

Q2 2021

Heimstaden
BOSTAD



Second Quarter Highlights

Figures in SEK

186 billion

Investment Properties

4.6 billion

Profit

39.6%

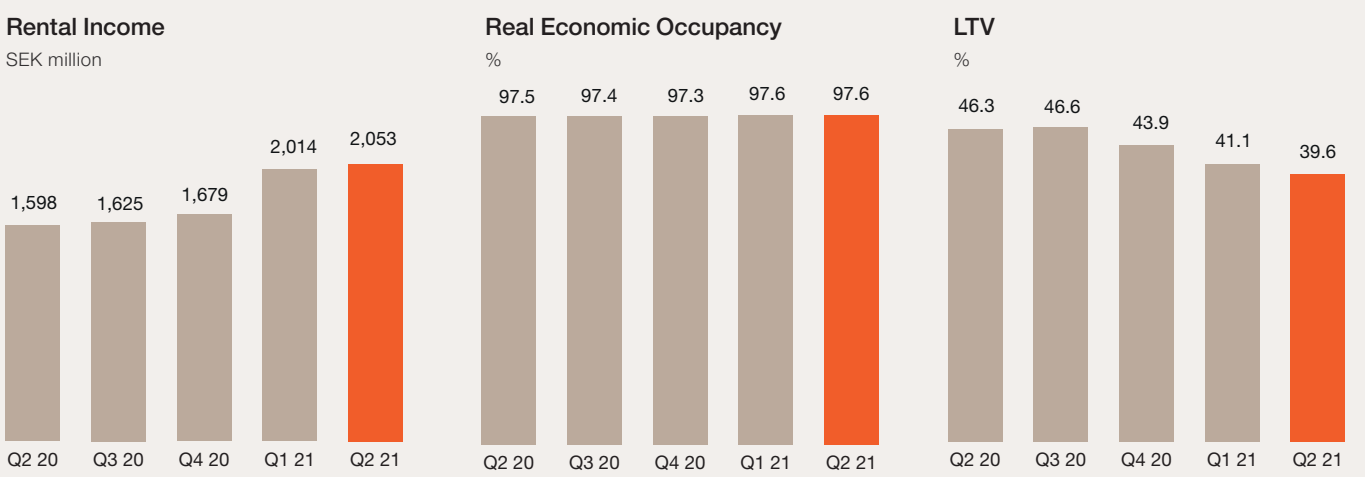
LTV

3.5x

ICR

- Strong operational performance with 98% real economic occupancy.
- Strong balance sheet and improved interest coverage ratio.
- Entered the United Kingdom with 1.9 billion newbuild project.
- Expanded in Germany with 1.9 billion acquisition in Berlin and six new cities.

See page 42 for definitions of alternative performance measures.



		Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Financials						
Rental income	SEK m	2,053	2,014	1,598	4,066	3,028
Growth y-o-y	%	28.4	40.9	64.0	34.3	61.4
Net operating income	SEK m	1,328	1,232	1,052	2,560	1,907
Net operating income margin	%	64.7	61.2	65.8	63.0	63.0
Profit for the period	SEK m	4,642	3,691	1,753	8,333	3,642
Capital expenditures	SEK m	1,407	981	536	2,388	1,149
Portfolio Metrics						
Fair value of investment properties	SEK m	186,068	178,897	135,074	186,068	135,074
Homes	Units	116,083	114,041	100,123	116,083	100,123
Real economic occupancy, residential	%	97.6	97.6	97.5	97.6	96.9
Like-for-like rental income growth, y-o-y	%	2.1	1.6	3.8	1.9	4.8
Credit Metrics						
Net Loan-to-Value (LTV)	%	39.6	41.1	46.3	39.6	46.3
Net debt / Net debt + Equity, S&P method	%	48.2	49.3	50.8	48.2	50.8
Net debt / Total assets	%	36.4	37.3	42.9	36.4	42.9
Interest Coverage Ratio (ICR)	Multiple	3.5	3.2	2.8	3.5	2.8
Interest Coverage Ratio, S&P method	Multiple	2.8	2.7	2.5	2.8	2.5

CEO Letter

Although the pandemic continues to impact our private and professional lives, we finally see the light at the end of the tunnel. Universities are now opening back up and an encouraging development this quarter was the increased demand for student housing across our markets.

Thanks to our professional and ambitious people, Heimstaden Bostad has continued to perform well. A major milestone was our UK entry in May, with the acquisition of an attractive newbuild project located just outside the city centre of Birmingham. The project is part of a wider plan to expand in the UK and we look forward to providing high-quality yet affordable homes in the Birmingham area and the British market for years to come.

We also continued to invest in existing markets and expanded our portfolio in Berlin and as well as six new cities in Northern and Eastern Germany. We also expanded our geographical presence in Poland with a newbuild portfolio spread across five of the largest cities in the country, and we bought 1,118 attractive homes in Linköping, Sweden, significantly strengthening our presence in the region.

In June, we officially launched A Home for a Home. I am tremendously proud of this project, which will create safe homes for children and their families all over the world. Our local organisations will cooperate closely with SOS Children's Villages to implement projects locally as well as globally and extend our vision to Enrich and Simplify Lives Through Friendly Homes to families and children who need it most.

After continued expansion in new and existing markets and with an improved financial position, we entered the summer with a solid platform for sustainable growth and look forward to bringing Friendly Homes to even more satisfied customers.



Patrik Hall, CEO Heimstaden Bostad



We entered the summer with a solid platform for sustainable growth and look forward to bringing Friendly Homes to even more satisfied customers going forward.



