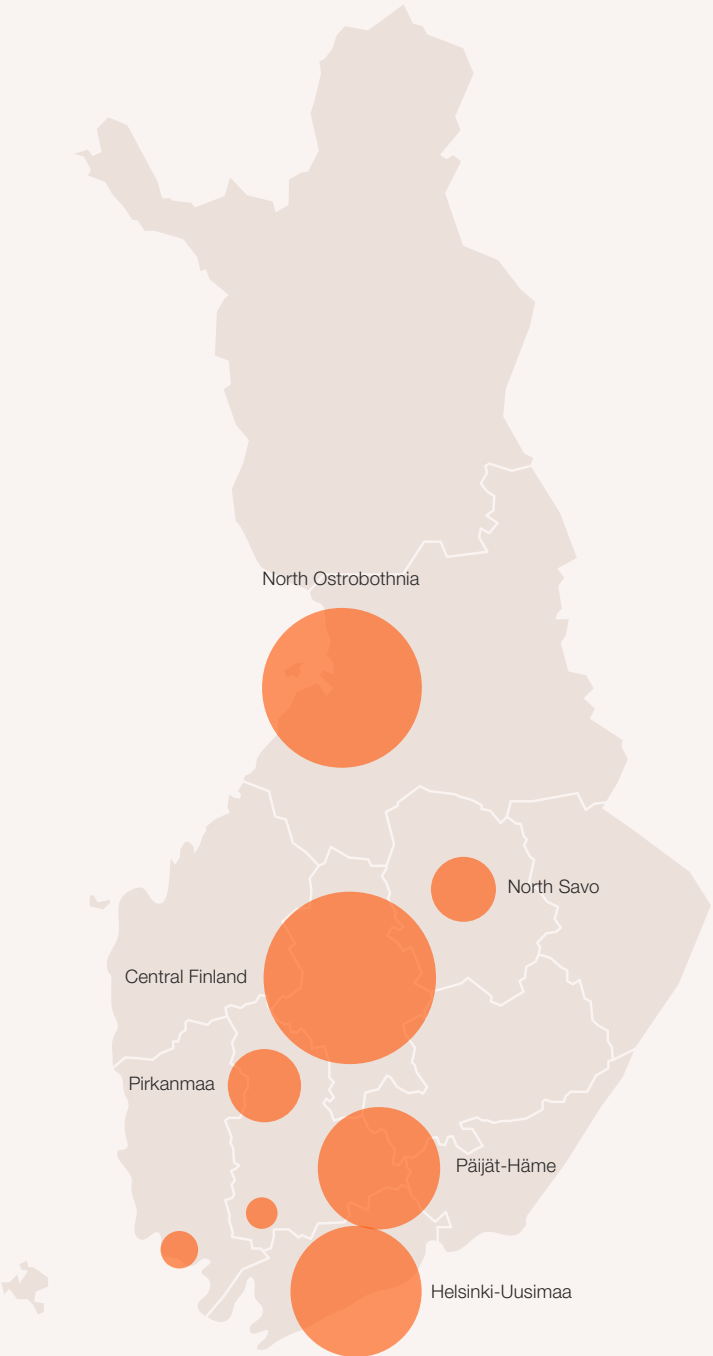
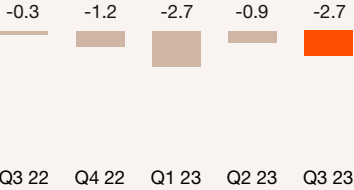
Net Operating Income Margin

Last twelve months, %



Fair Value Change

%

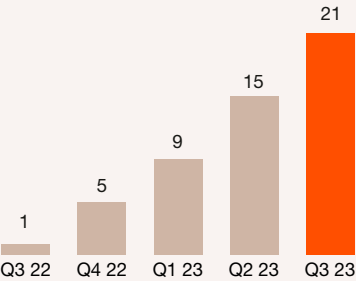


¹ The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

Poland

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	21	15	1	45	1
Net operating income	SEK m	12	10	-3	26	-6
Net operating income margin	%	59.1	65.1	N/A	58.1	N/A
Like-for-like rental income growth	%	N/A	N/A	N/A	N/A	N/A
Real economic occupancy	%	97.1	92.4	94.6	95.3	94.6
Fair value of investment properties	SEK m	1,515	1,522	474	1,515	474
Fair value change	SEK m	54	17	14	77	14
Capital expenditures	SEK m	32	33	–	115	–
Average valuation yield requirement ¹	%	5.4	5.6	5.0	5.4	5
Acquisitions	SEK m	5	117	462	249	462
Divestments	SEK m	–	–	–	–	–

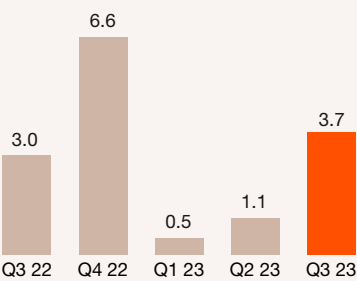
Rental Income
SEK million



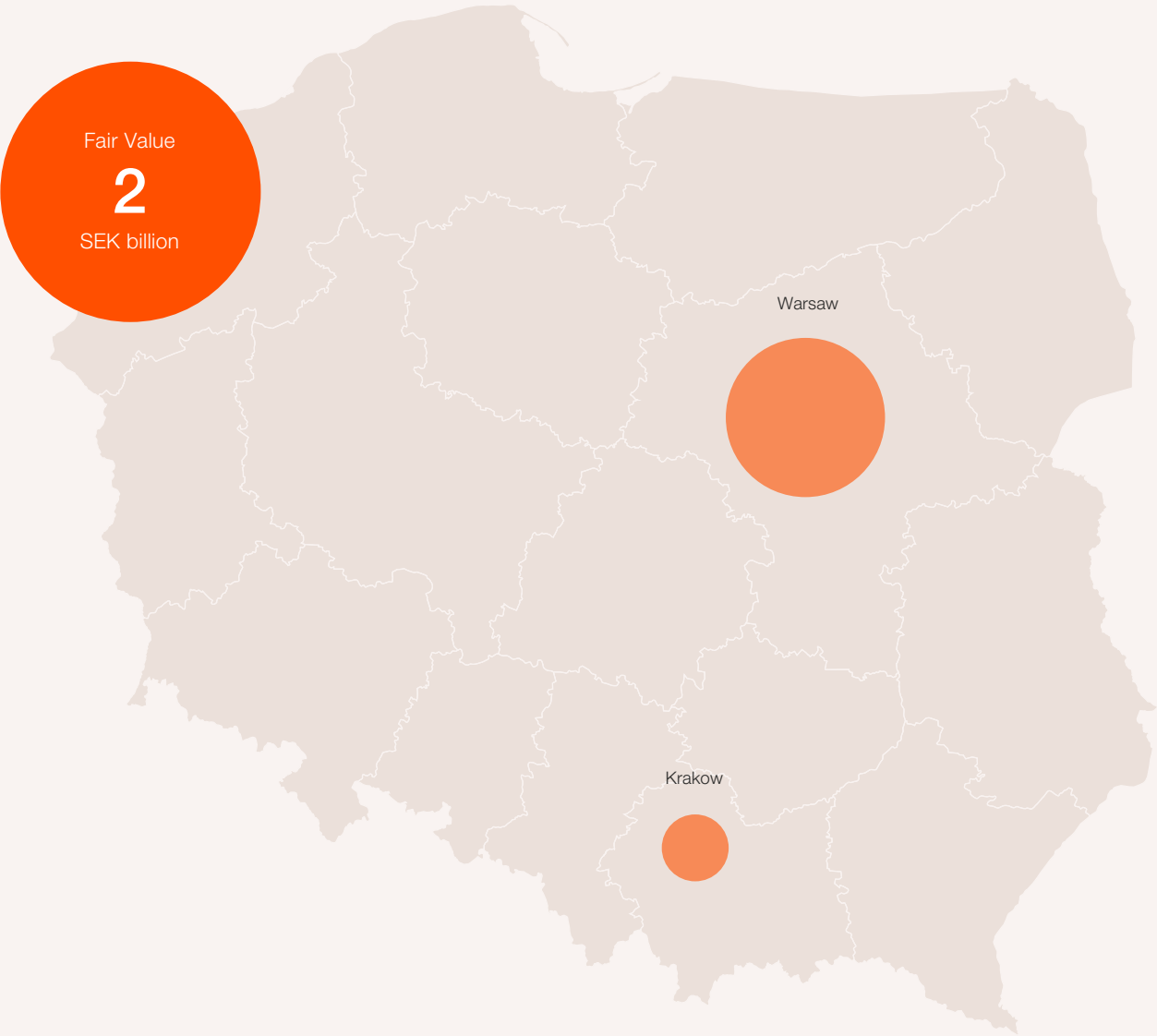
Net Operating Income Margin
Last twelve months, %



Fair Value Change
%



¹ 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 and operating residential real estate requires stable access to capital at favourable terms. In line with announced strategy Heimstaden’s primary focus on a standalone basis is to further reduce leverage to obtain a financial structure that creates resilience in a macro environment associated with increasing risk of refinancing. As part of that strategy Heimstaden successfully completed a bond buyback to proactively improve the company’s debt maturity profile and strengthen the balance sheet.

