

2020

Heimstaden Bostad AB Interim report

JANUARY – MARCH



Heimstaden

Key data

January – March 2020

OPERATIONAL

Rental income

SEK **1,556** million

2019, SEK 953 million (up 63%)

Value change
in properties

SEK **1,914** million

up 1.5% in 2020

Net operating income

SEK **855** million

2019, SEK 489 million (up 75%)

Real letting ratio
for housing

97.2 %

2019, 98.9%

Surplus ratio

55.0 %

2019, 51.3%

Cash flow from opera-
ting activities

SEK **403** million

2019, SEK -389 million

FINANCIAL

S&P rating

BBB-

Positive outlook

Equity

SEK **65.8** million

2019, SEK 57.5 billion (up 14%)

Loan-to-value ratio

46 %

2019, 45%

Loan-to-value ratio,
secured loans

30 %

2019, 33%

Interest coverage ratio

2.6x

2019, 2.6x

Cash and
cash equivalents

SEK **3,843** million

2019, SEK 4,345 million

PROPERTIES

Investment properties

SEK **131** million

2019, SEK 113 billion (up 16%)

Market value of Heimstaden Bostad's
property portfolio

Proportion living area

93 %

2019, 91%

Heimstaden Bostad's property portfolio
consists mainly of housing

Area

6,674 thousand m²

2019, 4,013 thousand m² (up 66%)

Living area

6,202 thousand m²

2019, 3,661 thousand (up 69%)

Number of apartments

97,792

2019, 54,863 (up 78%)

Number of premises

4,433

2019, 2,748 (up 61%)

Property pictured on front cover: Slagan 1, Helsingborg

The period in brief

January – March 2020

- Rental income for the period increased to SEK 1,556 million (953)
- The real letting ratio for housing was 97.2 percent (98.9)
- Net operating income for the period increased to SEK 855 million (489)
- Cleared of unrealised currency effects in the Parent Company, profit from property management amounted to SEK 445 million (228)
- Changes in values of properties amounted to SEK 1,914 million (1,738)
- Profit for the period amounted to SEK 1,889 million (1,185)
- Property acquisitions during the period amounted to SEK 14,376 million (3,732)

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

Our core values absolutely crucial during Coronavirus crisis

Europe and the world have largely shut down to impede the virus, which is currently having a radical impact on our lives. For us at Heimstaden Bostad, which owns and manages people's homes, we must continue providing good customer service in a safe and thoughtful manner during a time in which people's homes also serve as their workplace, preschool and school. The ongoing pandemic is forcing us all to keep our distance, to work and study from home and to hold meetings digitally.

This poses substantial difficulties for those businesses that are otherwise there so that we can meet, socialise and enjoy ourselves. Businesses have, over just a few days, lost their customers, been forced to serve notice to employees, or to dismiss employees or make them redundant. Many entrepreneurs and small business owners are fighting to save their lives' work from bankruptcy.

Heimstaden Bostad is more fortunate than many others, as our business meets a basic and long-term human need – people's homes. Alongside the efforts of our governments and public authorities, we are now doing everything we can to help support our tenants and their businesses.

- To increase their chances of survival, we are discussing and adjusting the lease terms for the commercial tenants who have been affected.
- We order work lunches and takeaway food from our restaurant tenants for all Heimstaden employees.
- We are making life easier for our senior tenants over the age of 70 by paying for their home deliveries of groceries.

I am proud that, during these trying times, Heimstaden Bostad is living as closely in accordance with its values as it did during the strong economic situation prevailing just a few months ago. Through tangible actions, we have demonstrated that our core values, CARE – DARE – SHARE, are more than just words. Heimstaden Bostad's lifelong perspective on ownership and our concern for our customers are cornerstones of our operations. Our values are what set us apart from many



other private housing companies and are absolutely central to our capacity to maintain or increase the value of our company.

The financial impact on Heimstaden of the Corona pandemic

Of our total annual rental income of SEK 6.8 billion (based on the earning capacity as of 31 March), slightly more than 6 percent derives from our commercial tenants, a significant proportion of whom are public sector tenants, as well as grocers, pharmacies and banks. These are operations that have been affected by the crisis only to a limited extent to date.

In our "rescue efforts" for those commercial tenants who, on the other hand, are impacted by the crisis, we anticipate a decline of about SEK 15–17 million in the Group as a whole for the second quarter. This corresponds to about 1 percent of the total rental income for the quarter.

We do not see any increase in unpaid rent among our residential tenants, nor do we anticipate this in the future. It is possible, however that vacancies will increase to some extent in the short term as viewings of apartments due to be vacated must be managed with social distancing or completely digitally. This takes more time, causing some brief vacancies in connection with changes of tenant.

Rental income and operating expenses in the first quarter

Heimstaden Bostad's rental income is in line with the set budget. Operating expenses in the first quarter were lower than budgeted, which was due to lower heating and electricity costs. This was attributable to the much warmer than normal winter season in the Nordic countries, but also to our attaching considerable focus to the energy optimisation of our properties.

We welcomed our Czech colleagues

On 20 February, on completion of the review by the competition authority and receiving its approval, Heimstaden Bostad took possession of the acquired Residomo. In connection with that, we welcomed 500 new colleagues in the Czech Republic into our operations, with their full-scale operating platform, including property management operations and asset management. With slightly fewer than 43,000 apartments in the Czech Republic, we are now the largest property owner in the country by far. We had planned to conduct a major launch of Heimstaden and our Friendly Homes concept at the end of March, but have postponed this due to the closed borders and other restrictions. However, our personnel in the Czech Republic are managing the operations excellently during this challenging time.

Growth and organisational development continue

During the quarter, we completed the acquisition of 142 apartments and 9 premises in the Netherlands and work is in full swing to build up our in-house property management organisation and to open our regional offices in the country.

In Sweden, in accordance with our framework agreement with Magnolia, we have now signed an agreement to commence production of 780 apartments in Lund and 225 apartments in Ystad. They will be excellent complements to our current properties and property management organisations in these locations.

During the quarter, we recruited two new country managers. Eddo Rats (Netherlands) and Michael Byrgesen Hansen (Denmark) will be good ambassadors in our efforts to brighten and simplify life with friendly homes.

Outlook for 2020

The corona pandemic and its continued development will affect the future economy and unemployment. Today, it is difficult to gain an overview of how serious and deep the crisis will be. One thing we do know, however, is that

Heimstaden Bostad provides homes, which are something that everybody needs regardless of the economic situation. Housing shortages also prevail in the markets in which we operate. Providing housing in attractive locations, at rent levels that most residents can demand, means we have a fantastic and flexible product. Rental apartments

offer a straightforward housing solution in difficult times, requiring neither cash down-payments or mortgages. That being said, we feel confident in our efforts to continue providing an ever-better customer experience and to be available to our residents.

Heimstaden Bostad also has the economic opportunities and strength to continue our journey of growth in challenging times and, through continued new production, to alleviate the increasing shortage of capital-free housing, namely rental apartments.

Patrik Hall
CEO Heimstaden Bostad



Significant transactions and events

Heimstaden Bostad's property stocks are managed in six geographical segments – Sweden, Denmark, Norway, Germany, the Netherlands and the Czech Republic. On the balance sheet date, the total value of Heimstaden Bostad's property portfolio amounted to SEK 131 billion, excluding agreed acquisitions. Listed below are the significant transactions and events agreed by the Group in the first quarter, as well as the significant transactions agreed in earlier periods but where the Group has gained control of the assets in the quarter at hand.

20 February

Heimstaden Bostad AB takes possession of a Czech housing portfolio acquired through the acquisition of the RESIDOMO Group, comprising 4,515 properties with 42,584 apartments and 1,675 commercial premises. The portfolio properties are located mainly in the Moravia-Silesia region, which is the most densely populated region in the Czech Republic after Prague, the capital city, and encompass a total 2.6 million square metres of lettable space.

The purchase consideration agreed amounts to approximately EUR 1.3 billion. The loan-to-value ratio will be maintained at a level supporting the current credit rating as well as efforts to achieve a higher rating.

Major renovation and upgrade programmes have been carried out over the past ten years and Heimstaden Bostad will continue to develop and upgrade the portfolio and the management of its properties in accordance with its Friendly Homes concept.

15 January

Heimstaden Bostad has issued a debenture loan under the existing EMTN programme. The nominal amount was EUR 500 million with a maturity of six years and an interest rate of 1.125 percent. The additional liquidity will be used for general corporate purposes.

4 March

Heimstaden Bostad AB acquired the Magnolia Bostad's Slipsen project in Södra Råbylund, in the Municipality of Lund. The project entered production in December 2019 and includes the development of approximately 780 apartments with a total 45,000 square metres GLA. The estimated property value on completion is approximately SEK 1.4 billion.

24 March

Heimstaden Bostad AB acquired Magnolia Bostad's Vrakbåten project in Västra Sjöstaden, Municipality of Ystad. The project entered production in December 2019 and includes the development of approximately 225 apartments. The estimated property value on completion will amount to approximately SEK 400 million.

31 March

Heimstaden Bostad AB is expanding its portfolio in the Netherlands with the acquisition of 142 homes from DamBorg. The property value amounts to approximately EUR 44 million.

The portfolio comprises 62 apartments in the regulated sector and 80 residential units in the liberal sector. The buildings are spread between 21 wholly-owned complexes, 15 located in Rotterdam and 6 in Amsterdam.

Covid-19

The coronavirus outbreak was officially recognised as a pandemic by the World Health Organisation (WHO) on 11 March 2020. In the markets where Heimstaden Bostad operates, Covid-19 has resulted in lower economic activity and caused higher uncertainty regarding anticipated economic development. In all of Heimstaden Bostad's markets, governments have implemented financial and social measures to support companies and individuals who are particularly affected by the crisis. During the first quarter of 2020, the operational and financial consequences for Heimstaden Bostad were limited and the company is well positioned to deal with any adverse effects that may arise in the short to medium term.