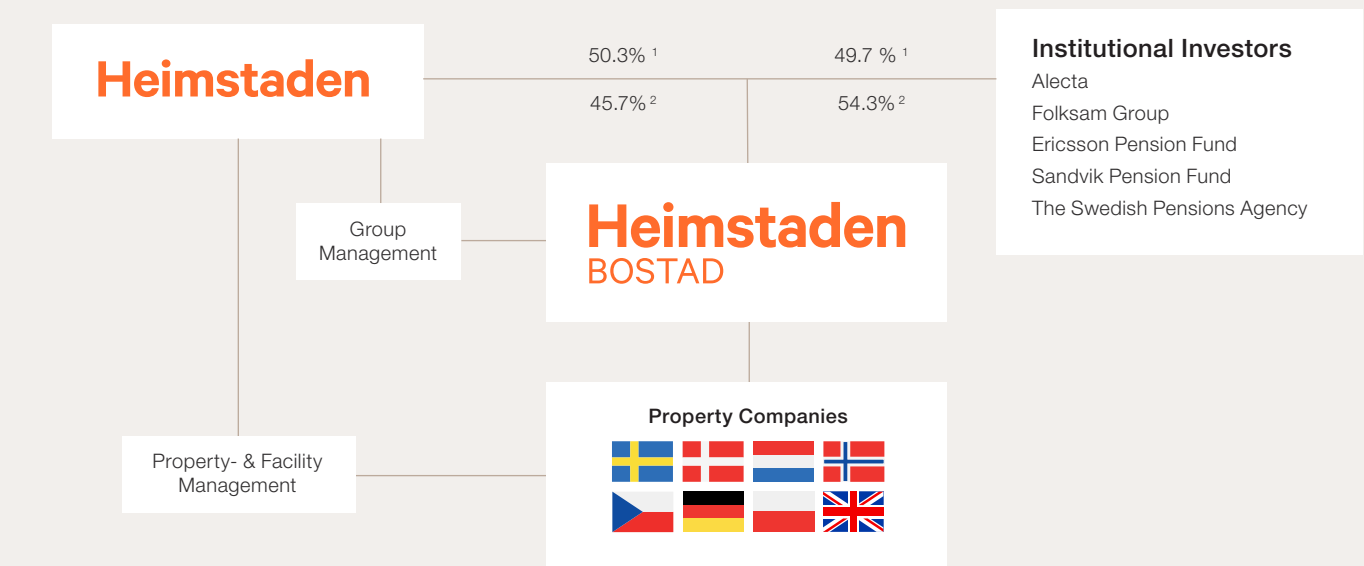
A Home for a Home

In the second quarter, SOS Children's Villages and Heimstaden Bostad officially launched the partnership A Home for a Home, which will create safe homes and a solid platform for children and families all over the world.

For each home we own, we will donate EUR 100 annually to SOS Children's Villages and as the company grows, so will the size of the donation. In its first year, the partnership will support more than 30 different initiatives across 19 countries, including programmes for family strengthening, foster care, and youth employment.



Company Structure



Heimstaden Bostad is a leading European residential real estate company. It is owned by industrial investor, Heimstaden, together with long-term institutional investors who share a philosophy for evergreen and sustainable investments. Heimstaden Bostad contracts Heimstaden as group-, property-, and facility manager.

¹ Share of voting rights.
² Share of capital.



Böljan
Malmö, Sweden

Quarterly Review

This report is presented on a consolidated basis. Figures in brackets refer to the previous quarter.

Income

Rental income increased by 2% to 2,053 million (2,014), driven primarily by the full-quarter effect of acquisitions in Denmark and Berlin in January 2021. Service income decreased to 120 million (185), mainly due to lower heating costs.

Like-for-like rental income growth was 2.1% (1.6) compared to the same period last year. The comparable portfolio made up 67.4% (67.7) of rental income.

Residential real economic occupancy was stable at 97.6% (97.6), excluding 1.6% (1.9) in vacancy due to refurbishments and other non-market related vacancy.

Operating costs

Utility expenses decreased by 125 million due to seasonal effects, mainly related to lower heating consumption in Sweden and the Czech Republic. Due to different rental regimes, these costs impact the margin differently between markets. See Note 3 to the financial statements for more details.

Repair and maintenance costs decreased by 10 million. Cost for facility and property administration on standing assets increased by 23 million. Lower utility costs in newly acquired portfolios resulted in a 5 million cost reduction.

Capital expenditures and Repair & Maintenance

We continued to invest in refurbishments and the construction of new investment properties. Total expenditure in standing assets increased to 1,060 million (801), corresponding to 0.57% of fair value (0.45), while investments in properties under construction, excluding forward purchase contracts, increased to 0.28% of fair value (0.20), due to a larger amount of forward funding acquisitions. More details on page 11.

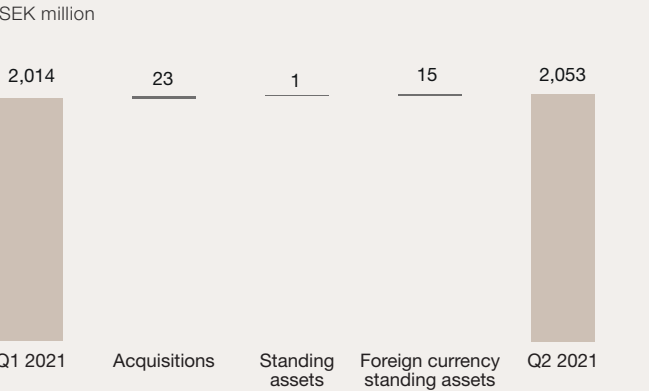
SEK million	Q2 2021	Q1 2021	YTD 2021	YTD 2020
Income statement items				
Expenses for repair & maintenance ¹	173	183	356	341
Balance sheet items				
Capitalised repair & maintenance	593	417	1,010	411
Tenant improvements	294	201	495	284
Investment properties under construction	520	363	883	454
Capital expenditures	1,407	981	2,388	1,149

¹ Excluding group eliminations, see Note 3.

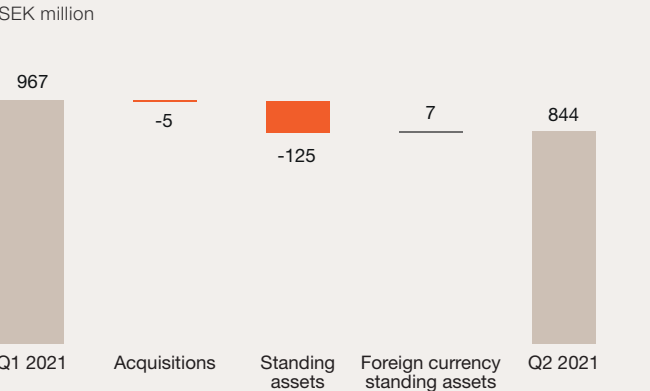
Net operating income

Net operating income increased by 7.8% to 1,328 million (1,232), resulting in a net operating income margin of 64.7% (61.2), positively impacted by the seasonality in utility costs.

Rental Income Development



Property Cost Development



Change in fair value of investment properties

	Q2 2021		YTD 2021	
	%	SEK million	%	SEK million
Denmark	3.7	1,973	7.0	3,763
Sweden	2.7	1,377	4.7	2,396
Netherlands	2.7	641	1.7	398
Norway	-1.2	-218	2.9	526
Germany	4.0	619	8.1	1,243
Czech Republic	1.5	216	4.6	672
Total/Average	2.6	4,609	5.1	8,998

Net gain from fair value adjustments on investment properties was 4,609 million (4,389) corresponding to 2.6%. The yield requirement in the valuation averaged 3.46%, down from 3.48% at the end of the previous quarter. The Norwegian market came under some pressure after long period of increase and is up 2.9% for the year.

Interest expenses

Interest expenses decreased to 289 million (306) due to lower interest rates and terminated interest rate swaps. At the balance sheet date the interest rate hedge ratio was 78% (77) and the average interest rate decreased to 1.3% (1.5), mainly due to lower credit margins on bank loans and unsecured bonds, lower interest rates, and closed interest rate swaps. Incurred net 150 million in other financial costs mainly related to the repayment of outstanding bonds. Interest Coverage Ratio for the last 12 months was 3.5x (3.2x), while Net Loan-to-Value was 39.6% (41.1).