Funding strategy

Heimstaden is through available sources of funding building a cash position that will serve to meet upcoming debt maturities and refinancing needs and support the deleveraging strategy to create a more robust balance sheet and conservative financial structure.

During the quarter, Heimstaden tendered a total consideration of SEK 530 million senior unsecured bonds under its EMTN programme with a maturity in 2024 and 2025. At the end of the period, Heimstaden had SEK 12,088 million in senior unsecured bonds and a SEK 7,925 million hybrid bond outstanding, all listed on Nasdaq Stockholm.

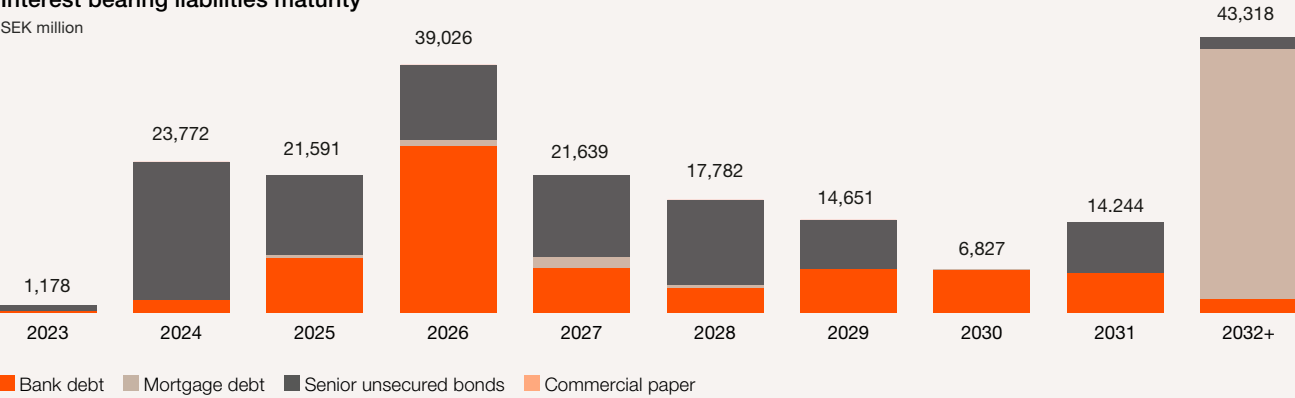
Rating

Fitch lowered Heimstaden’s rating by one notch to ‘BB’ and revised the Outlook to Rating Watch Negative. The downgrade reflects a forecasted weakening of the interest coverage ratio.

See pages 46-49 for more information on Heimstaden’s debt instruments and standalone financials.

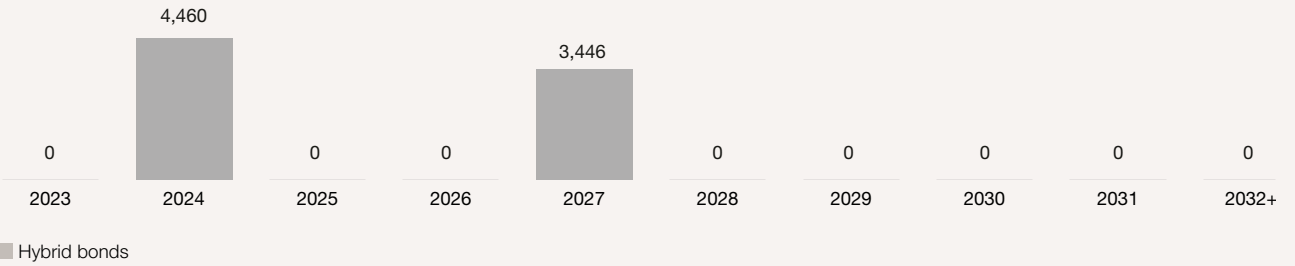
Interest bearing liabilities maturity

SEK million



Hybrid bonds reset dates

SEK million



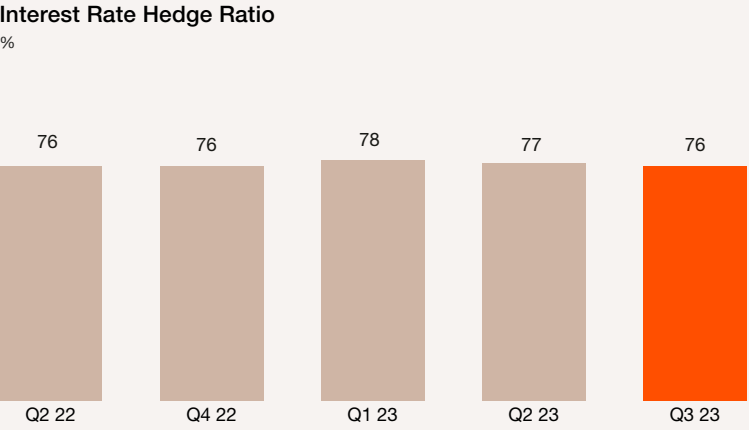
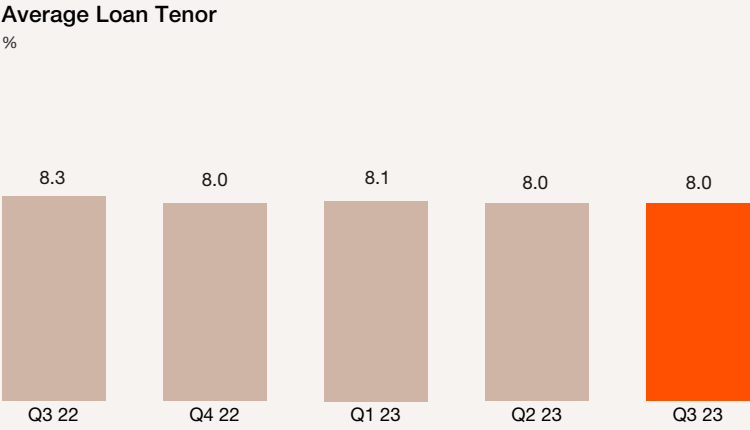
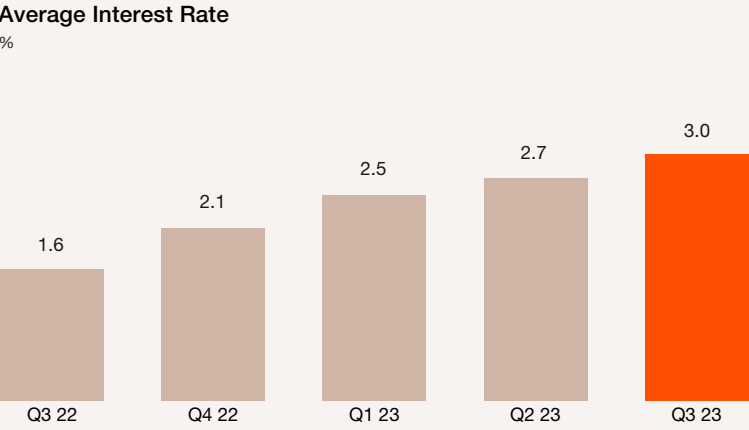
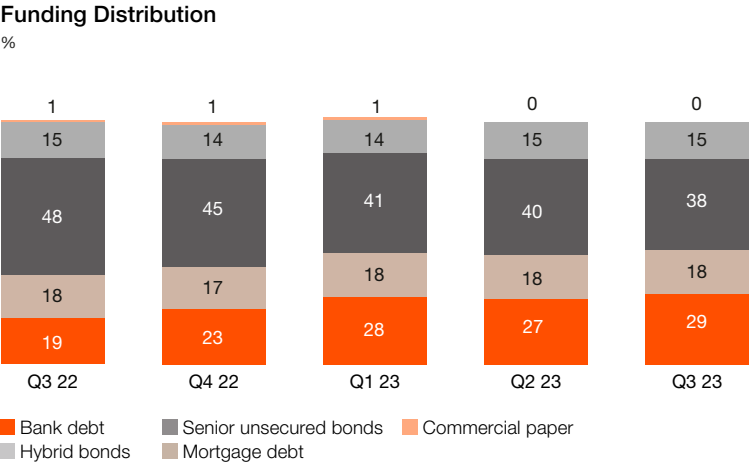
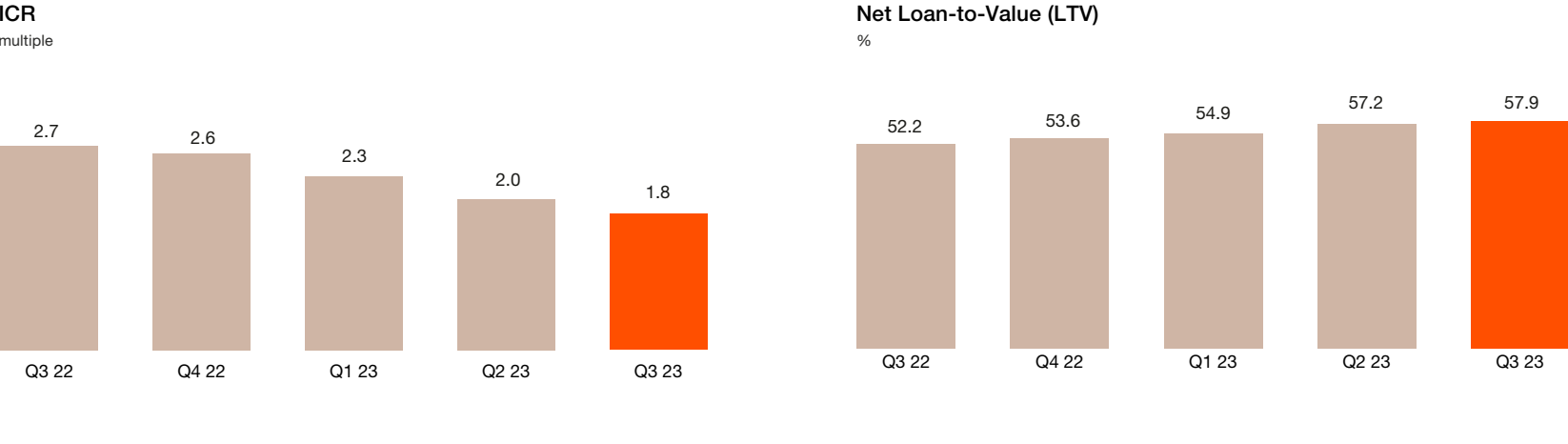
BB