On 31 March 2020, the rent from commercial properties accounted for approximately 6 percent of Heimstaden Bostad's annual rental income. For many of Heimstaden Bostad's commercial tenants, strict rules regarding social distancing and closures have led to lower activity, which is expected to result in reduced rental income for Heimstaden Bostad in the short to medium term. For the second quarter of 2020, the impact is estimated to be in the range of SEK 15–17 million, which corresponds to approximately 1 percent of the total expected rental income for the quarter.

Reduced economic activity and rising unemployment are leading to an increased risk of delayed payments and increasing vacancies in the short term. These risks are, however, mitigated largely by regulatory measures including lower interest rates, temporarily increased unem-



Michalkovice, Ostrava

ployment benefits and economic stimulus packages. Heimstaden Bostad does not foresee any significant financial impact in the short term, but sees uncertainty associated with the duration and ramifications of the ongoing pandemic and its impact on Heimstaden Bostad's customers and markets.

Globally, the recovery rate is expected to vary between regions and countries and is dependent on the effectiveness of government measures aimed at protecting the health of the population and stimulating the economy. All of HeimstadenBostad's residential markets are fundamentally financially strong, facilitating expansionary fiscal policy and significant financial incentives.

Heimstaden Bostad has considerable financial flexibility with its strong balance sheet and liquidity position. As of 31 March 2020, the company had an equity/assets ratio of 47 percent and a loan-to-value ratio of 46 percent. The company also held cash and cash equivalents SEK

3,843 million, SEK 11,453 million in unutilised lines of credit and a quick ratio of 175 percent.

The Board of Directors and management of Heimstaden Bostad continue to monitor the situation carefully and are prepared to implement measures to secure the company's financial position depending on how the situation develops. Despite the recent financial turmoil, Heimstaden Bostad's long-term strategy and prospects remain unchanged, and there are indicators of positive long-term development in all countries where the company operates.

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

Current earning capacity

In the adjacent table, Heimstaden Bostad presents its earning capacity on a twelve-month basis as per 31 March 2020. Earning capacity is not a forecast for the current year or for the next 12-month period and should only be regarded as a theoretical snapshot and is presented for illustrative purposes only. Current earning capacity does not include an assessment of future trends in rent levels, vacancy rates, property costs, interest rates, changes in value, acquisitions or sales of properties or other factors.

Current earning capacity is based on the properties held as per 31 March 2020 and their financing. Accordingly, the current earning capacity illustrates Heimstaden Bostad's annual earnings on that basis. Consequently, transactions where Heimstaden gains access after 31 March are not included in the calculation.

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

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

Current earning capacity as per 31 March 2020

| Amounts in SEK million | |
|----------------------------------------------------|--------------|
| Rental income | 6,778 |
| Property costs | -2,686 |
| Net operating income | 4,092 |
| Central administration costs | -330 |
| Other operating income | – |
| Other operating costs | – |
| Profit from participations in associated companies | – |
| Profit before financial items | 3,762 |
| Financial income | – |
| Financial costs – interest-bearing liabilities | -1,146 |
| Profit from property management | 2,616 |
| Key data | |
| Surplus ratio, % | 60.4 |
| Interest coverage ratio (ICR), multiple | 3.3 |

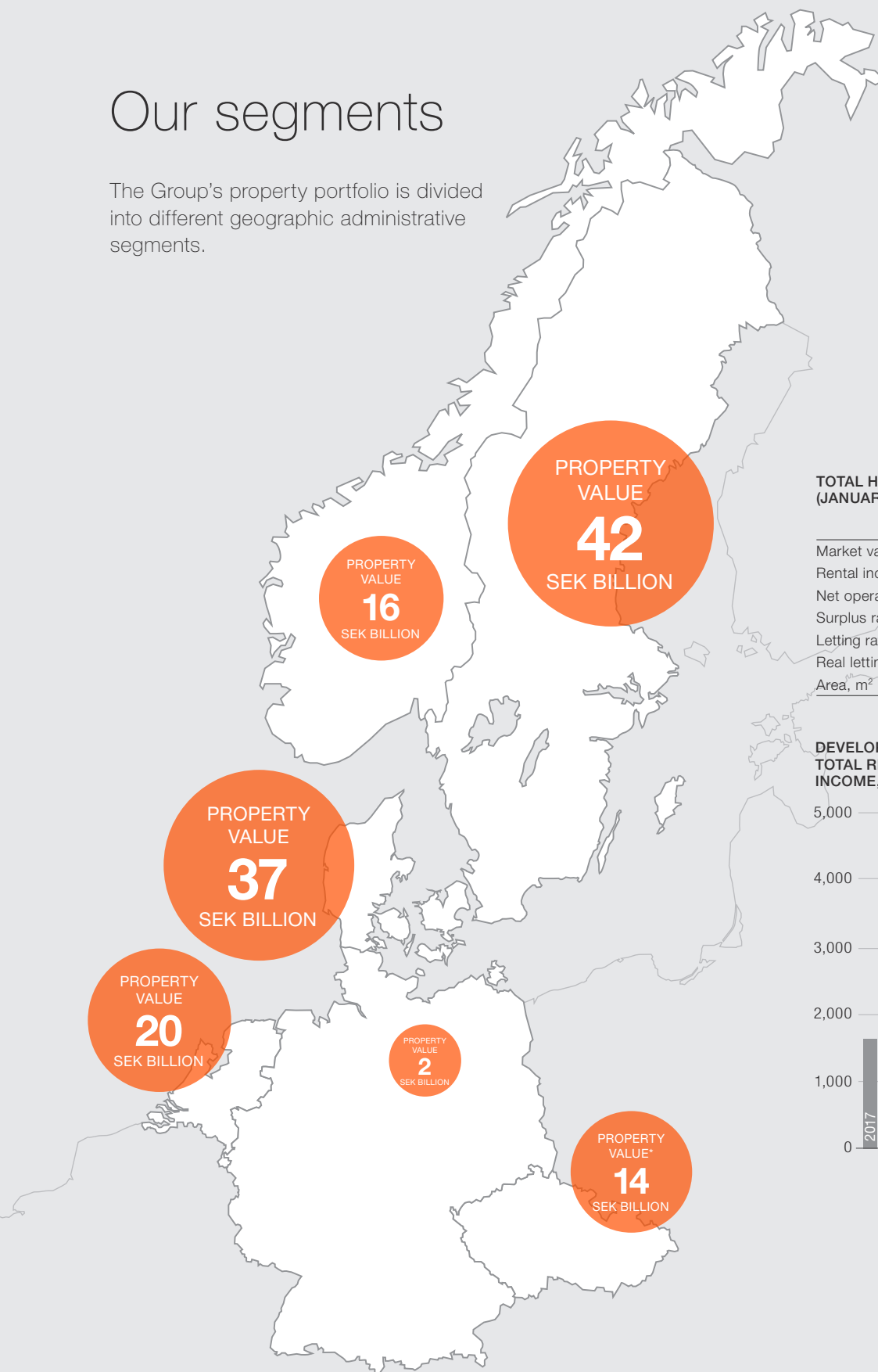




Myran 1, Skellefteå

Our segments

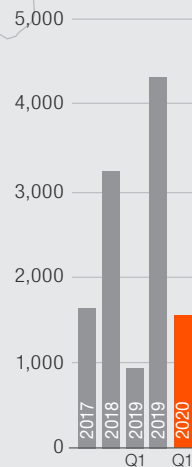
The Group's property portfolio is divided into different geographic administrative segments.



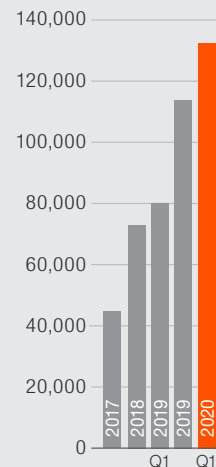
TOTAL HEIMSTADEN BOSTAD (JANUARY-MARCH)

| | Q1 2020 | Q1 2019 |
|------------------------------------|-----------|-----------|
| Market value, SEK m | 131,358 | 79,286 |
| Rental income, SEK m | 1,556 | 953 |
| Net operating income, SEK m | 855 | 489 |
| Surplus ratio, % | 54.9 | 51.3 |
| Letting ratio, housing (number), % | 94.8 | 96.9 |
| Real letting ratio, % | 97.2 | 98.9 |
| Area, m ² | 6,674,329 | 2,774,696 |

DEVELOPMENT IN TOTAL RENTAL INCOME, Q1 (SEK M)



DEVELOPMENT OF TOTAL MARKET VALUE, Q1 (SEK M)



Sweden



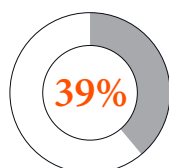
THE SEGMENT IN BRIEF

- Rental income for comparable property holdings has increased by about 5 percent compared with the previous year.
- During the period, properties were acquired for a value of SEK 405 million.
- The unrealised value development in the property portfolio for the period was 0.9 percent.
- The yield requirement in the valuation was 3.8 percent.

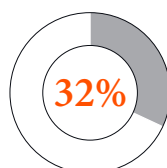
SWEDEN (JANUARY-MARCH)

| | Q1 2020 | Q1 2019 |
|------------------------------------|-----------|-----------|
| Market value, SEK m | 42,269 | 37,154 |
| Rental income, SEK m | 610 | 550 |
| Net operating income, SEK m | 289 | 227 |
| Surplus ratio, % | 47.3 | 41.3 |
| Letting ratio, housing (number), % | 98.2 | 97.6 |
| Real letting ratio, % | 99.3 | 99.3 |
| Area, m ² | 2,020,024 | 1,917,541 |

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – SWEDEN

Sweden showed population growth of about 1 percent over the past twelve months. The degree of urbanisation also increased over the same period.

Growth in the Stockholm region was about 1.6 percent. The number of households grew in 2019, indicating increased demand for housing.

GDP growth for the year was about 1.3 percent.