Foreign currency

Heimstaden Bostad is exposed to currency fluctuations in EUR, DKK, NOK, CZK, PLN and GBP. Currency translation differences from the consolidation of Heimstaden Bostad's subsidiaries resulted in other comprehensive income of negative 1,024 million (positive 2,511), which was partially offset by 225 million in foreign exchange gains (negative 590), mainly related to foreign currency bonds in the parent company.

Cash Flow

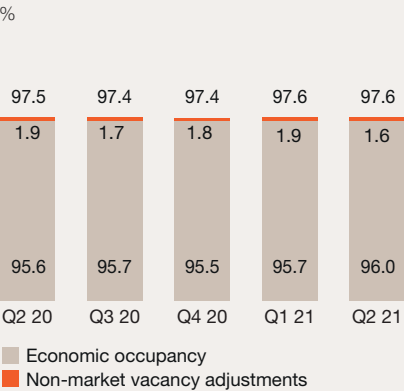
SEK million	Q2 2021	Q1 2021	YTD 2021	YTD 2020
Operating activities	300	796	1,096	787
Investing activities	-5,191	-13,612	-18,803	-9,489
Financing activities	448	18,831	19,279	10,892
Currency effects	-15	51	36	-40
Change	-4,458	6,066	1,608	2,150
Period opening balance	13,702	7,636	7,636	4,345
Closing balance	9,244	13,702	9,244	6,495

Cash flow from operating activities before changes in working capital was 508 million (548). Working capital decreased by 208 million (increase 248), resulting in net cash flows from operating activities of 300 million (796).

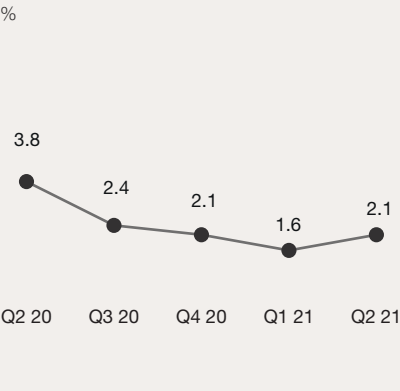
Cash flow from investing activities was negative 5,191 million (negative 13,612) and included acquisitions of 781 million (13,653) and capex on investment properties of 922 million (1,355). Investments in the first quarter was mainly acquisitions in Denmark and Berlin, while investments in the second quarter consisted primarily of acquisitions in Germany.

Cash flow from financing activities was 448 million (18,831), which included new senior unsecured bond issues for 3,039 million (5,044) and a 6,090 million hybrid bond issue (8,073). It also included repayment of 6,521 million senior unsecured bonds.

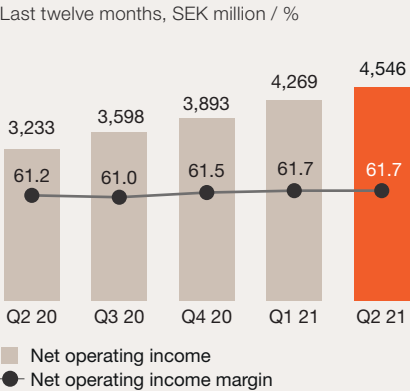
Real Economic Occupancy



Like-for-Like Rental Income Growth



Net Operating Income and Margin



Investment Properties

Fair value of investment properties increased from 179 billion to 186 billion, mainly through acquisitions of 2.6 billion and fair value gain of 4.6 billion. Residential units made up 93% of fair value and 52% of residential income came from regulated units.

Heimstaden Bostad obtains external valuations for its properties each quarter. See Note A1 in the 2020 Annual Report for more details.

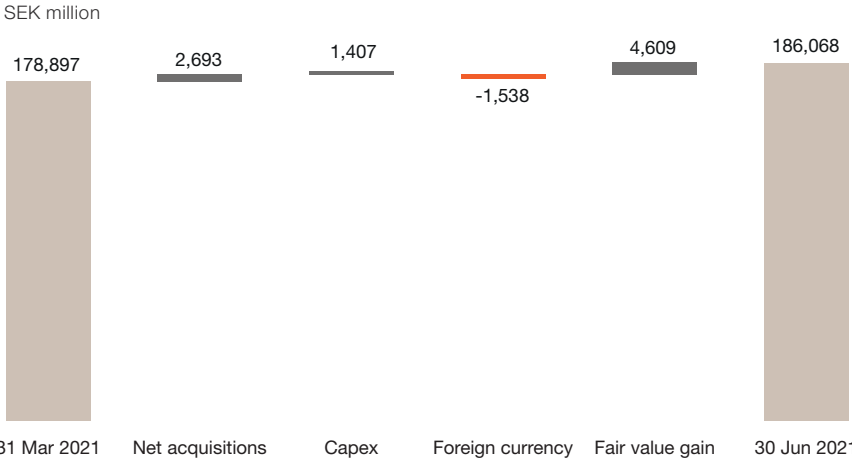
Significant Acquisitions

- Entered the UK with a 1.9 billion acquisition of a newbuild project for 752 homes in Birmingham, which will be completed in stages from early 2023 to early 2024.
- Expanded in Germany with a 1.9 billion acquisition of 1,732 homes in Berlin and six new cities in Northern and Eastern Germany.
- Acquired 1,118 residential units for SEK 2.5 billion in Linköping. Transaction closed in July 2021.
- Acquired 3.1 billion newbuild project for 2,496 homes across five of the largest cities in Poland, which will be completed in stages from early 2023 to early 2025.

Acquisitions Closed in Q2 2021



Fair Value Development



Investment Property Portfolio

Country	Fair Value, SEK m	Fair Value /sqm, SEK	Homes, units	Residential, %	Regulated Income, %	Real Economic Occupancy, %
Denmark	57,156	34,435	16,359	94.5	10.9	97.6
Sweden	53,503	24,789	31,639	91.7	100.0	99.2
Netherlands	24,184	22,945	13,330	97.9	68.0	99.6
Norway	18,842	84,350	4,593	86.4	0.0	92.9
Germany	16,595	31,701	7,258	89.4	100.0	99.2
Czech Republic	15,428	5,869	42,904	94.0	33.9	94.8
United Kingdom	360	-	-	-	-	-
Poland ¹	-	-	-	-	-	-
Total	186,068	22,560	116,083	92.8	52.4	97.6

¹ Investments in Poland are made through forward purchase contracts and are not recognised as investment properties until turnkey delivery. See Note 6 for more details.