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	25
Condensed Consolidated Statement of Financial Position	26
Condensed Consolidated Statement of Changes in Equity	27
Condensed Consolidated Cash Flow Statement	28
Notes to the Condensed Consolidated Financial Statements	29
1. Accounting Principles	29
2. Related Parties	29
3. Segment Reporting	30
4. Rental Income	32
5. Other Operating Expenses	32
6. Realised Gains/losses from Divestment of Properties	32
7. Investment Properties	33
8. Intangible Assets	34
9. Investments in Associated companies and Joint Ventures	34
10. Inventory Properties	34
11. Financial Assets and Liabilities	35
12. Fair Value Measurements of Financial Instruments	36
13. Equity	37
14. Commitments and Contingencies	37
15. Subsequent Events	37

Condensed Parent Company Financial Statements

Parent Company Income Statement	38
Parent Company Statement of Comprehensive Income	38
Parent Company Statement of Financial Position	39
Parent Company Statement of Changes in Equity	40
Parent Company Statement of Cash Flows	41

Auditor's review report	42
Earnings Capacity	43
Alternative Performance Measures	44
Heimstaden AB Standalone	46

Condensed Consolidated Statement of Comprehensive Income

SEK million	Note	Q3 2023	Q3 2022 ²	YTD 2023	YTD 2022 ²	FY 2022 ²
Rental income	3, 4	3,905	3,283	11,403	9,729	13,204
Service charges paid by tenants	3, 4	389	271	1,319	843	1,229
Property expenses	3	-1,579	-1,294	-4,984	-4,222	-5,935
Net operating income¹		2,714	2,260	7,738	6,350	8,497
Corporate administrative expenses		-196	-170	-492	-498	-724
Other operating income		57	27	262	244	285
Other operating expenses	5	-97	-88	-278	-245	-282
Realised gains/losses from divestment of properties	6	34	-7	54	-10	9
Profit before unrealised fair value adjustment		2,513	2,023	7,285	5,841	7,786
Fair value adjustment of investment properties	7	-4,946	-6,351	-25,758	7,261	-4,232
Value adjustment of inventory properties	10	18	-16	32	-35	402
Operating profit/loss		-2,415	-4,345	-18,441	13,067	3,955
Share of net profits/losses of associated companies and joint ventures	9	-1,195	1,553	-1,530	1,383	409
Impairment of intangible assets	8	-	-	-1,058	-	-
Interest income		97	54	207	122	342
Interest expenses		-1,561	-816	-4,231	-2,174	-3,253
Net currency translation gains/losses		1,500	-1,539	-2,870	-4,859	-7,257
Fair value adjustment of derivative financial instruments		-19	80	-210	964	1,115
Other financial items		-29	-751	474	-2,407	-2,307
Profit/loss before tax		-3,622	-5,764	-27,658	6,095	-6,995
Current tax expense		-219	-254	-725	-860	-842
Deferred tax income/expense		1,360	1,336	5,320	-1,357	2,028
Profit/loss for the period		-2,481	-4,681	-23,064	3,879	-5,809
Other comprehensive income/loss	13	-3,331	2,291	4,929	8,880	13,866
Total comprehensive income		-5,812	-2,390	-18,135	12,759	8,056
Profit/loss for the period attributable to:						
The Parent Company's shareholders		-1,480	-3,159	-13,696	967	-4,628
Non-controlling interests		-1,001	-1,523	-9,368	2,912	-1,182
Total comprehensive income for the period attributable to:						
Parent Company's ordinary shareholders		-3,419	-1,909	-10,858	6,234	3,477
Parent Company's preference shareholders		29	29	88	88	117
Non-controlling interests		-2,422	-511	-7,364	6,437	4,462

¹ Excludes income from inventory properties.

² Comparables restated, see [note 1](#)

Condensed Consolidated Statement of Financial Position

SEK million	Note	30 September 2023	31 December 2022	30 September 2022
ASSETS				
Investment properties	7	338,754	351,337	343,456
Intangible assets	8	16,244	16,915	17,297
Machinery and equipment		389	358	350
Investments in associated companies and joint ventures	9	8,336	9,758	10,384
Derivative financial instruments	11, 12	509	836	1,018
Deferred tax assets		1,529	1,297	–
Other financial assets	12	3,219	3,885	3,515
Total non-current assets		368,980	384,387	376,021
Inventory properties	10	538	573	826
Rent and trade receivables		524	403	252
Other financial assets		2,608	5,011	1,522
Derivative financial instruments	11, 12	541	645	312
Prepayments		1,385	1,763	1,032
Cash and cash equivalents		7,342	11,322	7,325
Total current assets		12,936	19,716	11,269
Total assets		381,917	404,103	387,289

SEK million	Note	30 September 2023	31 December 2022	30 September 2022
EQUITY AND LIABILITIES				
Equity	13	148,796	168,808	164,573
Interest-bearing liabilities	11	190,469	185,082	174,905
Lease liabilities	11	1,215	1,405	1,366
Derivative financial instruments	11, 12	46	51	139
Deferred tax liabilities		19,899	24,463	26,128
Other financial liabilities		1,682	1,100	1,046
Total non-current liabilities		213,311	212,101	203,584
Interest-bearing liabilities	11	13,136	14,418	11,712
Lease liabilities	11	96	90	79
Trade payables		452	928	561
Other liabilities		3,270	4,737	4,204
Derivative financial instruments	11, 12	15	75	2
Accrued expenses and prepaid income		2,839	2,946	2,574
Total current liabilities		19,809	23,195	19,132
Total equity and liabilities		381,917	404,103	387,289