Property prices in Sweden rose over the past 12 months, with growth of 2.4 percent in Stockholm and of 6.6 percent in the Malmö region.

| | 2019 | 2018 |
|---------------------------------|--------|--------|
| Number of residents, thousands | 10,293 | 10,189 |
| GDP growth, % | 1.3 | 2.3 |
| Inflation, % | 1.8 | 2.0 |
| Degree of urbanisation, % | 87.1 | 87.0 |
| Unemployment, % | 6.8 | 6.3 |
| <i>Stockholm (Municipality)</i> | | |
| Number of households, thousands | 1,029 | 1,013 |
| average household size | 2.3 | 2.3 |

Source: Oxford Economics



Denmark



Øresundsteraserne, Copenhagen

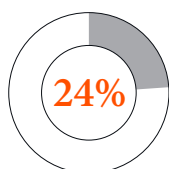
THE SEGMENT IN BRIEF

- Rental income for comparable property holdings has increased by about 8 percent compared with the previous year.
- During the period, properties were acquired for a value of SEK 693 million.
- The unrealised value development in the property portfolio for the period was a negative 0.6 percent, driven by a legislative proposal related to renovations and rent levels for older housing.
- The yield requirement in the valuation was 3.6 percent.

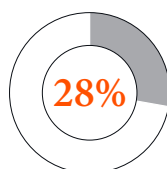
DENMARK (JANUARY-MARCH)

| | Q1 2020 | Q1 2019 |
|------------------------------------|---------|---------|
| Market value, SEK m | 37,377 | 25,360 |
| Rental income, SEK m | 371 | 230 |
| Net operating income, SEK m | 237 | 156 |
| Surplus ratio, % | 63.9 | 67.9 |
| Letting ratio, housing (number), % | 95.4 | 94.8 |
| Real letting ratio, % | 97.6 | 98.0 |
| Area, m ² | 851,395 | 637,680 |

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – DENMARK

Over the past 12 months, the population of Denmark grew by 0.4 percent.

Copenhagen was the growth engine, showing a population increase of 1.3 percent.

The high degree of urbanisation and the positive population growth in Copenhagen ensured a significant demand for housing and supported rental levels over the year.

GDP growth in 2019 was about 2.3 percent. Unemployment was measured at 3.7 percent, still a low level compared with other European countries.

| | 2019 | 2018 |
|---------------------------------|-------|-------|
| Number of residents, thousands | 5,818 | 5,797 |
| GDP growth, % | 2.3 | 2.4 |
| Inflation, % | 0.8 | 0.8 |
| Degree of urbanisation, % | 88.3 | 88.1 |
| Unemployment, % | 3.7 | 3.8 |
| <i>Copenhagen</i> | | |
| Number of households, thousands | 386 | 381 |
| average household size | 2.1 | 2.1 |

Source: Oxford Economics



Norway



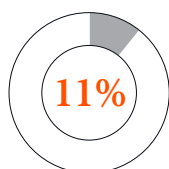
THE SEGMENT IN BRIEF

- Rental income for comparable property holdings has increased by about 3 percent compared with the previous year.
- No properties were acquired during the period.
- The unrealised value development in the property portfolio for the period was 1.0 percent.
- The yield requirement in the valuation was 2.9 percent.

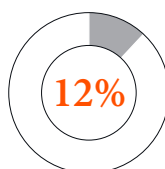
NORWAY (JANUARY-MARCH)

| | Q1 2020 | Q1 2019 |
|------------------------------------|---------|---------|
| Market value, SEK m | 15,924 | 16,772 |
| Rental income, SEK m | 175 | 174 |
| Net operating income, SEK m | 111 | 106 |
| Surplus ratio, % | 63.5 | 61.0 |
| Letting ratio, housing (number), % | 95.8 | 95.1 |
| Real letting ratio, % | 96.7 | 97.4 |
| Area, m ² | 220,746 | 219,475 |

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – NORWAY

Norway's population has grown over the past 12 months with a growth rate of approximately 0.6 percent. Oslo was the most important engine with growth of about 1.5 percent.

The degree of urbanisation increased significantly by 0.3 percentage points.

Norway has experienced low inflation combined with a strong labour market and stable wage growth. However, the development in oil prices is causing uncertainty going forward.

| | 2019 | 2018 |
|---------------------------------|-------|-------|
| Number of residents, thousands | 5,350 | 5,316 |
| GDP growth, % | 1.2 | 1.6 |
| Inflation, % | 2.2 | 2.8 |
| Degree of urbanisation, % | 82.3 | 82.1 |
| Unemployment, % | 3.7 | 3.8 |
| <i>Oslo</i> | | |
| Number of households, thousands | 348 | 342 |
| average household size | 2.0 | 2.0 |

Source: Oxford Economics



Germany



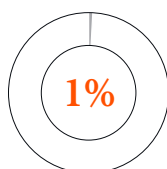
THE SEGMENT IN BRIEF

- Heimstaden Bostad completed its first acquisition in the German market in the fourth quarter of 2019.
- No properties were acquired during the period.
- The unrealised value development in the property portfolio for the period was a negative 0.3 percent, driven by a five-year rent limitation in Berlin.
- The yield requirement in the valuation was 2.2 percent.

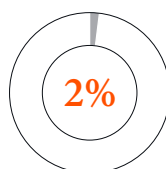
GERMANY (JANUARY-MARCH)

| | Q1 2020 | Q1 2019 |
|------------------------------------|---------|---------|
| Market value, SEK m | 2,412 | – |
| Rental income, SEK m | 17 | – |
| Net operating income, SEK m | 12 | – |
| Surplus ratio, % | 74.7 | – |
| Letting ratio, housing (number), % | 97.7 | – |
| Real letting ratio, % | 99.3 | – |
| Area, m ² | 72,460 | – |

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – GERMANY

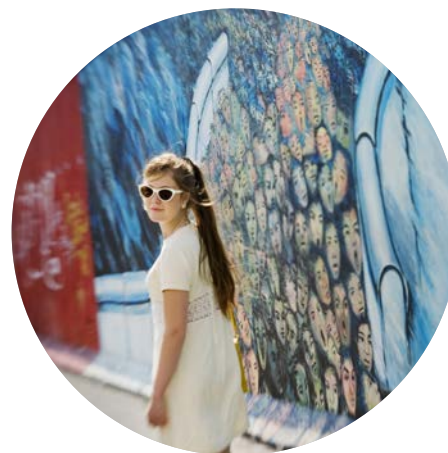
Population growth in Germany is positive, with Berlin experiencing a growth rate of 0.7 percent over the past 12 months.

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

Unemployment was about 5.0 percent during the period.

| | 2019 | 2018 |
|---------------------------------|--------|--------|
| Number of residents, thousands | 83,104 | 82,934 |
| GDP growth, % | 0.6 | 1.6 |
| Inflation, % | 1.4 | 1.8 |
| Degree of urbanisation, % | 77.4 | 77.3 |
| Unemployment, % | 5.0 | 5.2 |
| <i>Berlin</i> | | |
| Number of households, thousands | 2,021 | 2,021 |
| average household size | 1.8 | 1.8 |

Source: Oxford Economics



Netherlands



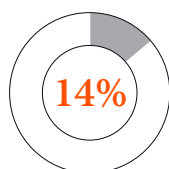
THE SEGMENT IN BRIEF

- Heimstaden Bostad completed its first acquisition in the Dutch market in the fourth quarter of 2019.
- During the period, properties were acquired for a value of SEK 501 million.
- The unrealised value development in the property portfolio for the period was 1.1 percent.
- The yield requirement in the valuation was 3.8 percent.

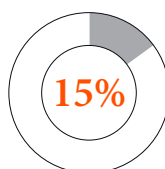
NETHERLANDS (JANUARY-MARCH)

| | Q1 2020 | Q1 2019 |
|------------------------------------|---------|---------|
| Market value, SEK m | 19,582 | – |
| Rental income, SEK m | 224 | – |
| Net operating income, SEK m | 123 | – |
| Surplus ratio, % | 54.7 | – |
| Letting ratio, housing (number), % | 97.2 | – |
| Real letting ratio, % | 99.1 | – |
| Area, m ² | 878,242 | – |

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – NETHERLANDS

The population grew by 0.6 percent below over the past year and growth is expected to stabilise at about 0.4 percent per year over the next decade.

In the Amsterdam metropolitan region, the number of households continued to grow, supporting demand for housing.

At the beginning of 2019, unemployment was at a record low 4.3 percent.

The Netherlands is one of Europe's most urbanised countries. The degree of urbanisation increased by approx 0.2 percentage points during 2019.

| | 2019 | 2018 |
|------------------------------------|--------|--------|
| Number of residents, thousands | 17,349 | 17,244 |
| GDP growth, % | 1.7 | 2.6 |
| Inflation, % | 2.6 | 1.7 |
| Degree of urbanisation, % | 91.7 | 91.5 |
| Unemployment, % | 4.3 | 4.8 |
| <i>Amsterdam metropolitan area</i> | | |
| Number of households, thousands | 716 | 699 |
| average household size | 1.9 | 2.0 |

Source: Oxford Economics



Czech Republic



Privozská str, Ostrava

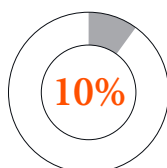
THE SEGMENT IN BRIEF

- Heimstaden Bostad completed its first acquisition in the Czech market on 20 February 2020.
- During the period, properties were acquired for a value of SEK 12,925 million.
- The unrealised value development in the property portfolio for the period was 11.4 percent.
- The yield requirement in the valuation was 5.3 percent during the period.

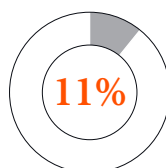
GERMANY (JANUARY-MARCH)

| | Q1 2020 | Q1 2019 |
|------------------------------------|-----------|---------|
| Market value, SEK m | 13,794 | – |
| Rental income, SEK m | 159 | – |
| Net operating income, SEK m | 82 | – |
| Surplus ratio, % | 52.0 | – |
| Letting ratio, housing (number), % | 91.6 | – |
| Real letting ratio, % | 95.2 | – |
| Area, m ² | 2,631,462 | – |

RENTAL INCOME, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN BOSTAD TOTAL



MARKET DATA – CZECH REPUBLIC

The population grew by 0.3 percent over the past 12 months.