Signed Acquisitions

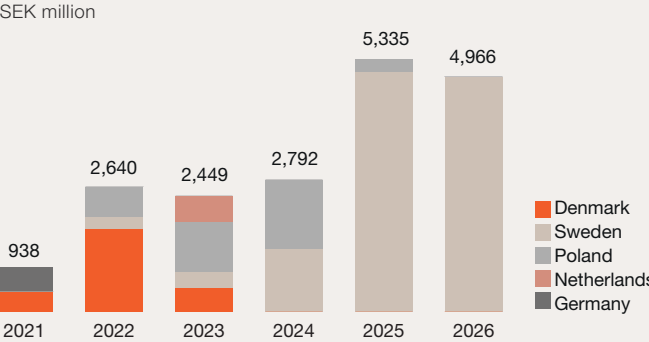
Heimstaden Bostad expands and improves its portfolio through acquisitions of standing assets and newbuilds. The current pipeline of signed acquisitions amounts to 19.1 billion and 11,212 homes.

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

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

Heimstaden Bostad has forward funding contracts with a total capital expenditure commitment of 6.1 billion. The total pipeline of signed acquisitions, including standing assets and newbuilds, amounts to 19.1 billion.

Signed Acquisitions



Denmark

57.2 billion

Investment Properties

0.4 billion

Acquisitions

610 million

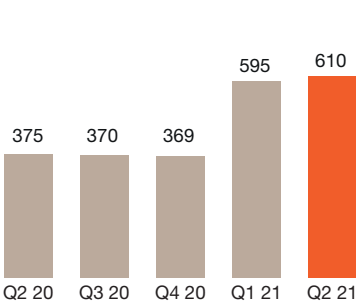
Rental Income

Rental income was 610 million (595), a 2.5% increase, driven by the full effect of acquisitions made in the previous quarter and improved occupancy. Net operating income increased by 3.1% to 416 million (403), resulting in a net operating income margin of 68.2% (67.8). The improved margin is driven by lower property management costs and positive cost effects from recent acquisitions.

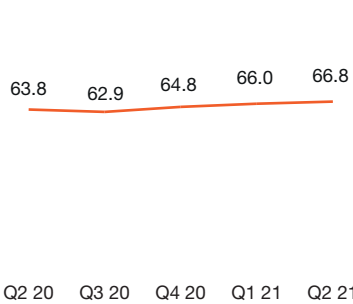
Like-for-like rental income growth compared to the same period last year was 0.4% (1.0) and the comparable portfolio comprised 59% (59) of rental income.

		Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Rental income	SEK m	610	595	375	1,204	746
Net operating income	SEK m	416	403	245	819	483
Net operating income margin	%	68.2	67.7	65.4	68.0	64.6
Like-for-like rental income growth	%	0.4	1.0	-0.5	0.7	3.7
Real economic occupancy	%	97.6	97.2	96.8	97.4	97.1
Fair value of investment properties	SEK m	57,156	55,032	35,785	57,156	35,785
Fair value change	SEK m	1,973	1,790	225	3,763	8
Capital expenditures	SEK m	445	358	25	803	203
Average valuation yield requirement	%	3.8	3.9	3.5	3.8	3.5

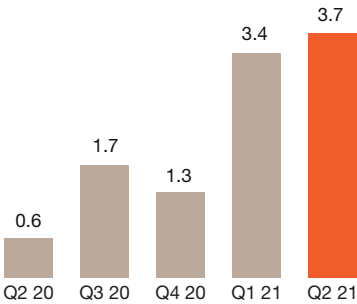
Rental income
SEK million



Net Operating Income Margin
Last twelve months, %



Fair Value Change
%



Sweden

53.5 billion

Investment Properties

0.0 billion

Acquisitions

655 million

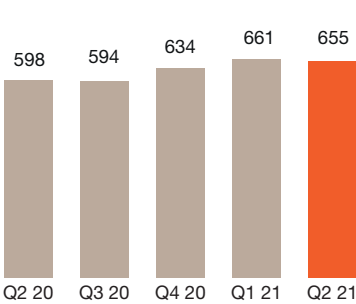
Rental Income

Rental income was 655 million (661), a 0.9% decrease. Net operating income increased by 19.8% from the first quarter to 361 million (301), driven by seasonally lower utility cost, which resulted in an improved net operating income margin of 55.0% (45.5).

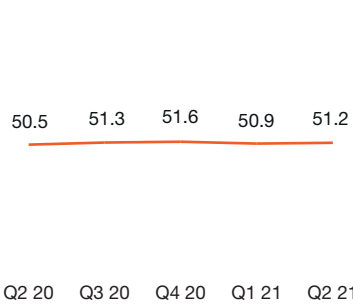
Like-for-like rental income growth compared to the same period last year was 2.7% (2.4) and the comparable portfolio comprised 95% (93) of rental income.

		Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Rental income	SEK m	655	661	598	1,317	1,202
Net operating income	SEK m	361	301	323	662	612
Net operating income margin	%	55.0	45.5	54.0	50.3	50.9
Like-for-like rental income growth	%	2.7	2.4	3.8	2.6	4.4
Real economic occupancy	%	99.2	99.1	98.7	99.2	99.0
Fair value of investment properties	SEK m	53,503	51,470	43,447	53,503	43,447
Fair value change	SEK m	1,377	1,019	687	2,396	1,053
Capital expenditures	SEK m	582	402	355	984	760
Average valuation yield requirement	%	3.3	3.3	3.8	3.3	3.8

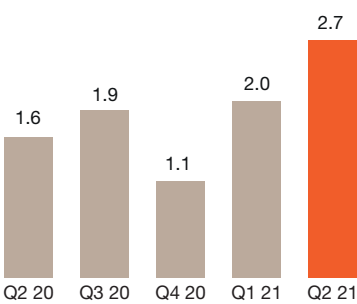
Rental income
SEK million



Net Operating Income Margin
Last twelve months, %



Fair Value Change
%



Netherlands

24.2 billion

Investment Properties

0.0 billion

Acquisitions

283 million

Rental Income

Rental income was 283 million (279), a 1.7% increase. Net operating income increased by 7.0% to 177 million (165), driven by lower repair and maintenance activity going into the summer, which resulted in an improved net operating income margin of 62.4% (59.3).

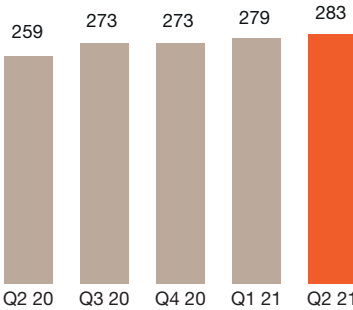
Like-for-like rental income growth compared to the same period last year was 4.6% (n/a) and the comparable portfolio comprised 79% (n/a) of rental income.

As of 1 January, real estate transfer tax in the Netherlands increased from 2% to 8%, which negatively impacted value development in the first quarter.

		Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Rental income	SEK m	283	279	259	562	483
Net operating income	SEK m	177	165	148	342	270
Net operating income margin	%	62.4	59.3	57.2	60.9	56.0
Like-for-like rental income growth	%	4.6	2.7	n/a	3.7	n/a
Real economic occupancy	%	99.6	99.3	98.7	99.4	98.8
Fair value of investment properties	SEK m	24,184	23,686	22,758	24,184	22,758
Fair value change	SEK m	641	-243	144	398	367
Capital expenditures	SEK m	168	115	-2	283	21
Average valuation yield requirement	%	3.3	3.5	3.4	3.3	3.4

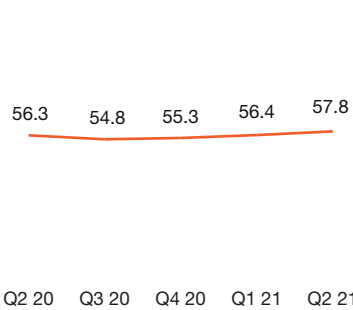
Rental income

SEK million



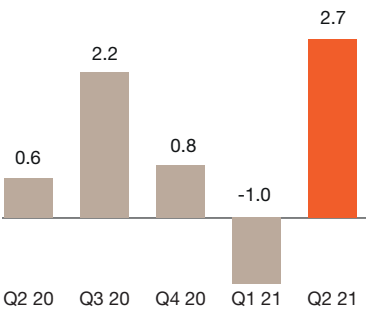
Net Operating Income Margin

Last twelve months, %



Fair Value Change

%



Norway

18.8 billion

Investment Properties

0.0 billion

Acquisitions

167 million

Rental Income

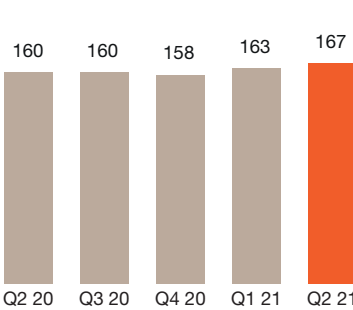
Rental income was 167 million (163), a 2.1% increase, driven by stronger currency and offset by somewhat lower occupancy. Net operating income increased by 5.9% to 123 million (116) due to lower repair and maintenance- and property mangement costs, which resulted in a net operating income margin of 73.9% (71.2).

Like-for-like rental income growth compared to the same period last year was 0.9% (negative 1.3) and the comparable portfolio comprised 100% (100) of rental income.

		Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Rental income	SEK m	167	163	160	330	331
Net operating income	SEK m	123	116	117	239	228
Net operating income margin	%	73.9	71.2	73.2	72.6	69.0
Like-for-like rental income growth	%	0.9	-1.3	10.4	-0.2	8.3
Real economic occupancy	%	92.9	92.5	94.5	92.6	94.6
Fair value of investment properties	SEK m	18,842	18,998	16,353	18,842	16,353
Fair value change	SEK m	-218	744	365	526	523
Capital expenditures	SEK m	74	45	60	119	73
Average valuation yield requirement	%	2.8	2.7	2.9	2.8	2.9

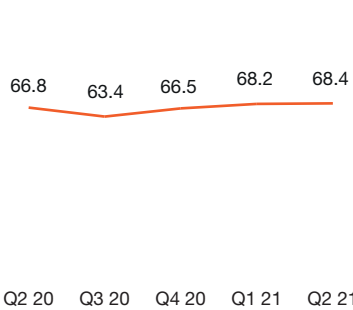
Rental income

SEK million



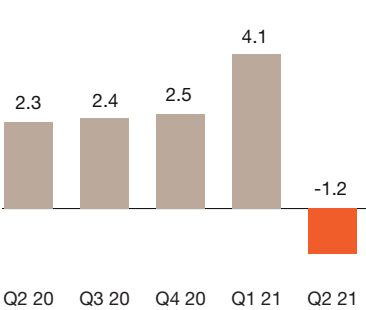
Net Operating Income Margin

Last twelve months, %



Fair Value Change

%



Germany

16.6 billion

Investment Properties

1.9 billion

Acquisitions

100 million

Rental Income

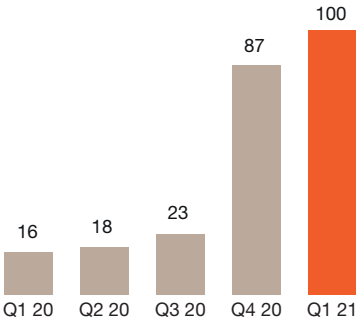
Rental income increased to SEK 100 million (87) due to acquisitions. Net operating income increased by 42.6% to 67 million (47), resulting in a net operating income margin of 66.8% (53.7). The higher margin is driven primarily by accounting effects related to the recent acquisition.

Like-for-like rental income growth compared to the same period last year was 5.4% (negative 13), positively impacted by the temporary rent freeze in Berlin, which was declared unconstitutional in April, 2021. The comparable portfolio comprised only 5% (5) of rental income.

		Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Rental income	SEK m	100	87	16	187	33
Net operating income	SEK m	67	47	17	114	29
Net operating income margin	%	66.8	53.7	101.8	60.7	88.2
Like-for-like rental income growth	%	5.4	-13.0	n/a	-3.8	n/a
Real economic occupancy	%	99.2	98.8	99.6	99.0	99.5
Fair value of investment properties	SEK m	16,595	14,348	2,472	16,595	2,472
Fair value change	SEK m	619	624	47	1,243	40
Capital expenditures	SEK m	16	0	32	16	26
Average valuation yield requirement	%	2.4	2.0	2.1	2.4	2.1

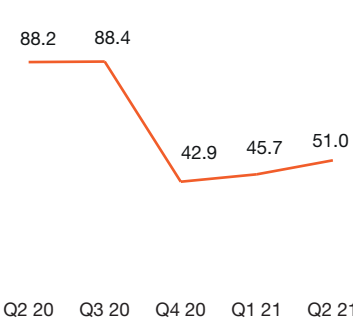
Rental income

SEK million



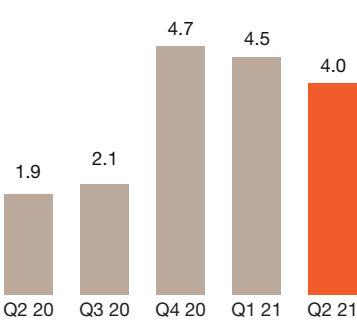
Net Operating Income Margin

Last twelve months, %



Fair Value Change

%



Czech Republic

15.4 billion

Investment Properties

0.0 billion

Acquisitions

281 million

Rental Income

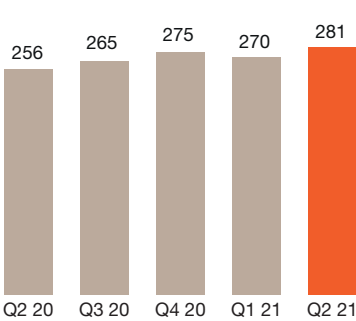
Rental income was 281 million (270), which corresponds to a 4.0% increase, driven by the full-quarter effect of acquisitions made in the previous quarter and currency effects.