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
Opening balance, 1 January 2022	95	7,540	7,374	-221	27,013	41,801	105,294	147,093
Profit for the period	-	-	251	-	716	967	2 912	3 879
Other comprehensive income	-	-	-	5 355	-	5 355	3 526	8 880
Total comprehensive income	-	-	251	5 355	716	6 322	6 437	12 759
New share issue	-	-	-	-	-	-	14 211	14 211
Costs of issuance	-	-36	-	-	-	-36	-	-36
Buy-back of hybrid bonds	-	-	-	-	-	-	-7 274	-7 274
Dividends	-	-	-251	-	-88	-339	-12 454	-12 793
Contributions from non-controlling interests	-	-	-	-	-	-	2 918	2 918
Transactions with non-controlling interests	-	-	-	-	-441	-441	8 135	7 694
Total transactions with the Company's shareholders	-	-36	-251	-	-529	-816	5 536	4 720
Equity, 30 September 2022	95	7 504	7 374	5 133	27 200	47 306	117 268	164 573
Profit for the period	-	-	78	-	-5 673	-5 595	-4 094	-9 689
Other comprehensive income	-	-	-	2 868	-	2 868	2 118	4 986
Total comprehensive income	-	-	78	2 868	-5 673	-2 727	-1 976	-4 703
New share issue	-	-	-	-	-	-	435	435
Costs of issuance	-	-	-	-	-	-	-	-
Buyback of hybrid bonds	-	-	-	-	-	-	-370	-370
Dividends	-	-	-78	-	-29	-107	-10	-117
Contributions from non-controlling interests	-	-	-	-	-374	-374	689	315
Transactions with non-controlling interests	-	-	-	-	-	-	8 674	8 674
Total transactions with the Company's shareholders	-	-	-78	-	-403	-481	9 418	8 937
Equity, 31 December 2022	95	7 504	7 374	8 001	21 123	44 098	124 710	168,808
Opening balance, 1 January 2023	95	7,504	7,374	8,001	21,124	44,098	124,711	168,808
Profit for the period	-	-	516	-	-15,053	-14,537	-8,527	-23,064
Other comprehensive income	-	-	-	2,925	-	2,925	2,004	4,929
Total comprehensive income	-	-	516	2,925	-15,053	-11,611	-6,523	-18,135
New share issue	-	-	-	-	-	-	1,942	1,942
Buyback of hybrid bonds	-	-	-	-	-	-	-82	-83
Cost of issuance	-	-	-	-	-	-	-6	-6
Dividends	-	-	-516	-	-1,588	-2,104	-4,198	-6,302
Contributions from non-controlling interests	-	-	-	-	-264	-264	2,837	2,573
Transactions with non-controlling interests	-	-	-	-	1,376	1,376	-1,376	-
Total transactions with the Company's shareholders	-	-	-516	-	-476	-992	-884	-1,877
Equity, 30 September 2023	95	7,504	7,374	10,926	5,595	31,495	117,303	148,796

Condensed Consolidated Cash Flow Statement

SEK million	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Operating activities					
Profit/loss income tax		-3,622	-5,764	-27,658	6,095
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Fair value adjustment on investment properties	7	4,942	6,365	25,758	-7,226
Fair value adjustment of derivative financial instruments		19	150	210	-733
Finance expenses – net		1,536	629	4,095	2,092
Share of profit of an associate and a joint venture		1,195	4	1,530	174
Other adjustments		-1,591	688	2,988	5,590
<i>Working capital changes</i>					
Increase/decrease(+) in rent and other receivables		258	225	-876	-276
Increase/decrease(-) in trade and other payables		-18	-103	-234	-1,013
Cash generated from operations		2,719	2,194	5,813	4,704
Interest paid		-1,729	-876	-4,302	-1,911
Interest received		158	-21	207	–
Paid income tax		-517	-57	-1,015	-721
Net cash flows from operating activities		613	1,240	703	2,072

SEK million	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Investing activities					
Purchase of investment and inventory properties		-20	-547	-1,273	-6,861
Capital expenditure on investment and inventory properties	7,10	-2,061	-2,910	-6,168	-7,441
Divestments of investment properties	6	437	57	2 183	535
Deposits paid for signed acquisitions		–	-1	–	-548
Purchase of machinery and equipment		-11	-14	-50	-50
Investments in associated companies and joint ventures		178	125	663	-121
Purchase of quoted equity investments		–	-775	–	-4,474
Other cash flows from investing activities		273	–	293	–
Net cash flows from investing activities		-1,203	-4,065	-4,352	-18,960
Financing activities					
Proceeds from interest-bearing liabilities	11	8,176	5,527	24,212	32,932
Repayment of interest-bearing liabilities	11	-9,681	-4,028	-25,553	-35,121
Dividends paid	13	–	–	-1,500	–
Dividends paid to preference shares		-29	-29	-88	-88
Dividends paid to non-controlling interest		–	–	-1,951	-1,010
Proceeds from non-controlling interests		-11	6,643	6,647	14,338
Buyback of hybrid bonds	13	–	-6,783	-58	-6,783
Repayments on hybrid bonds		-105	-181	-1,357	-1,201
Transaction costs on issue of shares and hybrid capital		–	–	-6	-36
Settlement of derivative financial instruments		–	–	176	230
Other cash flows from financing activities		73	-22	-1,099	-62
Net cash flows from financing activities		-1,758	1,126	-578	3,198
Net change in cash and cash equivalents		-2,331	-1,699	-4,227	-13,690
Cash and cash equivalents at the beginning of the period		9,670	9,165	11,323	20,488
Net currency exchange effect in cash and cash equivalents		3	-141	246	528
Cash and cash equivalents at the end of the period		7,342	7,325	7 343	7,325

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, except for items specified below.

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 from the operating profit. The revised presentation did not have any impact on any financial statement line item, the group’s profit/loss before tax, the financial position or equity. The comparative financial data has been reclassified accordingly.

Realised Gains/losses from divestment of properties

The Board of Directors have approved a Privatisation Plan that that represents a new line of business that works across all segments. The goal of this plan it to sell a significant part of our portfolio to the private home-owner market. In response to the new strategy the accounting policy for divestment of properties has been revised. The new policy separates realised gains/losses from unrealised change in value. Gains/losses from divestments, both from Privatisation and other divestments, are realised and shown on a new financial statement line, “Realised gains/losses from divestment of properties”. This also includes realised gain/losses from inventory properties. Gain/loss is calculated based on the valuation in the latest interim financial statement and net of direct transactions cost.

To clarify the distinction of realised gains/losses and unrealised value change the following line items have been changed:

- “Profit before inventory properties and fair value adjustments” renamed to “Profit before unrealised fair value adjustments”

- “Change in value and gains/losses from sale of inventory properties” renamed to “Value adjustment of inventory properties”

The revised presentation did not have any impact on the group’s profit/loss before tax for the year, the financial position or equity. Comparable figures in the Condensed Consolidated Statement of Comprehensive Income statement of have been changed accordingly.

2. Related Parties

During 2023 transactions with Fredensborg amounted to the net amout of SEK 48 million in management services expenses. No other related party transactions other than salaries and board fees have been paid to management and the board as of Q3 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 9 million to SEK 715 million during Q3 2023, see [note 10](#) 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 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.

Q3 2023

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Iceland	United Kingdom	Finland	Poland	Eliminations	Group in total
Statement of Comprehensive Income												
Rental income ¹	1,115	683	912	366	434	189	87	29	69	21	–	3,905
Service charges paid by tenants	20	267	1	–	89	4	0	0	3	5	–	389
Total income	1,135	950	913	366	523	193	87	29	72	26	–	4,293
Utilities	-147	-172	-31	–	-85	-9	-4	-2	-9	-2	1	-458
Repair and maintenance	-46	-47	-40	-24	-42	-10	-4	-2	-5	–	39	-181
Property tax	-26	-26	-52	-16	-2	-1	-6	-2	-2	-1	–	-135
Other ²	-34	-34	-27	-15	-22	–	-3	1	-5	-1	2	-137
Property management	-157	-170	-113	-33	-64	-32	-13	-19	-16	-9	-42	-667
Total property expenses	-409	-449	-264	-88	-215	-51	-29	-22	-37	-14	–	-1,579
Net operating income	725	500	649	278	307	142	58	7	34	12	–	2,714
Net operating income margin, %	65.1	73.3	71.2	76.0	70.9	74.9	66.5	23.7	50.3	59.1	–	69.5

Q3 2022

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Iceland	United Kingdom	Finland	Poland	Eliminations	Group in total
INCOME STATEMENT												
Rental income ¹	997	523	762	315	344	193	77	2	61	1	-1	3,283
Service charges paid by tenants	21	166	–	–	71	10	–	–	4	–	–	271
Total income	1,017	689	762	315	415	203	77	2	65	1	-1	3,554
Utilities	-166	-99	-29	–	-68	-12	-3	–	-9	–	-1	-386
Repair and maintenance	-44	-35	-36	-29	-33	-23	-5	–	-4	–	109	-100
Property tax	-30	-14	-40	-28	-2	-3	-5	–	-1	–	–	-125
Other ²	-102	-48	-32	-14	-14	3	-2	5	-4	–	3	-212
Property management	-105	-103	-91	-33	-49	-36	-8	-7	-11	-3	-24	-472
Total property expenses	-446	-299	-228	-104	-166	-72	-24	-2	-29	-4	87	-1,294
Net operating income	571	390	534	210	249	131	54	1	36	-3	86	2,260
Net operating margin, %	57.3	74.6	70.1	66.9	72.3	67.9	69.2	-	58.9	–	–	68.8

¹ 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.