In the Ostrava region, the corresponding figure was measured at 0.2 percent, which, combined with declining average household size, indicates continued strong demand in the housing market.

Unemployment in the Czech Republic was low in relation to comparable countries.

| | 2019 | 2018 |
|---------------------------------------------|--------|--------|
| Number of residents, thousands | 10,662 | 10,635 |
| GDP growth, % | 2.4 | 2.3 |
| Inflation, % | 2.9 | 2.2 |
| Degree of urbanisation, % | 73.7 | 73.8 |
| Unemployment, % | 2.8 | 3.2 |
| <i>Moravskoslezský kraj (incl. Ostrava)</i> | | |
| Number of households, thousands | 495 | 494 |
| average household size | 2.4 | 2.4 |

Source: Oxford Economics





Slagen 1, Helsingborg

Consolidated Statement of Comprehensive Income

| Amounts in SEK million | Note | 2020 3 months Jan – Mar | 2019 3 months Jan-Mar | 2019 12 months Jan–Dec | Rolling 12 months Apr–Mar |
|----------------------------------------------------|------|-------------------------------|-----------------------------|------------------------------|---------------------------------|
| Rental income | 4 | 1,556 | 953 | 4,321 | 4,924 |
| Property costs | 5 | -700 | -464 | -1,919 | -2,155 |
| Net operating income | | 855 | 489 | 2,403 | 2,769 |
| Central administration costs | | -83 | -41 | -193 | -235 |
| Other operating income | | 14 | 2 | 11 | 24 |
| Other operating costs | | -10 | -1 | -46 | -55 |
| Profit from participations in associated companies | | -2 | – | 88 | 87 |
| Profit before financial items | | 776 | 449 | 2,263 | 2,589 |
| Financial income | 6 | 13 | – | 35 | 48 |
| Financial costs – interest-bearing liabilities | 6 | -309 | -209 | -923 | -1,023 |
| Other financial income | | – | – | 6 | 6 |
| Other financial costs | | -32 | -12 | -158 | -178 |
| Financial costs, right-of-use assets | | -1 | -1 | -1 | -2 |
| Currency gains and losses | | 358 | -85 | -241 | 201 |
| Profit from property management | | 803 | 143 | 980 | 1,640 |
| Change in value of investment properties | 7 | 1,914 | 1,738 | 4,834 | 5,010 |
| Changes in the value of financial instruments | 8 | -129 | -313 | 39 | 223 |
| Profit before tax | | 2,589 | 1,568 | 5,853 | 6,873 |
| Current tax | | -141 | -78 | -200 | -263 |
| Deferred tax | | -559 | -306 | -1,193 | -1,446 |
| Profit for the period | | 1,889 | 1,184 | 4,460 | 5,164 |
| Other comprehensive income | | -761 | 842 | 279 | -1,323 |
| Comprehensive income | | 1,128 | 2,026 | 4,740 | 3,841 |

Rental income

Rental income for the period amounted to SEK 1,556 million (953). This corresponds to a 63 percent increase. The increase in income is primarily attributable to property acquisitions in the Netherlands and the Czech Republic. For the housing stocks, the average rental income was SEK 1,203 per square metre of time-weighted area (1,396). The lower average derives from acquisitions in the Czech Republic and the Netherlands where the rent level is lower than in the rest of Heimstaden Bostad's portfolio. Comparable portfolios shows an increase of about 7 percent.

The letting ratio for housing was 94.8 percent (96.9) for the period. Adjusted for the acquisition in the Czech Republic, the letting ratio was 97.3 percent. Adjusted for the intentionally vacated apartments, the Group's real letting ratio was 97.2 percent (98.9).

Property costs

Total property costs increased by 51 percent and amounted to SEK 700 million (464). The change is mainly attributable to an increased volume of properties. For the housing stocks, property costs averaged SEK 542 per square metre of time-weighted area (679). The lower average derives from the acquisitions in the Netherlands and the Czech Republic. Comparable portfolios show largely unchanged costs per square metre.

Net operating income

Net operating income amounted to SEK 855 million (489) for the period, corresponding to an increase of 75 percent and a surplus ratio of 55.0 percent (51.3). The higher surplus ratio is primarily explained by the acquisition made in the Netherlands in the fourth quarter of 2019.

Central administration costs

Central administration costs amounted to SEK 83 million (41). The increase was mainly attributable to the growth of the organisation as a consequence of a larger property portfolio.

Financial costs – interest-bearing liabilities

Financial costs for the period amounted to SEK 309 million (209). The increase is mainly attributable to a larger loan portfolio as a consequence of a larger property portfolio. On the balance sheet date, the average interest rate on total borrowing, including derivatives and charges for unutilised credits amounted to 1.7 percent (2.0). Despite a higher interest hedging ratio, the lower average interest rate is a result of lower credit margins on bank loans and debenture loans, as well as changed base rates. At the end of the period, Heimstaden Bostad's interest rate hedging ratio was 75 percent (54).

The interest coverage ratio for the past 12 months was 2.6 (2.6). The acquisitions in the Czech Republic and the Netherlands are contributing positively, but have not had a full impact 12 months back in time.

The interest rates on approximately 37 percent (57) of the loan portfolio will change within a year. All other things being equal, a change in the base rate (Stibor, Cibor, Nibor, Euribor) by 1 percent, at any given time, would, adjusted for the interest hedging portfolio, increase Heimstaden Bostad's interest cost, by approximately SEK 134 million (228) annu-

ally in the event of an increase, and decrease it by approximately SEK 40 million (78) in the event of a decline.

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

Other financial costs

Other financial costs pertain primarily to costs of a non-recurring nature related to new borrowings and redemption of loans.

Currency gains and losses

Currency gains and losses amounted to a net gain of SEK 358 million (loss 85) and relate primarily to unrealised exchange rate differences on cash and cash equivalents, and to receivables, liabilities and associated currency hedges in the Parent Company.

Profit from property management

Profit from property management was SEK 803 million (143). Adjusted for currency gains and losses, profit from property management increased by SEK 218 million, corresponding to a 95 percent increase compared with the preceding year. The positive increase is primarily attributable to acquisitions, as well as improved net operating income in existing holdings.

Change in value of investment properties

Total unrealised changes in value for the period amounted to SEK 1,914 million (1,738). This corresponds to a 1.5 percent increase in value over the year. The yield requirement in the valuation for the quarter averaged 3.75 percent, which compares with 3.63 percent at the end of 2019. Cleared of the effect associated with the acquisition of the Czech portfolio, the direct yield requirement was 3.57 percent in the rest of the holdings.

Changes in the value of financial instruments

In accordance with the established financial policy and interest rate hedging strategy, Heimstaden Bostad uses interest rate derivatives and basis swaps to manage the Group's interest rate and currency risks. The change in value related to interest-rate derivatives during the period amounted to SEK 129 million (313). Currency effects related to currency hedging of the Parent Company's bonds are reported on the line Currency gains and losses.

Tax

The positive development in the value of Heimstaden Bostad's property holdings and a positive unrealised currency effect on derivatives have resulted in a deferred tax liability of SEK 559 million (306). Current tax amounted to SEK 141 million (78).

Other comprehensive income

Other comprehensive income consists of currency translation differences arising from the consolidation of the Group's foreign subsidiaries and amounted to a negative SEK 761 million (positive 842).

Consolidated Statement of Financial Position

| Amounts in SEK million | Note | 31 Mar 2020 | 31 Mar 2019 | 31 Dec 2019 |
|----------------------------------------------------------------|------|----------------|---------------|----------------|
| Assets | | | | |
| Non-current assets | | | | |
| Investment properties | 9 | 131,358 | 79,286 | 113,331 |
| Leases, right-of-use | | 570 | 52 | 817 |
| Tangible fixed assets | | 18 | – | – |
| Financial instruments | | 942 | – | – |
| Other financial non-current assets | | 947 | 104 | 843 |
| Total non-current assets | | 133,835 | 79,442 | 114,991 |
| Current assets | | | | |
| Development properties and tenant-owned apartments in progress | | 767 | 689 | 865 |
| Accounts receivable | | 108 | 26 | 12 |
| Other current receivables | | 507 | 531 | 1,058 |
| Prepaid costs and accrued income | | 471 | 273 | 294 |
| Cash and cash equivalents | | 3,843 | 3,214 | 4,345 |
| Total current assets | | 5,695 | 4,732 | 6,573 |
| TOTAL ASSETS | | 139,530 | 84,174 | 121,564 |



Investment properties

On the balance sheet date, Heimstaden Bostad's property portfolio had a market value of SEK 131,358 million, compared with SEK 113,331 million at the end of 2019. During the period, properties were acquired for a value of SEK 14,376 million. Of these investments, 90 percent were made in the new market of the Czech Republic. Another 10 percent was invested in existing markets, primarily Denmark and the Netherlands. Total unrealised changes in value for the period amounted to SEK 1,933 million, corresponding to a change of 1.5 percent. The remaining change in the carrying amount of the property portfolio comprised investments in existing stocks and exchange rate effects.

For a more detailed description of Heimstaden Bostad's methodology for valuing properties, see pages 114–115 of the Heimstaden Bostad 2019 Annual Report.