Net operating income was stable at 198 million (197), resulting in a net operating income margin of 70.4% (72.8). The lower margin is driven by higher repair and maintenance- and property management costs.

		Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Rental income	SEK m	281	270	256	551	357
Net operating income	SEK m	198	197	169	394	252
Net operating income margin	%	70.4	72.8	66.2	71.6	70.6
Like-for-like rental income growth	%	n/a	n/a	n/a	n/a	n/a
Real economic occupancy	%	94.8	95.6	95.9	95.2	95.8
Fair value of investment properties	SEK m	15,428	14,913	14,260	15,428	14,260
Fair value change	SEK m	216	456	128	672	1,538
Capital expenditures	SEK m	122	61	66	184	66
Average valuation yield requirement	%	5.1	5.2	5.3	5.1	5.3

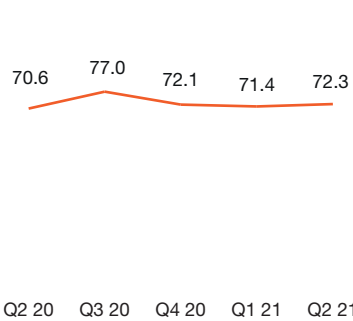
Rental income

SEK million



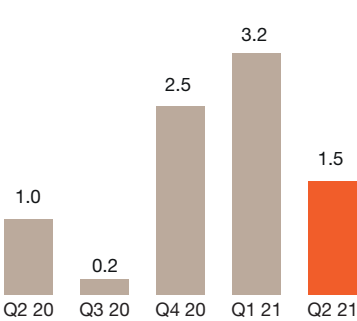
Net Operating Income Margin

Last twelve months, %



Fair Value Change

%



Poland

Heimstaden Bostad made its first investment in Poland in December, 2020, followed by additional acquisitions in 2021. In May, Heimstaden Bostad expanded its portfolio with the 3.1 billion acquisition of a newbuild project for 2,496 homes throughout five of the largest cities in Poland: Warsaw, Krakow, Wroclaw, Poznan and Gdansk - economic hubs in their regions and encompassing Poland's most populated and prosperous areas.

All acquisitions in Poland are structured as forward purchase contracts and not recognised as investment properties until turnkey delivery. As of 30 June 2021, Heimstaden Bostad had a pipeline of 3,839 homes with a value of 4.8 billion.

Newbuild Portfolio:



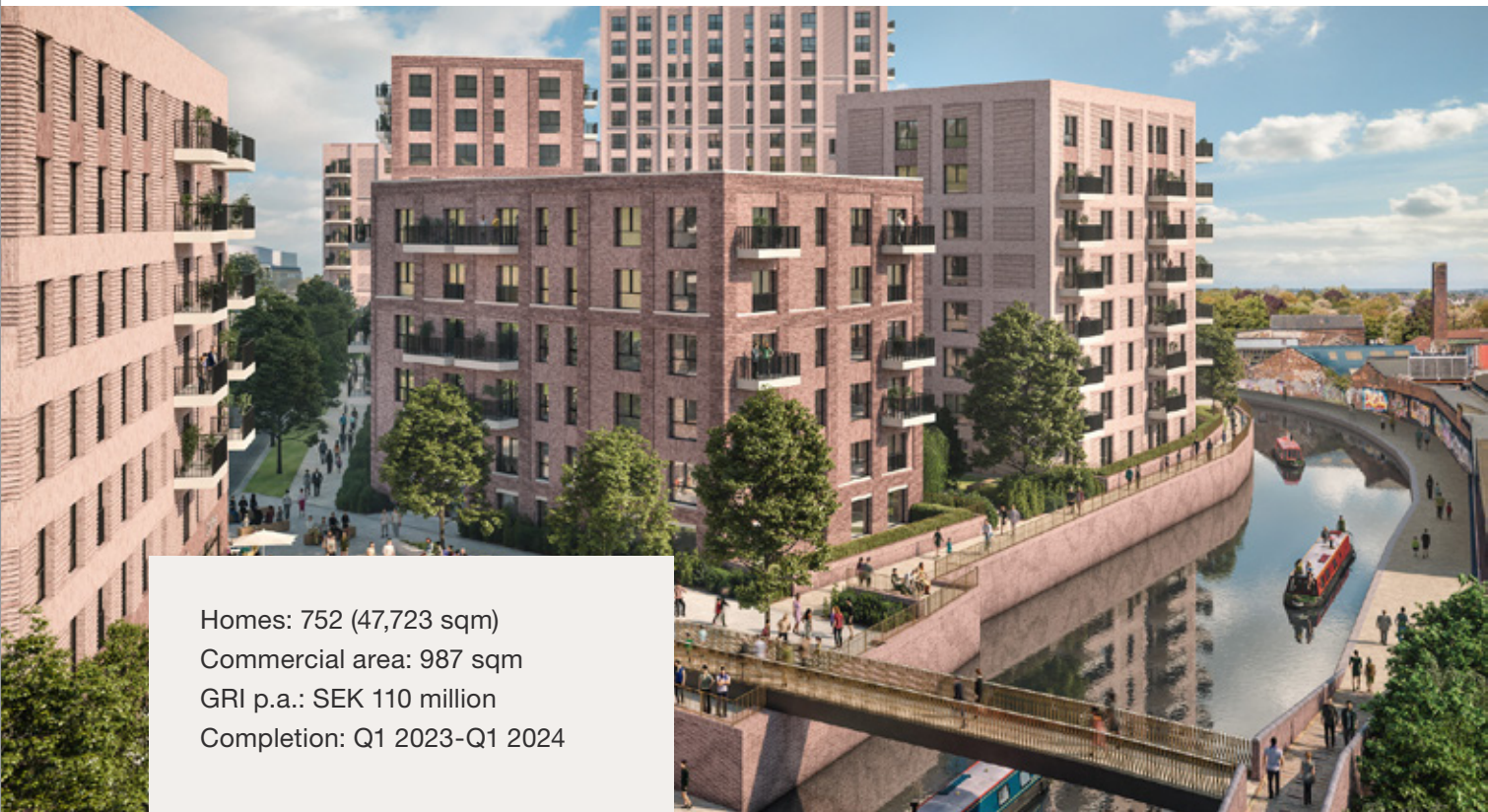
Homes: 3,839
Commercial Area: 8,193 sqm
Est. GRI p.a.: SEK 363.7 million
Completion: Q1 2022-Q1 2025

United Kingdom

Heimstaden Bostad made its UK entry in the second quarter with the acquisition of newbuild project, Soho Wharf, in Birmingham for 1.9 billion. Soho Wharf is located just outside the city centre and is part of a wider plan to expand Birmingham to the west, converting former industrial areas into new neighbourhoods with generous public landscaping and high-quality architecture.

The project is structured as a forward funding contract with Galliard Homes, one of the largest housebuilders in the UK, as developer and contractor, and will be completed in stages from early 2023 to early 2024. As at 30 June 2021, 360 million in cost had been recognised on the balance sheet as fair value of investment properties.