² Other property costs consist 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
Statement of Comprehensive Income												
Rental income ¹	3,319	1,994	2,644	1,050	1,292	561	249	52	199	45	-1	11,403
Service charges paid by tenants	62	748	4	–	460	26	–	–	9	10	–	1,319
Total income	3,381	2,742	2,648	1,050	1,751	587	249	52	208	55	-1	12,723
Utilities	-563	-476	-96	–	-447	-43	-11	-3	-35	-4	3	-1 674
Repair and maintenance	-145	-153	-137	-68	-128	-28	-11	-2	-15	-1	112	-576
Property tax	-80	-71	-148	-45	-7	-3	-18	-2	-7	-3	–	-384
Other ²	-109	-112	-95	-45	-71	-22	-8	-2	-14	-2	7	-474
Property management	-534	-421	-350	-94	-167	-62	-34	-30	-44	-19	-120	-1,876
Total property expenses	-1,432	-1,232	-826	-253	-819	-158	-82	-39	-114	-29	1	-4,984
Net operating income	1,949	1,510	1,822	797	932	429	167	13	94	26	–	7,738
Net operating income margin, %	58.7	75.7	68.9	75.9	72.1	76.5	67.0	24.9	47.1	58.1	–	67.9

YTD 2022

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Iceland	United Kingdom	Finland	Poland	Eliminations	Group in total
INCOME STATEMENT												
Rental income ¹	3,156	1,517	2,224	914	994	559	220	6	130	1	-1	9,729
Service charges paid by tenants	51	447	1	–	317	20	–	–	6	–	–	843
Total income	3,207	1,964	2,225	914	1,312	579	220	6	136	1	-1	10,572
Utilities	-552	-253	-75	–	-312	-32	-9	–	-20	–	2	-1,251
Repair and maintenance	-216	-105	-106	-92	-102	-67	-15	–	-6	–	162	-547
Property tax	-78	-42	-115	-81	-6	-10	-16	–	-4	–	–	-351
Other ²	-255	-137	-89	-45	-46	8	-8	5	-10	-1	5	-581
Property management	-397	-285	-292	-105	-142	-105	-28	-9	-27	-7	-95	-1,492
Total property expenses	-1,498	-822	-677	-323	-608	-206	-75	-5	-67	-9	74	-4,222
Net operating income	1,709	1,142	1,548	591	703	374	145	1	69	-8	73	6,350
Net operating margin, %	54.2	75.3	69.6	64.7	70.8	66.8	66.0	-	53.3	–	–	65.3%

¹ 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.

² Other property costs consist 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	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Residential	3,590	3,004	10,465	8,907
Commercial premises	262	234	785	691
Garage and parking spaces	53	45	153	131
Total rental income	3,905	3,283	11,403	9,729

Service charges paid by tenants distributed by property category

SEK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Residential	366	249	1,245	799
Commercial premises	23	22	74	44
Total service charges paid by tenants	389	271	1,319	843

5. Other Operating Expenses

During 2023, SEK 109 million was expensed, of which SEK 43 million 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. Realised Gains/losses from Divestment of Properties

Realised gains/losses from divestment of investment properties and inventory properties

SEK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Net proceeds from divestments of properties	497	53	2,183	528
Book value of divestments of properties	-463	-60	-2,129	-538
Realised gain/loss on divestments of properties	34	-7	54	-10

7. Investment Properties

Total properties value per segment

The value of investment properties, as of 30 September 2023 was SEK 338,754 million (351,337). The fair value decreased by SEK million 25,758 (increase 7,261) during the first nine months. In percentage, the decrease in value was 7.1 (increase 2.2) of fair value of investment properties. The decrease in fair value during the first nine 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 the Netherlands, an increase in Real Estate Transfer Tax (RETT) combined with negative owner-occupier house price development earlier in the year further negatively impacted values. These negative move-ments were mitigated to a small extent by value increases in the Czech Republic, Poland, and the United Kingdom where rental increases outweighed sentiment-based yield increases, and Norway and Iceland benefitted from owner-occupier HPI increases earlier in the year. Over the last quarter, Denmark and The Netherlands saw values stabilise as rental performance and owner-occupied price developments (and outlook) mitigated the effect of increasing yields. 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
Fair value of investment properties, 31 Dec 2022	97,429	92,820	73,960	30,048	23,443	20,338	5,583	2,854	3,837	1,026	351,337
Acquisitions during the period	24	–	1,696	–	–	–	181	–	–	249	2,150
Divestments	-33	–	-19	-152	-24	-1,522	-378	–	–	–	-2,129
Land leases	15	–	–	–	–	-242	4	–	37	–	-186
Capital expenditure on investment properties	1,246	548	366	647	534	41	49	1	107	–	3,539
Capital expenditure on investment properties under construction	994	1	507	–	–	100	–	858	–	115	2,574
Currency translation	–	3 201	2,474	1,041	530	-788	431	169	123	48	7,228
Fair value after transactions	99,674	96,569	78,983	31,583	24,483	17,927	5,869	3,883	4,103	1,438	364,512
Value change	-8,018	-11,975	-4,083	-3,403	1,026	243	240	385	-250	77	-25,758
Fair value of investment properties, 30 September 2023	91,656	84,595	74,900	28,180	25,509	18,170	6,109	4,268	3,853	1,515	338,754

Breakdown by category

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Iceland	United Kingdom	Finland	Poland	Total
Investment properties	88,770	84,595	73,995	28 ,181	25,298	17,746	6,057	3,332	3,479	1,515	332,966
Investment properties under construction	2,454	–	844	–	–	–	–	936	–	–	4,234
Land and building rights	191	–	62	–	211	–	–	–	–	–	463
Land leases	241	–	–	–	–	424	52	–	374	–	1,091
Total	91,656	84,595	74,900	28,181	25,509	18,170	6,109	4,268	3,853	1,515	338,754

8. Intangible Assets

As of 30 September 2023 the carrying amount of goodwill is SEK 16,080 million (16,788), of which SEK 15,972 million (16,700) 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.

9. 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	-22
Change in value from foregin currency	333
Dividend from associated companies and joint ventures	-215
Share of net profits/losses of associated companies and joint ventures	-1,530
Closing balance, 30 September 2023	8,336

Heimstaden follows the development of the share price of Kojamo Oyj closely and have due to the difference of share price to book value of equity performed an impairment test. To identify the recoverable amount, the management calculated the “value in use” by discounting the estimated future cash flows of the investment. The discounted cash flow is higher than the associated company’s carrying amount. Accordingly, no impairment has been recognised.

YTD 2023

SEK million	Share, %	Rental income	Property expenses	Financial items, net	Change in value	Profit/loss YTD 2023	Heimstaden's share of profit/loss YTD 2023
Kojamo Oyj	20	3,325	-1,501	-933	-10,137	-7,540	-1,507
Rosengård Fastighets AB	25	126	-84	-26	-125	-88	-22
Upplands Bro Brogårds Etapp 2 AB	50	14	-7	-53	-7	-50	-25
Kiinteistö Oy Hiihtomäentie 14	53	5	-4	–	3	4	3
Other	20-50	89	-28	-6	-7	49	21
Total		3,559	-1,624	-1,018	-10,273	-7,625	-1,529

10. Inventory Properties

SEK million	
Opening balance, 1 January 2023	573
Capital expenditures	56
Foreign currency translation	-23
Divestments of inventory properties	-81
Value change ¹	13
Closing balance, 30 September 2023	538

¹ Change in value and gains/losses from sale of inventory properties in the income statement, SEK 32 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 September 2023 is recognised as other current assets.

11. 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 currently 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 nine months, Heimstaden has redeemed the following outstanding amount of senior unsecured bonds. The payment in Q1 was SEK 165 million with a gain of SEK 1 million, Q2 repayment was SEK 168 million and Q3 repayment was SEK 530 million with a gain of SEK 67 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.

As of 30 September 2023, SEK 1,404 million of the total unutilised credit commitments, is related to future ESG Capex and Construction Facilities.

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 13](#).