Leases, right-of-use

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

Financial instruments

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

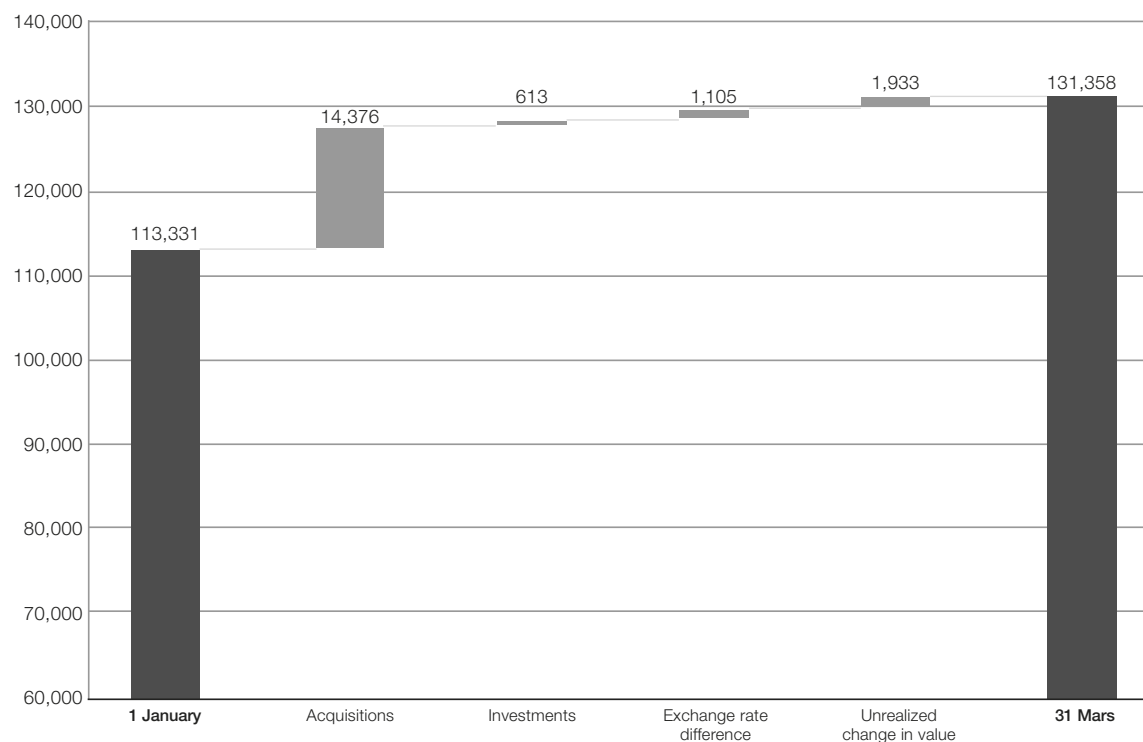
Other financial non-current assets

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

Development properties and tenant-owned apartments in progress

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

DEVELOPMENT OF INVESTMENT PROPERTIES FOR THE YEAR, SEK MILLION



Consolidated Statement of Financial Position

| Amounts in SEK million | Note | 31 Mar 2020 | 31 Mar 2019 | 31 Dec 2019 |
|----------------------------------------|------|----------------|---------------|----------------|
| EQUITY AND LIABILITIES | | | | |
| Equity | | 65,750 | 33,951 | 57,548 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Interest-bearing secured liabilities | | 42,055 | 28,101 | 39,543 |
| Interest-bearing unsecured liabilities | | 20,284 | 18,000 | 14,066 |
| Financial leasing | | 571 | 52 | 818 |
| Financial instruments | 10 | – | 295 | 65 |
| Deferred tax liabilities | | 3,094 | 1,652 | 2,526 |
| Total non-current liabilities | | 66,004 | 48,100 | 57,018 |
| Current liabilities | | | | |
| Interest-bearing secured liabilities | | 266 | 776 | 1,137 |
| Interest-bearing unsecured liabilities | | 5,200 | – | 4,000 |
| Accounts payable | | 640 | 272 | 293 |
| Current liabilities | | 281 | 147 | 228 |
| Other current liabilities | | 745 | 529 | 819 |
| Accrued costs and prepaid income | | 644 | 399 | 521 |
| Total current liabilities | | 7,776 | 2,123 | 6,998 |
| TOTAL EQUITY AND LIABILITIES | | 139,530 | 84,174 | 121,564 |

Consolidated Statement of Changes in Equity

| Amounts in SEK million | Share capital | Other capital contributions | Hybrid bond | Retained profit | Attributable to Parent Company shareholders | Non-controlling interests | Total equity |
|----------------------------|---------------|-----------------------------|--------------|-----------------|---------------------------------------------|---------------------------|---------------|
| Equity, 31 Dec 2018 | 26 | 26,653 | | 5,245 | 31,925 | | 31,925 |
| Other comprehensive income | | | | 842 | 842 | | 842 |
| Profit for the period | | | | 1,184 | 1,184 | | 1,184 |
| Equity, 31 Dec 2019 | 26 | 26,653 | | 7,272 | 33,951 | – | 33,951 |
| New share issue | 7 | 13,194 | | | 13,202 | | 13,202 |
| Dividend | | | -55 | -829 | -884 | | -884 |
| Issue of hybrid bond | | | 8,523 | | 8,523 | | 8,523 |
| Issue costs | | | -9 | | -9 | | -9 |
| Non-controlling interests | | | | | 0 | 52 | 52 |
| Other comprehensive income | | | | -563 | -563 | | -563 |
| Profit for the period | | | 55 | 3,213 | 3,269 | 7 | 3,276 |
| Equity, 31 Dec 2019 | 34 | 39,847 | 8,514 | 9,094 | 57,489 | 59 | 57,548 |
| New share issue | 5 | 7,201 | | | 7,206 | | 7,206 |
| Dividend | | | -69 | | -69 | | -69 |
| Issue of hybrid bond | | | | | 0 | | – |
| Issue costs | | | | -63 | -63 | | -63 |
| Non-controlling interests | | | | | | 0 | – |
| Other comprehensive income | | | | -761 | -761 | | -761 |
| Profit for the period | | | 69 | 1,820 | 1,889 | | 1,889 |
| Equity, 31 Mar 2020 | 39 | 47,048 | 8,514 | 10,089 | 65,691 | 59 | 65,750 |

Interest-bearing liabilities

At the end of the period, Heimstaden Bostad's loan-to-value ratio was 46 percent (45). Of the total interest-bearing liabilities, 62 percent were loans secured by property mortgages, giving a loan-to-value ratio for secured loans of 30 percent (33).

The total loan portfolio amounted to SEK 67,806 million (58,746) on the balance sheet date. Of this amount, 38 percent (31) pertains to debenture loans, 34 percent (34) to mortgages and 29 percent (35) to traditional bank loans.

The average period for which capital is tied up regarding Heimstaden Bostad's interest-bearing liabilities amounted to 10.7 years (10.5). The largest proportion of loan maturities within an individual year will occur in 2024 (2021) and accounts for 14 percent (16) of the total portfolio. Current interest-bearing liabilities totalled SEK 5,466 million (5,137). To manage its refinancing risk, Heimstaden Bostad has unutilised lines of credit amounting to SEK 11,453 million (10,269). The average period of fixed interest, including the effect of derivatives, amounts to 2.6 years (2.7).

Deferred tax liabilities

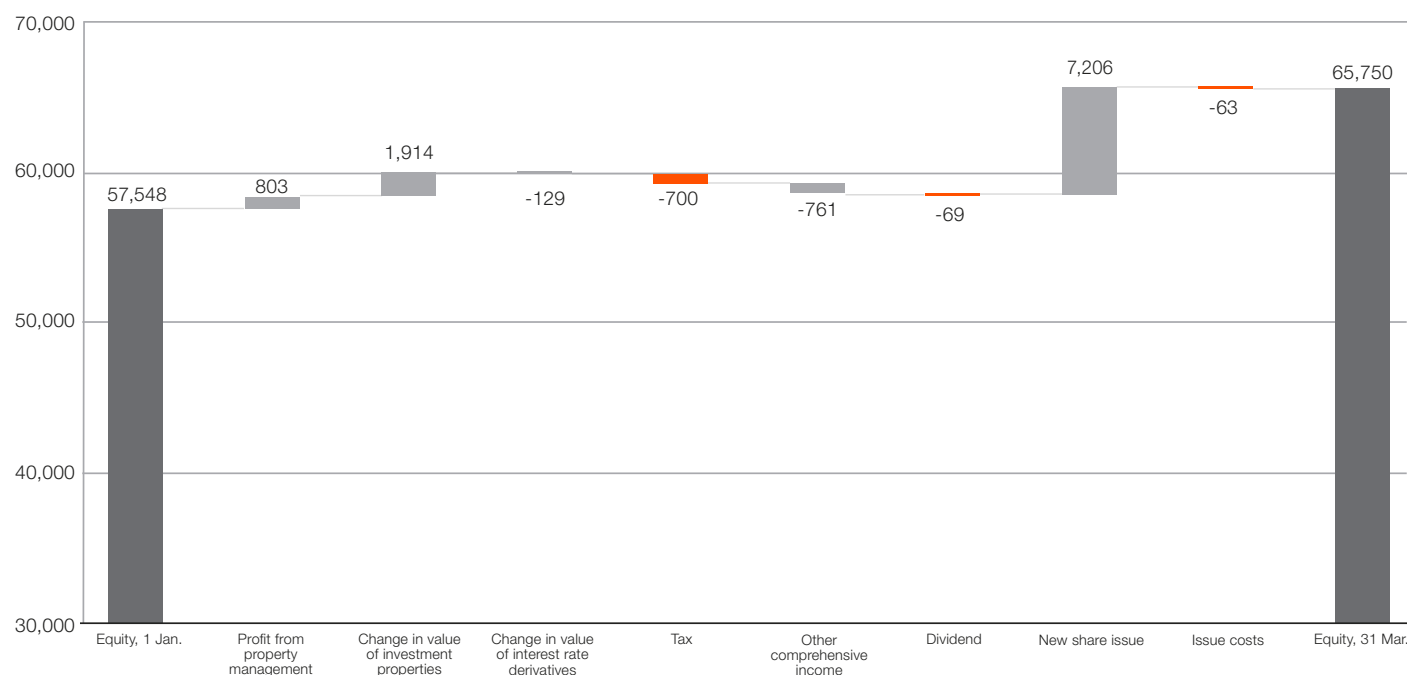
The positive value trend in Heimstaden Bostad's property portfolio brought an increased deferred tax liability, amounting on the balance sheet date to SEK 3,094 million (2,526).