Soho Wharf Project:



Homes: 752 (47,723 sqm)
Commercial area: 987 sqm
GRI p.a.: SEK 110 million
Completion: Q1 2023-Q1 2024

Funding Overview

Owning and operating residential real estate requires stable access to capital at favourable terms. Heimstaden Bostad adheres to a conservative financial policy that supports our long-term strategy and maintains a well-diversified financing structure with a robust balance sheet and strong credit metrics.

Credit metrics improved in the second quarter, including increased interest coverage ratio, reduced average interest, and higher average loan tenor.

Capital market activity

Issued senior unsecured bonds for a total 3,039 million denominated in SEK and NOK as well as a EUR 600 million subordinated perpetual hybrid bond with a non-call period of 6.6 years.

At the end of the period, Heimstaden Bostad had SEK 30,425 million in senior unsecured bonds and SEK 27,297 million in hybrid bonds outstanding.

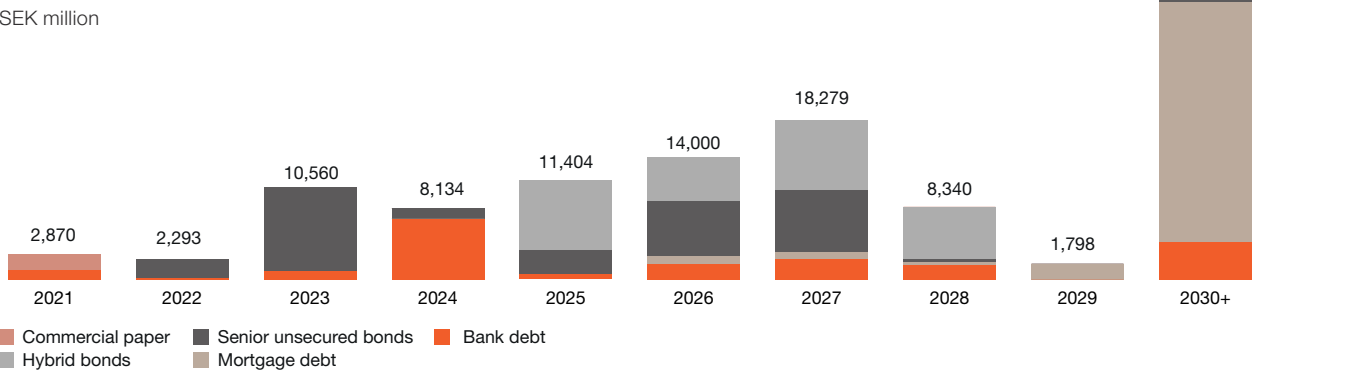
For more information on Heimstaden Bostad’s debt instruments, visit www.heimstadenbostad.com.

Refinanced 6,521 million in senior unsecured bonds denominated in SEK and EUR maturing in 2021, 2022, and 2023.

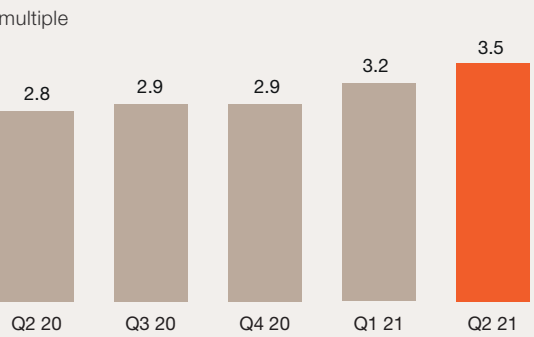
Financial Policy

		Policy	Q2 2021
Interest coverage ratio, rolling 12 months	Multiple	≥ 1.5	3.5
Equity Ratio	%	≥ 30	53.9
Average Loan Tenor	Months	≥ 15	149
Loan Maturity in Individual Year	%	≤ 40	17 (2027)
Loans From Individual Lender	%	≤ 40	14
Interest Rate Hedge Ratio	%	≥ 75	78
Net Debt / Net Debt + Equity, S&P method	%	45-55	48.2
Quick ratio	%	≥ 125	415