Specification of interest bearing liabilities

SEK million	Interest-bearing liabilities	Secured loans, %	Share, %	Unutilised credit commitment(s)
Corporate bonds	91,224	0	45	
Mortgages	43,356	100	21	
Bank loans	69,449	98	34	26,415
Total	204,028	55	100	26,415
Deferred charges	-423			
Total incl. deferred charges	203,606			

Movements of interest bearing liabilities

SEK million	Corporate bonds	Mortgages/ bank loans	Deferred charges	Lease liabilities	Total
Opening balance, 31 December 2022	105,206	94,950	-656	1,495	200,996
Loan repayments	-17,666	-8,693	–	-307	-26,665
New borrowings	719	23,494	–	130	24,921
Assumed debt from acquisitions	–	578	–	–	–
Currency exchange effect on loans	2,965	2,475	–	-7	5,433
Capitalisation of debt issuance cost, net of amortisation	–	–	233	–	233
Closing balance, 30 September 2023	91,224	112,804	-423	1,311	204,917

30 September 2023

Years	Interest maturity, loans			Interest maturity, incl. financial instruments		
	SEK million	Share, %	Interest, incl. margin, %	SEK million	Share, %	Interest, incl. margin, %
0-1	83,765	41	5.27	66,521	33	4.84
1-2	27,598	14	0.68	31,050	15	0.75
2-3	17,244	8	3.07	19,046	9	3.11
3-4	19,109	9	2.99	20,246	10	2.99
4-5	17,359	9	2.18	20,385	10	2.29
>5 years after balance sheet date	38,953	19	2.23	46,781	23	2.34
Total	204,028	100	3.41	204,028	100	3.04

Average remaining term of fixed interest in the loan portfolio, including derivatives: 3.00 years

Years	Loan tenor		Lines of credit	
	SEK million	Share, %	SEK million	Share, %
0-1	10,274	5	85	–
1-2	32,091	16	6,393	24
2-3	33,181	16	11,467	43
3-4	29,103	14	–	–
4-5	19,800	10	8,087	31
>5 years after balance sheet date	79,579	39	383	1
Total	204,028	100	26,415	100

Average loan tenor 7.97 years

Financial instruments

Years	Type	Maturity, interest rate derivatives		
		SEK million	Share, %	Interest, % ¹
0-1	Payed	19,733	52	0.99
1-2	Payed	4,260	11	1.39
2-3	Payed	1,802	5	3.56
3-4	Payed	1,137	3	3.05
4-5	Payed	3,026	8	2.93
>5 years after balance sheet date	Payed	7,827	21	2.88
Total		37,785	100	1.77

Years	Type	Maturity, interest rate derivatives		
		SEK million	Share, %	Interest, % ¹
0-1	Received	36,977	98	-3.78
1-2	Received	808	2	-1.7
2-3	Received	–	–	–
3-4	Received	–	–	–
4-5	Received	–	–	–
>5 years after balance sheet date	Received	–	–	–
Total		37,785	100	-3.73

¹ Indicates average interest rate. A negative value indicates received interest.

12. Fair Value Measurements of Financial Instruments

SEK million	30 September 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Derivative financial instruments	1,050	1,050	1,481	1,481
Other non-current financial assets	3,219	3,219	3,885	3,885
Trade receivables	524	524	403	403
Other financial receivables	2,608	2,608	5,011	5,011
Cash and cash equivalents	7,342	7,342	11,322	11,322
Total	14,743	14,743	22,102	22,102
Financial liabilities:				
Derivative financial instruments	61	61	127	127
Non-current interest-bearing liabilities	190,469	157,879	198,835	179,827
Other non-current financial liabilities	1,682	1,682	1,100	1,100
Current interest-bearing liabilities	13,136	13,136	665	665
Lease liabilities	1,312	1,312	1,495	1,495
Trade payables	452	452	928	928
Other current liabilities	3,270	3,270	4,737	4,737
Total	210,383	177,793	207,887	188,879

Fair value hierarchy of the Group's financial assets and financial liabilities as of 30 September 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)
Financial assets measured at fair value:	1,050	–	905	145
Derivative financial assets				
Interest rate swaps	905	–	905	–
Forward purchase contracts	145	–	–	145
Financial liabilities measured at fair value:	-61	–	-61	–
Derivative financial liabilities				
Interest rate swaps	-61	–	-61	–

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 nine months ended 30 September 2023.

13. 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

The exchange rates of the currencies relevant to Heimstaden have developed as follows:

Basis 1 local currency to SEK Country		Closing rate		Average rate	
		30 Sept 2023	31 Dec 2022	Q3 2023	Q3 2022
Czech Republic	CZK	0.4727	0.4617	0.4817	0.4275
Denmark	DKK	1.5516	1.5020	1.5409	1.4145
Iceland	ISK	0.0794	0.0737	0.0771	0.0747
Netherlands, Germany & Finland	EUR	11.5529	11.1592	11.4787	10.5240
Norway	NOK	1.0209	1.0629	1.0117	1.0518
Poland	PLN	2.4965	2.3818	2.5068	2.2540
United Kingdom	GBP	13.3109	12.6154	13.1892	12.4250

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

SEK million		Q3 2023	Q3 2022	YTD 2023	YTD 2022
Country	Currency code				
Czech Republic	CZK	-1,144	473	507	1,337
Denmark	DKK	-513	637	1,283	2,238
Iceland	ISK	9	-4	218	258
Netherlands, Germany & Finland	EUR	-1,559	1,352	3,378	4,952
Norway	NOK	282	-133	-828	81
Poland	PLN	-240	-27	200	11
United Kingdom	GBP	-165	-7	171	4
Total		-3,331	2,291	4,929	8,880

14. Commitments and Contingencies

Investment obligations and capital expenditures

Heimstaden's subsidiary, Heimstaden Bostad, has signed agreements to buy turnkey investment properties under construction to be delivered after the balance sheet date. As at 30 September 2023, Heimstaden Bostad had total investment obligations of SEK 3,223 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 2,718 million.

SEK million	2023	2024	2025	2026	Total
Forward funding	959	1,330	313	80	2,682
Own development	19	17	-	-	36
Forward purchase	676	2,000	-	547	3,223
Total	1,654	3,347	313	627	5,941

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.

15. Subsequent Events

Heimstaden divested 100% of the shares in the Icelandic residential real estate company Heimstaden ehf. to Fredensborg AS for a purchase price ISK 18.7billion (appr. SEK 1.5billion) paid in October 2023 upon closing and a deferred purchase price in the range ISK 10.9 – 12.1 billion (SEK 0.87-0.97billion) paid when Fredensborg AS has completed the exit strategy of Heimstaden ehf. Heimstaden has owned the portfolio since 2021, achieving an annualised return on investments of appr. 18% post-acquisition, corresponding to an accounting profit of SEK 0.6 billion for the parent company upon realisation (consolidated accounting loss SEK 0.4 billion). The divestment forms part of the strategy to continue the deleveraging of Heimstaden, and proceeds will be allocated to liability management.

Parent Company Income Statement

SEK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Management service revenues	46	193	147	603	581
Administrative expenses	-35	-245	-105	-510	-421
Operating profit/loss	10	-51	42	93	161
Dividends from shares in subsidiaries	–	–	–	182	182
Profit/loss from the sale of shares in subsidiaries	–	2,603	–	2,603	2,603
Interest income	14	4	52	6	14
Interest expenses	-180	-194	-550	-530	-824
Net currency translation gains/losses	169	-136	-298	-499	-699
Other financial items	-1	-32	-6	-105	-13
Profit/loss after financial items	13	2,194	-760	1,750	1,423
Closing dispositions	–	–	–	–	109
Profit/loss before tax	13	2,194	-760	1,750	1,532
Current tax expense	-108	–	–	–	306
Profit/loss for the period	-95	2,194	-760	1,750	1,837

Parent Company Statement of Comprehensive Income

SEK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Profit/loss for the period according to the Income Statement	-95	2,194	-760	1,750	1,837
Other comprehensive income/loss	–	–	–	–	–
Comprehensive income/loss	-95	2,194	-760	1,750	1,837

Parent Company Statement of Financial Position

SEK million	30 September 2023	31 December 2022	30 September 2022
ASSETS			
Shares in subsidiaries	29,864	20,233	20,136
Receivables, subsidiaries	473	186	198
Deferred tax assets	306	306	–
Total non-current assets	30,643	20,725	20,334
Receivables, subsidiaries	–	14,394	14,653
Other financial assets	17	13	46
Accrued income, group companies	35	–	–
Cash and cash equivalents	322	1,862	2,362
Total current assets	375	16,269	17,061
Total assets	31,018	36,994	37,395

SEK million	30 September 2023	31 December 2022	30 September 2022
EQUITY AND LIABILITIES			
Equity	19,733	22,597	22,617
Interest-bearing liabilities	10,267	11,172	12,469
Liabilities, subsidiaries	19	181	227
Total non-current liabilities	10,286	11,353	12,695
Liabilities, subsidiaries	91	–	–
Interest-bearing liabilities	844	2,869	1,946
Trade and other payables	3	22	82
Accrued expenses and prepaid income	62	153	55
Total current liabilities	999	3,044	2,083
Total equity and liabilities	31,018	36,994	37,396