Equity

Equity amounted to SEK 65,750 million (57,548), giving an equity/assets ratio of 47 percent (47). The change in equity over the period is primarily attributable to a new share issue.

Heimstaden Bostad is exposed to currency risk in EUR, DKK, NOK and CZK. This risk is associated with the foreign operations and to cash and cash equivalents and financing in the Parent Company. The Parent Company's debenture loans in EUR have largely been hedged through swaps to the same currency as the assets that the loans are intended to finance. The currency risk associated with the foreign operations is limited to net capital in each currency.

EQUITY DEVELOPMENT OVER THE YEAR, SEK MILLION



Consolidated Cash Flow Statement

| Amounts in SEK million | 2020 3 months Jan – Mar | 2019 3 months Jan – Mar | 2019 12 months Jan–Dec |
|------------------------------------------------------------------------------|-------------------------------|-------------------------------|------------------------------|
| Operating activities | | | |
| Profit before tax | 2,589 | 1,568 | 5,853 |
| Adjustments for non-cash items: | | | |
| – Change in value of investment properties | -1,914 | -1,738 | -4,834 |
| – Change in value of derivative instruments | 129 | 313 | -39 |
| – Other non-cash items | -361 | 23 | 157 |
| Tax paid | -104 | -77 | -105 |
| Cash flow from operating activities before changes in working capital | 339 | 88 | 1,032 |
| Change in working capital | | | |
| Change in current receivables | -161 | -81 | -56 |
| Change in development properties and tenant-owned apartments in progress | 0 | – | -110 |
| Change in current liabilities | 225 | -396 | 41 |
| Cash flow from operating activities | 403 | -389 | 907 |
| Investing activities | | | |
| Property acquisitions | -7,023 | -1,512 | -13,772 |
| Investment, properties | -587 | -492 | -2,575 |
| Acquisitions of other non-current assets | – | – | – |
| Deposits paid for acquisitions | 514 | -144 | -535 |
| Other receivables, future acquisitions | – | – | -375 |
| Property sales | – | – | 3 |
| Acquisitions of participations in associated companies | -16 | – | -213 |
| Change in loans to associated companies | -142 | – | -468 |
| Change in financial assets | – | – | -48 |
| Cash flow from investing activities | -7,254 | -2,148 | -17,983 |
| Financing activities | | | |
| New share issue | 7,206 | – | 13,202 |
| Dividend, preference shares | – | – | -829 |
| Issue of hybrid bond | – | – | 8,523 |
| Dividend hybrid bond | -69 | – | -55 |
| Issue expenses | -63 | – | -9 |
| Change in interest-bearing liabilities | -711 | 3,428 | -1,736 |
| Cash flow from financing activities | 6,363 | 3,428 | 19,096 |
| Cash flow for the period | -488 | 892 | 2,018 |
| Opening cash and cash equivalents | 4,345 | 2,313 | 2,313 |
| Currency effect in cash and cash equivalents | -14 | 8 | 13 |
| Closing cash and cash equivalents | 3,843 | 3,214 | 4,345 |

Operating activities

Cash flow from operating activities, before changes in working capital, amounted to SEK 339 million (88). The change compared with the corresponding period in the preceding year is mainly explained by a larger property portfolio. After a reduction in working capital of SEK 64 million (477), cash flow from operating activities was SEK 403 million (negative 389).

Investing activities

Cash flow from investing activities was negative in the amount of SEK 7,254 million (2,148). The investment activities consist of corporate transactions, property transactions and property investments, of which most are attributable to the acquisition in the Czech Republic.

Financing activities

Cash flow from financing activities amounted to SEK 6,363 million (3,428). The amount is primarily attributable to the new issue of shares.

Cash flow

Cash flow for the period amounted to an outflow of SEK 488 million (inflow 892) and cash and cash equivalents amounted to SEK 3,843 million (3,214) at the end of the period.



PARENT COMPANY INCOME STATEMENT

| Amounts in SEK million | 2020 3 months Jan-Mar | 2019 3 months Jan-Mar |
|----------------------------------------------|-----------------------------|-----------------------------|
| Other operating income | 0 | – |
| Other operating costs | -95 | -42 |
| Operating profit/loss | -94 | -42 |
| Profit before financial items | -94 | -42 |
| Interest income | 114 | 85 |
| Interest costs | -150 | -112 |
| Other financial income | – | 296 |
| Other financial costs | -1,132 | -15 |
| Change in value of interest rate derivatives | -9 | -203 |
| Profit from property management | -1,271 | 9 |
| Profit before tax | -1,271 | 9 |
| Deferred tax | 2 | 42 |
| Profit for the year | -1,269 | 51 |

Other operating costs

Other operating costs relate primarily to management fees and other costs in the Parent Company. The increase is due to the growth of the organisation as a consequence of a larger property portfolio.

Interest income

Interest income refers mainly to income from intra-Group loans.

Interest costs

Interest expenses refer primarily to expenses related to debenture loans in the Parent Company.

Other financial costs

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

PARENT COMPANY BALANCE SHEET

| Amounts in SEK million | 31 Mar 2020 | 31 Mar 2019 |
|--------------------------------------|---------------|---------------|
| Assets | | |
| Non-current assets | | |
| Shares in subsidiaries | 32,758 | 18,174 |
| Deferred tax receivables | 18 | 44 |
| Receivables, subsidiaries | 19,768 | 15,067 |
| Total non-current assets | 52,545 | 33,285 |
| Current assets | | |
| Receivables, subsidiaries | 27,897 | 12,508 |
| Other current receivables | 240 | 279 |
| Cash and cash equivalents | 2,141 | 2,390 |
| Total current assets | 30,277 | 15,177 |
| TOTAL ASSETS | 82,822 | 48,462 |
| EQUITY AND LIABILITIES | | |
| Equity | 54,415 | 25,330 |
| Non-current liabilities | | |
| Interest-bearing liabilities | 1,199 | 2,297 |
| Debenture loans | 24,284 | 18,010 |
| Financial instruments | 89 | 212 |
| Liabilities, subsidiaries | 2,646 | 677 |
| Total non-current liabilities | 28,218 | 21,197 |
| Current liabilities | | |
| Liabilities, subsidiaries | – | 1,862 |
| Other current liabilities | 189 | 73 |
| Total current liabilities | 189 | 1,935 |
| TOTAL EQUITY AND LIABILITIES | 82,822 | 48,462 |

Shares in subsidiaries

Participations in subsidiaries refer to shares in subsidiaries and the change compared with the previous year is mainly attributable to the acquisitions in the Netherlands and the Czech Republic.

Receivables, subsidiaries

Receivables from subsidiaries refer to lending from Heimstaden Bostad to the subsidiaries.

Debenture loans

Debenture loans refer to Heimstaden Bostad's bonds. The change compared with the previous year is mainly attributable to the recent new share issue for EUR 500 million implemented in the first quarter of 2020.



PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

| Amounts in SEK million | Share capital | Share premium reserve | Hybrid bond | Retained profit | Total equity |
|-------------------------------------|---------------|-----------------------|-------------|-----------------|--------------|
| Equity, 31 Dec. 2018 | 26 | 24,203 | – | 1,049 | 25,279 |
| Comprehensive income for the period | | | – | 51 | 51 |
| Equity, 31 Dec 2019 | 26 | 24,203 | – | 1,100 | 25,330 |
| New share issue | 8 | 13,194 | – | | 13,202 |
| Dividend | | | -55 | -829 | -884 |
| Issue of hybrid bond | | | 8,523 | | 8,523 |
| Issue costs | | | -9 | | -9 |
| Comprehensive income for the period | | | 55 | 2,393 | 2,449 |
| Equity, 31 Dec 2019 | 34 | 37,397 | 8,514 | 2,665 | 48,610 |
| New share issue | 5 | 7,201 | | | 7,206 |
| Dividend | | | -69 | | -69 |
| Issue costs | | | | -63 | -63 |
| Comprehensive income for the period | | | 69 | -1,338 | -1,269 |
| Equity, 31 Mar 2020 | 39 | 44,599 | 8,514 | 1,264 | 54,415 |

Note 1 Accounting principles

Heimstaden Bostad's consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and its interpretations of these (IFRIC). This interim report has been prepared in accordance with IAS 34 the Annual Accounts Act. The Parent Company applies RFR2 Accounting for Legal Entities and the Swedish Annual Accounts Act.

The same accounting and valuation principles and calculation methods have been applied as in the most recent annual report, with the exception of IFRS 3. Heimstaden Bostad's 2019 Annual Report contains a more detailed description of the Group's accounting principles.

IFRS 3 Business combinations

On 21 April 2020, the EU adopted amendments regarding the definition in IFRS 3 of a business combination. The classification of an acquisition as either a business acquisitions or an asset acquisitions causes differences in the accounting. The changes introduced in IFRS 3 are expected to result in more acquisitions being reported as asset acquisitions.

The accounting of business acquisitions differs from the accounting of asset acquisitions, with, for example, goodwill not being recognised in asset acquisitions. There are also differences in the accounting and valuation of supplementary purchase considerations, acquisition expenses and deferred tax. Accordingly, the classification as either business acquisitions or asset acquisitions is crucial when preparing financial reports in accordance with IFRS.

Companies may choose to perform a "concentration test" and, should this prove that the acquisition is an asset acquisition, no further assessment is required. However, the test does not answer the question of whether an acquisition is a business acquisition but can only show if it is an asset acquisition. If essentially the entire fair value of the gross assets acquired can be attributed to an asset or a group of similar assets, the voluntary test shows the acquisition to constitute an asset acquisition. If the test is performed and it is not possible to prove the acquisition to be an asset acquisition, further assessment must be made to determine whether or not the acquisition is a business acquisition.

The criteria for an acquisition to constitute a business acquisition is that there must be financial resources and a substantial process that, combined, contribute substantially to a capacity to generate returns. The new guidance provides a framework for assessing whether there are financial resources and a substantial process. An acquisition including returns and a labour force trained in managing the process constitutes a business. If the acquisition lacks a labour force, it may nonetheless be the case that the acquired process is sufficiently unique or unusual, or costly to replace to be able to generate returns, that the acquisition nonetheless constitutes a business.

Effects of the change and its entry into force

The amendment shall be applied for financial years commencing on or after 1 January 2020. The changes to IFRS 3 entail Heimstaden Bostads' acquisitions in the Czech Republic being reported as asset acquisitions.

New and amended accounting principles yet to come into effect

New and amended IFRS accounting principles yet to come into effect have not been applied prematurely in the preparation of the consolidated and Parent Company financial statements. Described below are the IFRS standards that may affect the consolidated or Parent Company financial statements. Other new or amended standards or interpretations published by IASB are not expected to have an impact on the consolidated or Parent Company financial statements.

IAS 1 Presentation of Financial Statements

IAS 1 requires companies to disclose "significant" accounting principles. The IASB proposes that the requirement of "significance" be replaced by a requirement to disclose "essential" accounting principle to clarify the limit of the disclosures to be submitted. The IASB also proposes that IAS 1 be supplemented with guidance to help companies understand what makes an accounting principle essential. Since Heimstaden Bostad's disclosures are considered essential, the changes will not affect the accounting principles. The amendment shall apply to financial years commencing 1 January 2020.

Note 2 Information about related parties

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

Note 3 Events after the balance sheet date

1 April

Heimstaden Bostad AB has acquired a housing portfolio in the Netherlands consisting of 41 properties, with 2,023 apartments and 60 commercial premises, as well as adjacent parking facilities. The portfolio comprises a total 138,900 square metres of lettable space.

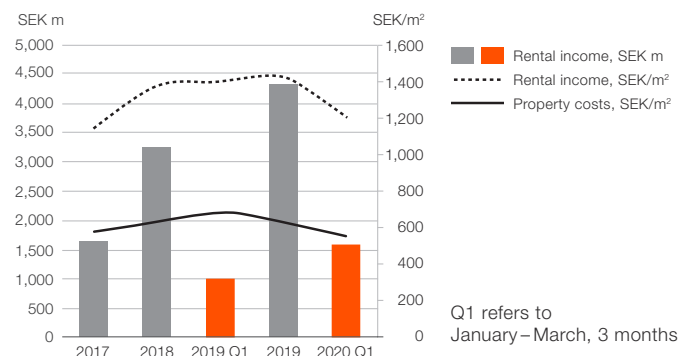
The agreed purchase consideration is EUR 375 million and the transaction is being implemented as a corporate transaction. The transaction will initially be financed through existing cash, credit facilities and capital injections from existing shareholders. Loan financing will subsequently be secured to cover part of the purchase consideration.

The acquisition fits well with Heimstaden Bostad's strategy of providing affordable housing in markets with favourable conditions and will support further operational synergies in the operations in the Netherlands. Following the acquisition, Heimstaden Bostad will have a portfolio of approximately 12,600 homes in the Netherlands.

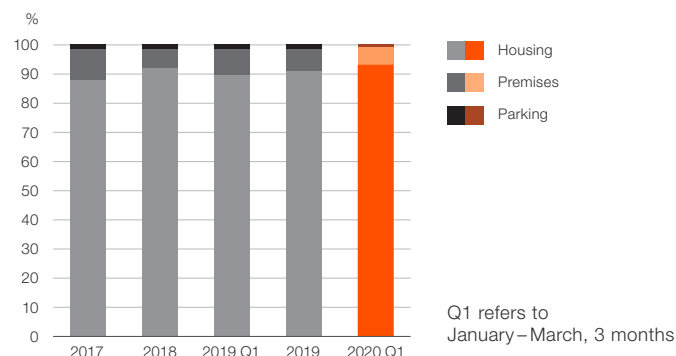


Note 4 Rental income

RENTAL INCOME AND PROPERTY COSTS



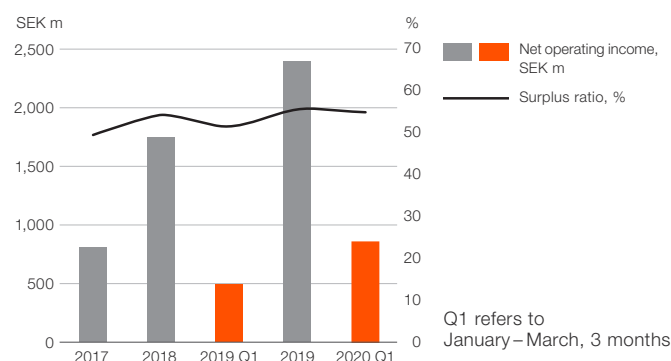
DISTRIBUTION OF RENTAL INCOME



Note 5 Property costs

| Amounts in SEK million | 2020 3 months Jan-Mar | 2019 3 months Jan-Mar | 2019 12 months Jan-Dec |
|-------------------------------|-----------------------------|-----------------------------|------------------------------|
| Operating costs | -387 | -255 | -1,072 |
| Maintenance and repairs | -129 | -83 | -409 |
| Property administration | -122 | -98 | -292 |
| Property tax | -61 | -28 | -145 |
| Ground rent | - | -1 | - |
| Amortisation and depreciation | -1 | - | - |
| Total property costs | -700 | -464 | -1,919 |

NET OPERATING INCOME AND SURPLUS RATIO



Note 6 Financial income and costs

Risk management, estimation and assessments

The Board of Directors and company management work continuously to achieve the desired risk profile, which is governed by the adopted Financial Policy and established operational targets.

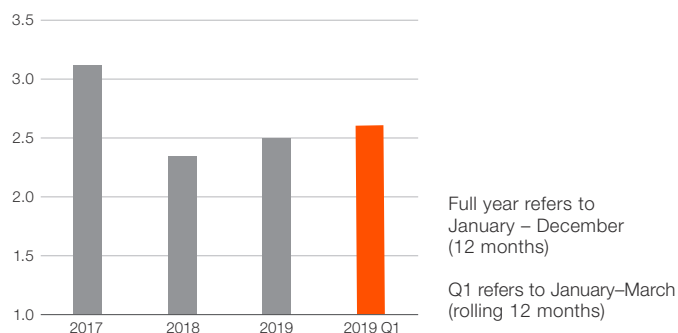
Heimstaden Bostad's operations, financial position and profit can be affected by a number of risks and uncertainties. These are described on pages 80–84 in the 2019 Annual Report. No significant changes

have subsequently occurred affecting the assessment by the Board of Directors and company management.

To prepare the accounts in accordance with generally accepted accounting principles, management must make assessments and assumptions affecting the assets and liabilities reported in the financial statements, as well as income and expense items and other disclosures. Actual outcomes may differ from these assessments.

| Financial policy | Policy | 31 Mar 2020 |
|-------------------------------------------------------|---------|-------------|
| Interest coverage ratio (rolling 12 months, multiple) | ≥ 1.5 | 2.6 |
| Equity/assets ratio (percent) | ≥ 30 | 47 |
| Capital tied up (months) | ≥ 15 | 128 |
| Loan maturity (percentage in individual year) | ≤ 40 | 14 (2024) |
| Limitation, individual lenders (percent) | ≤ 40 | 13 |
| Fixed interest (years) | N/A | 2.6 |
| Interest rate hedge (percent) | ≥ 75 | 76 |
| Loan-to-value ratio (financial policy) (percent) | 45 – 55 | 53 |
| Quick ratio (percent) | * ≥ 125 | 175 |

INTEREST COVERAGE RATIO Q1 (ICR)



31 Mar 2020

| Years | Fixed interest, loans | | | Fixed interest incl. interest rate derivatives ¹⁾ | | |
|------------------------------------------------|-----------------------|------------|---------------------------|--------------------------------------------------------------|------------|---------------------------|
| | SEK m | Share, % | Interest, incl. margin, % | SEK m | Share, % | Interest, incl. margin, % |
| Within 1 year of the balance sheet date | 59,501 | 88 | 1.4 | 24,859 | 37 | 2.2 |
| Between 1-5 years of the balance sheet date | 8,036 | 12 | 3.1 | 33,287 | 49 | 1.7 |
| Later than 5 years from the balance sheet date | 270 | 0 | 2.2 | 9,661 | 14 | 1.0 |
| Total | 67,806 | 100 | 1.6 | 67,806 | 100 | 1.7 |

¹⁾ The credit margin is evenly spread across the maturity structure

The average remaining term of fixed interest in the loan portfolio amounts to: 0.61 years

The average remaining term of fixed interest in the loan portfolio, including derivatives, amounts to: 2.59 years

Note 7 Valuation of investment properties

Yield requirement

| Years | Average | Interval |
|---------|---------|-------------|
| 2019 | 3.63% | 0.38% – 10% |
| 2020 Q1 | 3.75% | 0.23% – 10% |

Note 8 Change in value of derivatives

Change in market value of derivatives

| | |
|-------------------------------------------------|------------|
| Market value of derivatives, 31 Dec 2019 | -65 |
| Acquired derivatives | – |
| Redeemed derivatives | – |
| Currency effect on derivatives | 1,136 |
| Realised changes in value | – |
| Unrealised changes in value | -129 |
| Market value of derivatives, 31 Mar 2020 | 942 |

Note 9 Investment properties

Change in market value of investment properties

| | Total | Sweden | Denmark | Norway | Germany | Netherlands | Czech Republic |
|----------------------------------------------------|---------|--------|---------|--------|---------|-------------|----------------|
| Market value of investment properties, 31 Dec 2019 | 113,331 | 41,241 | 34,645 | 17,373 | 2,292 | 17,781 | – |
| Sales during the period | – | – | – | – | – | – | – |
| Acquisitions during the period | 14,376 | 257 | 693 | – | – | 501 | 12,925 |
| Investments during the period | 613 | 405 | 178 | 13 | -7 | 23 | – |
| Currency change | 1,105 | – | 2,077 | -1,619 | 134 | 1,054 | -541 |
| Market value after transactions | 129,425 | 41,903 | 37,593 | 15,766 | 2,420 | 19,359 | 12,384 |
| Unrealised value change | 1,933 | 366 | -217 | 158 | -7 | 223 | 1,410 |
| Market value of investment properties, 31 Mar 2020 | 131,358 | 42,269 | 37,377 | 15,924 | 2,412 | 19,582 | 13,794 |