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	–	–	251	1 499	1 750
Total profit/loss	–	–	251	1 499	1 750
Dividends	–	–	-251	-88	-339
Total transactions with the Company's shareholders	–	–	-251	-88	-339
Equity, 30 September 2022	95	1 802	7 374	13 345	22 617
Profit/loss for the period	–	–	78	9	87
Total profit/loss	–	–	78	9	87
Dividends	–	–	-78	-29	-107
Total transactions with the Company's shareholders	–	–	-78	-29	-107
Equity 31 December 2022	95	1,802	7,374	13,326	22,597
Opening balance, 1 January 2023	95	1,802	7,374	13,326	22,597
Profit/loss for the period	–	–	516	-1,276	-760
Total profit/loss	–	–	516	-1,276	-760
Dividends	–	–	-516	-1,588	-2,104
Total transactions with the Company's shareholders	–	–	-516	-1,588	2,104
Equity, 30 September 2023	95	1,802	7,374	10,461	19,733

Parent Company Statement of Cash Flows

SEK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Operating activities				
Profit/loss before income tax	13	2,195	-760	1,750
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
Finance expenses – net	207	222	544	629
Other adjustments	-38	-2,465	429	-2,103
<i>Working capital changes</i>				
Increase/decrease(+) in short-term receivables	-26	144	-24	160
Increase/decrease(-) in trade and other payables	-55	-192	-83	-165
Cash generated from operations	101	-96	106	271
Interest paid	-177	-133	-544	-542
Interest received	–	–	–	–
Net cash flows from operating activities	-76	-229	-438	-271

SEK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Investing activities				
Proceeds from divestment of shares in subsidiaries	–	2,603	–	2,603
Acquisitions of subsidiaries	–	–	–	216
Net cash flows from investing activities	–	2,603	–	2,819
Financing activities				
Proceeds from loan and borrowings	–	–	–	500
Repayment of loan and borrowings	-643	-2,000	-3,317	-2,497
Repayment of loans from subsidiaries	-21	68	4,315	1,652
Dividends	-29	-30	-1,588	-89
Proceeds to subsidiaries	–	–	–	–
Repayments on hybrid bonds	-105	-67	-516	-251
Net cash flows from financing activities	-798	-2,029	-1,106	-685
Net change in cash and cash equivalents	-874	345	-1,544	1,863
Cash and cash equivalents at the beginning of the period	1,214	1,999	1,863	483
Net currency exchange effect in cash and cash equivalents	-19	18	2	15
Cash and cash equivalents at the end of the period	322	2,362	321	2,362

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, 23 October 2023

Helge Krogsbøl
CEO

Ivar Tollefsen
Chairman

John Giverholt
Board Member

Fredrik Reinfeldt
Board Member

Vibeke Krag
Board Member

This interim report has been subject to review by the Company's auditors.

Auditor’s review report

Heimstaden AB (publ), corporate identity number 556670-0455
To the Board of Directors for Heimstaden AB (publ)

Introduction

We have reviewed the condensed interim report for Heimstaden AB (publ) as at 30 September 2023. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, 23 October 2023
Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

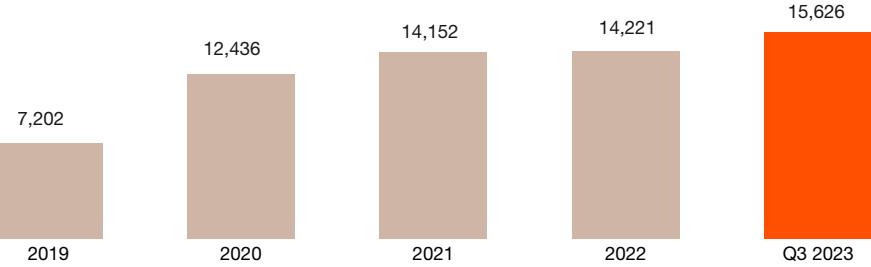
Earnings Capacity

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 September 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 divestments. Earnings capacity should not be considered a forecast for the current year or for the next 12-month period.

SEK million	Q3 2023
Rental income	15,626
Service charges paid by tenants	1,807
Property expenses	-6,963
Net operating income	10,470
Corporate administrative expenses	-493
Profit before financial items	9,977

Earnings Capacity Rental Income

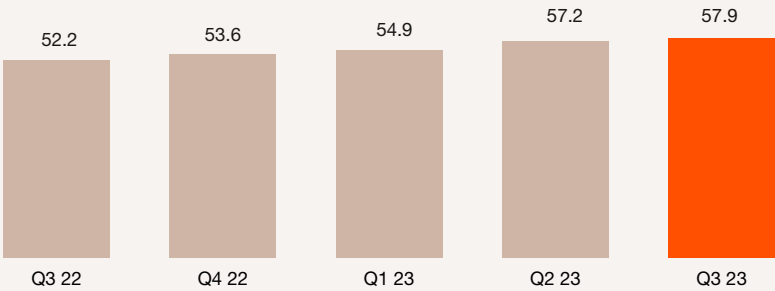
SEK million



Alternative Performance Measures

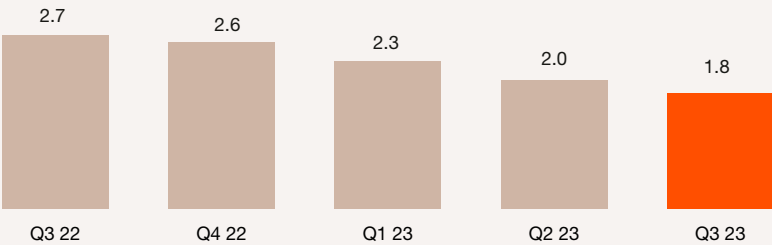
For more information, definitions, and methodology please refer to www.heimstaden.com

Net loan-to-value (LTV)
%



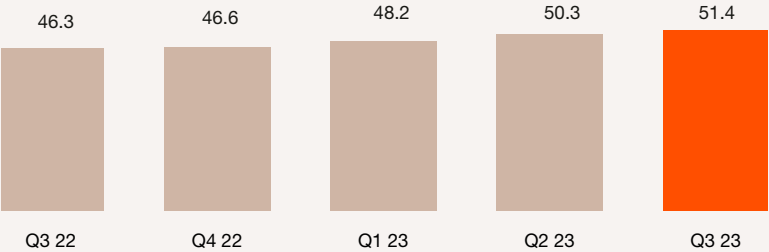
SEK million	Q3 2023	Q2 2023	Q3 2022
Interest-bearing secured liabilities	111,441	108,677	78,650
Interest-bearing unsecured liabilities	92,165	99,310	107,966
Less: Cash and cash equivalents	7,342	9,669	7,325
Net interest-bearing liabilities	196,264	198,319	179,292
Fair value of investment properties	338,754	346,629	343,456
Net Loan-to-Value (LTV), %	57.9	57.2	52.2

Interest Coverage Ratio (ICR)
multiple



SEK million Rolling 12 months	Q3 2023	Q2 2023	Q3 2022
Profit before unrealised fair value adjustment	9,229	8,743	4,880
Transaction costs from business combination	–	–	2,053
Reduction of gain from reclassification	–	–	163
Interest income	427	384	236
Adjustment interest reclassification	-51	-63	-30
Profit before financial items plus financial income	9,604	9,064	7,301
Interest expenses on interest-bearing liabilities	5,309	4,564	2,759
Adjustment interest reclassification	-51	-69	-30
ICR	1,8	2,0	2,7

Net Debt / Total Assets
%



SEK million	Q3 2023	Q2 2023	Q3 2022
Net interest-bearing liabilities	196,264	198,319	179,292
Total assets	381,917	394,503	387,289
Net Debt / Total Assets, %	51.4	50.3	46.3

All figures in SEK million unless otherwise specified.

Residential share of investment property, %

	Q3 2023	Q4 2022
Fair value residential properties, standing assets	308,165	316,219
Fair value investment properties, standing assets	332,966	340,150
Residential share of investment property, %	92.6	93.0

Like-for-like rental income growth

	Q3 2023 ¹	Q3 2022 ²
Rental income current year	3,444	2,015
Rental income last year	3,305	1,910
Like-for-like rental income growth, %	4.2	5.5

¹ 2023: only properties owned as of 2021-12-31 are included.

² 2022: only properties owned as of 2020-12-31 are included.