Note 10 Financial instruments

Change in loan volume

| | |
|-------------------------------------|--------|
| Interest-bearing loans, 31 Dec 2019 | 58,746 |
| Repayments on loans | -1,246 |
| Currency exchange effect on loans | 1,583 |
| New borrowing/loans taken over | 8,723 |
| Interest-bearing loans, 31 Mar 2020 | 67,806 |

| Years | Capital tied up, loans | | Lines of credit | |
|------------------------------------------------|------------------------|----------|-----------------|----------|
| | SEK million | Share, % | million | Share, % |
| Within 1 year of the balance sheet date | 5,466 | 8 | – | – |
| Between 1–5 years of the balance sheet date | 30,781 | 45 | 11,453 | 100 |
| Later than 5 years from the balance sheet date | 31,558 | 47 | – | – |
| Total | 67,806 | 100 | 11,453 | 100 |

The average remaining period for which capital is tied up amounts to: 10.7 years

Financing source

| | Credit | Secured credits, % | Share, % | Unutilised credit commitment |
|------------|--------|--------------------|----------|------------------------------|
| Bonds | 25,484 | – | 38 | – |
| Mortgages | 22,787 | 100 | 34 | – |
| Bank loans | 19,535 | 100 | 29 | 11,453 |
| Total | 67,806 | 62 | 100 | 11,453 |

Financial instruments

| Years | Maturity, interest rate derivatives | Type | SEK million | Share, % | Interest, % ¹⁾ |
|------------------------------------------------|-------------------------------------|------|-------------|----------|---------------------------|
| | | | | | |
| Within 1 year of the balance sheet date | Paying fixed | | 5,472 | 13 | 0.04 |
| Between 1–5 years of the balance sheet date | Paying fixed | | 28,615 | 67 | 0.2 |
| Later than 5 years from the balance sheet date | Paying fixed | | 8,675 | 20 | 0.2 |
| Total | | | 42,762 | 100 | 0.2 |

1) The interest rate indicates the agreed average fixed interest in the contracts. A negative interest rate indicates that we receive fixed interest.

Financial instruments

| Years | Maturity, basis swaps | Type | SEK million | Share, % | Interest, % ¹⁾ |
|------------------------------------------------|-----------------------|------|-------------|----------|---------------------------|
| | | | | | |
| Within 1 year of the balance sheet date | Paying variable | | – | – | – |
| Between 1–5 years of the balance sheet date | Paying variable | | 13,273 | 100 | 2.8 |
| Later than 5 years from the balance sheet date | Paying variable | | – | – | – |
| Total | | | 13,273 | 100 | 2.8 |

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

Note 11 Participations in associated companies and joint ventures

| | Share, % | Rental income | Net financial items | Change in value | Profit | Assets | Liabilities |
|--------------------------------|----------|---------------|---------------------|-----------------|--------|--------|-------------|
| Gamlebro | 50 | 4 | -2 | – | -1 | 425 | -34 |
| Fastighets AB Rosengård | 25 | 34 | -3 | – | 5 | 1,479 | -636 |
| Byggrätt Norr AB | 19 | – | – | – | – | – | – |
| Upplands Bro, Brogårds stage 2 | 50 | – | -5 | 2 | -4 | 509 | -197 |
| A place to AS | 50 | 1 | 0 | 0 | -1 | 477 | 476 |
| Magnolia Projekt 5222 AB | 50 | – | – | – | – | 0 | – |
| Total | | 39 | -9 | 2 | -2 | 2,890 | 1,343 |



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

Malmö, 30 April 2020

Patrik Hall
CEO

Frans Heijbel
Chairman of the Board

Stefan Attefall
Board Member

Magnus Nordholm
Board Member

Ramsay Brufer
Board Member

Christer Franzén
Board Member

John Giverholt
Board Member

Erik Gullestad Glæsel
Board Member

Karmen Mandic
Board Member

Birgitta Stenmark
Board Member

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

Key data

| | 2020 3 months Jan – Mar | 2019 3 months Jan – Mar | 2019 12 months Jan–Dec |
|---------------------------------------------------------------------|-------------------------------|-------------------------------|------------------------------|
| Property-related data | | | |
| Rental income, SEK m | 1,556 | 953 | 4,321 |
| Letting ratio, housing (number), % | 94.8 | 96.9 | 97.6 |
| Real letting ratio, housing (number), % | 97.2 | 98.9 | 99.1 |
| Surplus ratio, % | 55.0 | 51.3 | 55.6 |
| Acquisitions and property investments, SEK m | 14,376 | 3,732 | 33,261 |
| Property sales, SEK m | – | – | 3 |
| Market value of properties on balance sheet date, SEK m | 131,358 | 79,286 | 113,331 |
| Lettable area on balance sheet date, m ² | 6,674,329 | 2,774,696 | 4,013,270 |
| Number of apartments on balance sheet date | 97,792 | 39,011 | 54,863 |
| Proportion living area on balance sheet date, % | 93 | 89 | 91 |
| Financial data | | | |
| Cash flow from operating activities, SEK m | 403 | -389 | 1,017 |
| Profit from property management, SEK m | 803 | 143 | 980 |
| Interest coverage ratio (ICR), multiple | 2.6 | 2.6 | 2.5 |
| Equity/assets ratio, % | 47.1 | 40.3 | 47.3 |
| Loan-to-value ratio (debenture loan covenant), % | 45.8 | 51.9 | 44.8 |
| Loan-to-value ratio, secured loans, % | 30.3 | 34.3 | 33.5 |
| Loan-to-value ratio (financial policy), % | 52.8 | 56.3 | 52.7 |
| Quick ratio, % | 175 | 141 | 197 |
| Average interest rate on balance sheet date, % | 1.7 | 2.0 | 1.9 |
| Average period of fixed-interest on loans, incl. derivatives, years | 2.6 | 2.0 | 2.7 |
| Average period for which capital is tied up, year | 10.7 | 10.1 | SEK 10.5 |
| Return on equity, % | SEK 10.5 | 11.6 | 11.3 |
| Equity on the balance sheet date, SEK m | 65,750 | 33,951 | 57,548 |
| Net asset value on the balance sheet date, SEK m | 68,844 | 35,603 | 60,074 |
| Long-term net asset value on the balance sheet date, SEK m | 67,902 | 35,898 | 60,139 |
| DEBT/EBITDA, multiple (rolling 12m) | 22 | 22 | 22 |
| Data per share | | | |
| Profit per ordinary share, SEK | 94 | 733 | 1,176 |
| Equity per ordinary share, SEK | 3,269 | 5,499 | 2,954 |
| Equity per preference share A, SEK | 380,311 | 496,945 | 972,342 |
| Equity per preference share B, SEK | 2,023 | 101,019 | 2,064 |
| Number of ordinary shares outstanding at the end of the period | 6,076,556 | 2,429,449 | 5,315,502 |
| Number of preference shares A outstanding at the end of the period | 200 | 100 | 200 |
| Number of preference shares B outstanding at the end of the period | 18,369,524 | 203,360 | 16,027,565 |
| Average number of ordinary shares outstanding | 6,026,377 | 2,429,449 | 2,967,125 |
| Average number of preference shares A outstanding | 200 | 100 | 119 |
| Average number of preference shares B outstanding | 18,215,109 | 203,360 | 3,158,201 |



Kloverblandsparken, Copenhagen

Definitions and glossary

Letting ratio, housing (number), %

Leased housing divided by total number of homes.

Real letting ratio, housing (number), %

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

Surplus ratio, %

Net operating surplus as a percentage of rental income

Proportion living area on balance sheet date, %

Living area divided by total property area.

Interest coverage ratio (ICR), multiple

Profit before net financial items plus financial income divided by financial costs attributable to interest-bearing liabilities.
Calculated based on the rolling 12-month outcome.

Equity/assets ratio, %

Equity as a percentage of total assets.

Loan-to-value ratio (debenture loan covenant), %

Net liabilities as a percentage of total assets.

Loan-to-value ratio, secured loans, %

Secured loans as a percentage of total assets.

Loan-to-value ratio (financial policy), %

Net debt, financial leasing and 50 percent of the capital attributable to hybrid bonds as a proportion of net debt, financial leasing and equity.

Quick ratio, %

Cash and bank balances, including available credit facilities divided by forecast net liquidity needs over the ensuing 12 months, in accordance with Standard & Poor's guidelines.

Net liabilities

Interest-bearing liabilities less financial assets and cash and cash equivalents.

Average interest, %

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

Return on equity after tax, %

Profit after tax (rolling 12-month outcome) as a percentage of average equity.

Net asset value on the balance sheet date, SEK m

Equity plus deferred tax liability.

Long-term net asset value on the balance sheet date, SEK m

Equity with deferred tax liability and financial derivative instruments reversed.

DEBT/EBITDA, multiple

12-month average interest-bearing liabilities divided by profit before financial items with reversal of depreciation.

Equity per ordinary share, SEK

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

Equity per preference share, SEK

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

Profit per ordinary share

Profit for the period in relation to the average number of ordinary shares once the preference shares and hybrid capital's portion of the profit for the period has been taken into account

Definitions and derivation of key ratios can be found at www.heimstadenbostad.com

Financial information

Annual General Meeting 2020, 13 May 2020

The interim report for April-June 2020 will be published on 19 August 2020.

This information is such that Heimstaden Bostad AB (publ) is obliged to disclose under the EU Market Abuse Regulation.

The information was submitted for publication under the auspices of the contact persons below at 9:00 a.m. CET on 30 April 2019.

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Heimstaden

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