Net operating income margin

	YTD 2023	YTD 2022
Rental income	11,403	9,729
Net operating income	7,738	6,350
Net operating income, %	67.9	65.3

Economic occupancy, residential

	Q3 2023	Q3 2022
Theoretical rental income on residential units	3,748	3,147
Economic vacancy	-159	-111
Rental income on residential units	3,589	3,037
Economic occupancy rate, %	95.8	96.5

Real economic occupancy, residential

	Q3 2023	Q3 2022
Theoretical rental income on residential units	3,748	3,147
Adj. to real vacancy	-70	-51
Adj. Theoretical rental income	3,678	3,097
Real economic occupancy, %	98.1	98.4

Equity ratio

	Q3 2023	Q4 2022
Equity	148,796	168,808
Total assets	381,917	404,103
Equity ratio, %	39.0	41.8

EBITDA

Rolling 12 months	Q3 2023	Q4 2022
Profit before unrealised fair value adjustment	9,229	11,337
Transaction costs from business combination	–	2,050
Depreciation and amortisation	12	12
EBITDA	9,241	13,399

Debt / EBITDA

Rolling 12 months	Q3 2023	Q4 2022
Interest-bearing loans and borrowings	202,830	183,233
EBITDA	9,241	13,399
Debt / EBITDA, multiple	21.9	13.7

Secured loan-to-value

	Q3 2023	Q4 2022
Interest-bearing secured liabilities	111,441	92,154
Total assets	381,917	404,103
Secured loan-to-value, %	29.2	22.8

Heimstaden Standalone

In this section the Heimstaden 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 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 Sep 2023	31 Dec 2022	30 Sep 2022
Operating income ¹	787	826	755
Operating cost ¹	-592	-569	-478
Operating profit/loss¹	195	257	276
Share Class A dividend	673	434	434
Common dividend ²	1,648	1,809	1,809
Share Class B dividend	1,063	1,007	1,007
Dividends from Heimstaden Bostad	3,384	3,250	3,250
Other profit distribution	1,178	–	–
Adjusted earnings	4,758	3,507	3,526
Interest expense ¹	-845	-824	-668
Adjusted earnings after interest expense	3,913	2,683	2,859
Payments on hybrid securities	-594	-329	-317
Adjusted earnings after debt and hybrid instruments	3,319	2,354	2,542

Interest Coverage Ratio (ICR)

SEK million	30 Sep 2023	31 Dec 2023	30 Sep 2022
Adjusted earnings	4,758	3,507	3,526
Interest expense ¹	-845	-824	-668
Interest Coverage Ratio	5.6	4.3	5.3
Payments on hybrid securities	-594	-329	-317
Interest Coverage Ratio including hybrid payments	3.3	3.0	3.6

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

² 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, Share Class A ('Share Class A'), Share Class B ('Share Class B') and Common shares. Share Class A are entitled to quarterly dividends of 0.05% of the market value of Heimstaden Bostad's investment properties. Dividends on the 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 A Shares and 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	Q3 2023	Q4 2022	Q3 2022
Interest-bearing secured liabilities ¹	2,113	2,542	2,034
Interest-bearing unsecured liabilities ¹	12,088	14,364	15,359
Interest-bearing liabilities	14,202	16,906	17,393
Cash and cash equivalents ¹	-555	-1,937	-2,652
Net interest-bearing debt	13,647	14,969	14,741
Heimstaden Bostads net asset value	164,459	190,101	187,135
Equity attributed to Heimstaden Bostad's hybrid securities and non-controlling interests	40,347	42,167	33,642
Heimstaden Bostads adjusted net asset value	124,112	147,934	153,493
Heimstaden share of capital, %	36.3	42.1	43.1
Heimstaden share of capital	45,018	62,334	66,114
Investment properties ¹	7,000	6,481	6,489
Relevant assets	52,019	68,815	72,603

¹ Difference between Heimstaden and Heimstaden Bostad consolidated figures excluding deferred charges.
Net loan-to-value (LTV)

SEK million	Q3 2023	Q4 2022	Q3 2022
Net interest-bearing debt	13,647	14,969	14,741
Relevant assets	52,019	68,815	72,603
Net loan-to-value (LTV), %	26.2	21.8	20.3

Liquidity Reserves

SEK million	Q3 2023
Cash and cash equivalents ¹	555
Unutilised credit commitment	1,000
Total	1,555
Estimated interest expense (12-months forward)	-578

¹ Difference between Heimstaden and Heimstaden Bostad consolidated figures excluding deferred charges.

Standalone Funding Overview

Standalone Financial Policy

	Policy	Q3 2023
Net Loan-to-Value, %	≤30	26.2
Interest Coverage Ratio, rolling 12 months, multiple	≥2.0	5.6
Interest Coverage Ratio including hybrid bonds, rolling 12 months, multiple	≥1.5	3.3

As at 30 September 2023, Heimstaden had outstanding senior unsecured bonds amounting to SEK 12,088 million, listed on Nasdaq Stockholm and Euronext Dublin

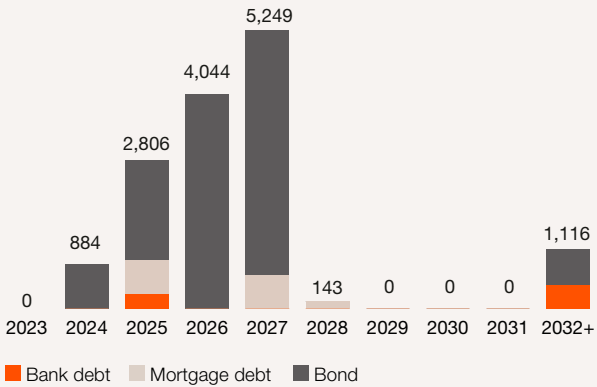
Currency	Amount (million)	Fixed/floating	Coupon/spread	Start date	Maturity
SEK	1,200	Floating	Stibor 3m + 330 bps	15/10/2020	15/01/2024
SEK	1,200	Floating	Stibor 3m + 400 bps	15/10/2020	15/10/2025
EUR	350	Fixed	425 bps	09/03/2021	09/03/2026
EUR	400	Fixed	438 bps	06/09/2021	06/03/2027
SEK	500	Floating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

As at 30 September 2023, Heimstaden had outstanding perpetual hybrid bonds amounting to SEK 7,926 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

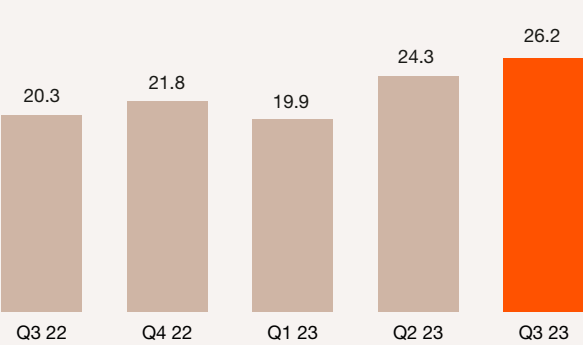
Funding Maturity Profile

SEK million



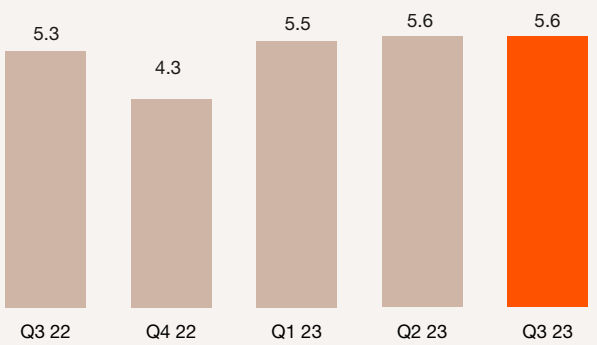
Net Loan-to-Value

%



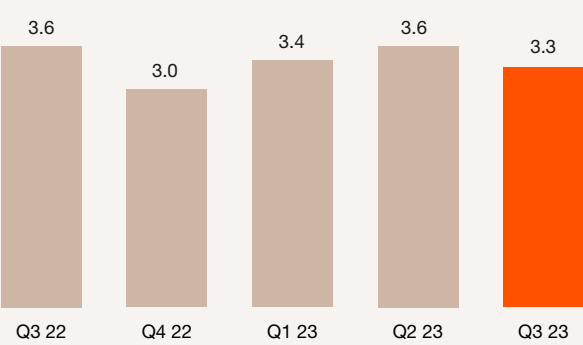
Interest Coverage Ratio

multiple



Interest Coverage Ratio incl. 100% hybrid

multiple



Financial calendar

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
Malin Lethenström, Investor Relations, +44 77 48 05 58 21, 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 24 October 2023.

Heimstaden

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