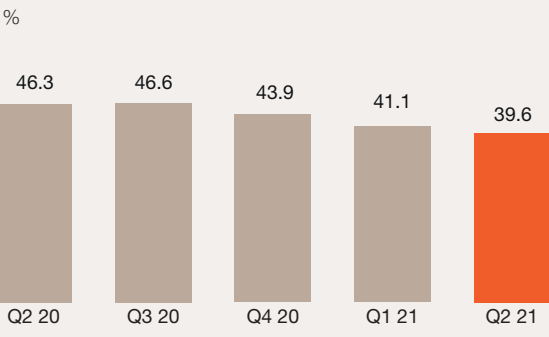
Funding Maturity Profile



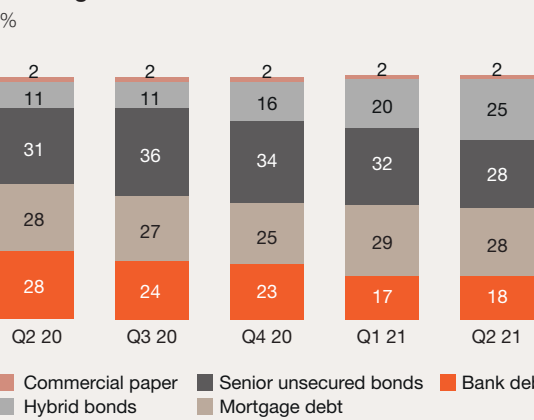
ICR



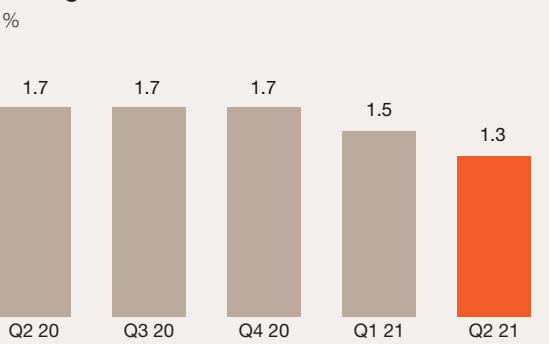
LTV



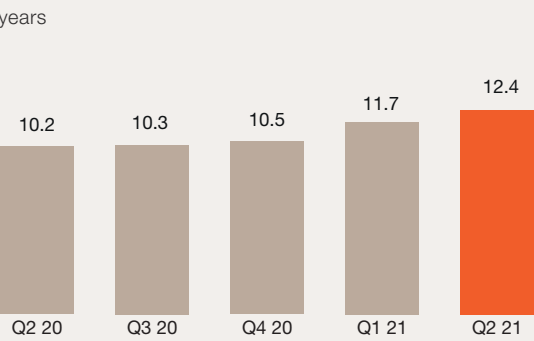
Funding Distribution



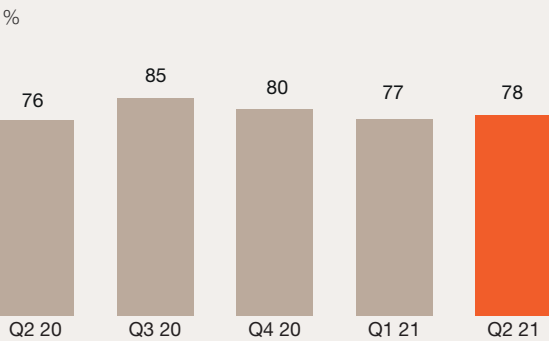
Average Interest Rate



Average Loan Tenor



Interest Rate Hedge Ratio



Interim Financial Statements and Notes

Contents

Condensed Consolidated Financial Statements

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Cash Flow Statement

Notes to the Interim Financial Statements

- 1 Accounting Principles
- 2 Related Parties
- 3 Segment Information
- 4 Rental Income
- 5 Foreign Currency
- 6 Investment Properties
- 7 Investments in Associates and Joint Ventures
- 8 Inventory Properties
- 9 Financial Assets and Liabilities
- 10 Fair Value Measurements of Financial Instruments
- 11 Commitments and Contingencies
- 12 Subsequent Events

Condensed Parent Company Financial Statements

- Income Statement
- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity

Comprehensive Income Statement

SEK million	Note	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Rental income	4	2,053	1,598	4,066	3,028
Service income	4	120	110	306	178
Property expenses	3	-844	-656	-1,812	-1,299
Net operating income ¹		1,328	1,052	2,560	1,907
Corporate administrative expenses		-118	-88	-231	-171
Other operating income		2	4	3	18
Other operating expenses		-11	-7	-32	-17
Share of net profits of associates and joint ventures		0	-1	-2	-3
Profit before inventory properties and fair value adjustments		1,202	959	2,298	1,734
Fair value adjustment of investment properties		4,609	1,597	8,998	3,530
Gains/losses from sale of inventory properties		-8	0	40	-19
Operating profit		5,803	2,555	11,337	5,245
Interest expenses on interest-bearing liabilities		-289	-332	-595	-641
Net foreign exchange gains/losses		225	126	-364	484
Fair value adjustment of derivative financial instruments		142	-225	265	-354
Other financial items		-150	-26	-196	-47
Profit before tax		5,732	2,098	10,447	4,687
Current tax expense		-154	-171	-301	-312
Deferred tax expense		-936	-174	-1,813	-733
Profit for the period		4,642	1,753	8,333	3,642
Other comprehensive income/loss	5	-1,024	-1,050	1,487	-1,811
Comprehensive income		3,618	703	9,820	1,831
Comprehensive income for the period attributable to:					
The Parent Company's shareholders		3,617	703	9,817	1,831
Non-controlling interests		1	0	3	0
Average number of shares outstanding		7,330,485	6,026,377	7,330,485	6,026,377
Earnings per ordinary share (basic and diluted)		370	24	1,110	211

¹ Excludes income from inventory properties.

Balance Sheet

SEK million	Note	30 Jun 2021	31 Dec 2020	30 Jun 2020
ASSETS				
Investment properties	6	186,068	143,806	135,074
Intangible assets		6	7	0
Property, plant and equipment	1	102	648	677
Other non-current financial assets	7	2,798	1,243	1,160
Total non-current assets		188,974	145,703	136,911
Inventory properties	8	1,054	1,292	767
Rent and trade receivables		98	61	11
Other current financial assets	10	2,853	2,045	970
Prepayments		195	188	485
Cash and cash equivalents		9,244	7,636	6,494
Total current assets		13,444	11,223	8,727
Total assets		202,417	156,926	145,638
EQUITY AND LIABILITIES				
Equity		109,084	77,741	70,256
Interest-bearing liabilities	9	78,754	64,066	62,825
Lease liabilities		646	531	655
Derivative financial instruments	10	268	433	0
Deferred tax liabilities		6,078	4,212	3,257
Other non-current financial liabilities		842	903	423
Total non-current liabilities		86,589	70,145	67,160
Interest-bearing liabilities	9	4,195	6,713	6,196
Trade payables		384	414	338
Other current payables		1,484	1,045	927
Derivative financial instruments	10	9	14	0
Prepayments		671	853	761
Total current liabilities		6,744	9,040	8,222
Total equity and liabilities		202,417	156,926	145,638

Statement of Changes in Equity

SEK million	Share capital	Other paid in capital	Hybrid bonds	Currency translation reserve	Retained earnings	Attributable to Parent Company shareholders	Non-controlling interests	Total equity
Opening balance, 1 Jan 2020	33	39,847	8,514	-1,208	10,302	57,488	59	57,547
Profit for the period	-	-	69	-	8,604	8,673	1	8,674
Other comprehensive income	-	-	-	-4,479	-	-4,479	-	-4,479
Total comprehensive income	-	-	69	-4,479	8,604	4,194	1	4,195
Share issue	9	12,843	-	-	-	12,852	-	12,852
Dividends	-	-	-69	-	-1,828	-1,897	-	-1,897
Hybrid bonds issue	-	-	5,189	-	-	5,189	-	5,189
Costs of issuance	-	-	-68	-	-77	-145	-	-145
Total transactions with the company's owners	9	12,843	5,052	-	-1,905	15,999	-	15,999
Equity, 31 Dec 2020	42	52,690	13,635	-5,687	17,001	77,681	60	77,741
Opening balance, 1 Jan 2021	42	52,690	13,635	-5,687	17,001	77,681	60	77,741
Profit for the period	-	-	398	-	7,932	8,330	3	8,333
Other comprehensive income	-	-	-	1,487	-	1,487	-	1,487
Total comprehensive income	-	-	398	1,487	7,932	9,817	3	9,820
Share issue	9	12,456	-	-	-	12,465	-	12,465
Dividends	-	-	-398	-	-4,572	-4,970	-	-4,970
Hybrid bonds issue	-	-	14,163	-	-	14,163	-	14,163
Costs of issuance	-	-	-134	-	-	-134	-	-134
Total transactions with the company's owners	9	12,456	13,631	-	-4,572	21,523	-	21,523
Equity, 30 Jun 2021	51	65,146	27,664	-4,200	20,361	109,021	63	109,084

Cash Flow Statement

SEK million	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operating activities				
Profit before income tax	5,731	2,098	10,447	4,687
Adjustments to reconcile profit before tax to net cash flows:				
Net gain from fair value adjustment on investment property	-4,605	-1,596	-9,039	-3,510
Net change in fair value of derivative financial instruments	-142	225	-265	354
Finance expenses – net	533	354	885	683
Other adjustments	-293	-111	316	-472
Working capital changes				
Increase/decrease(+) in trade receivables	-182	40	-400	-121
Increase/decrease(-) in trade and other payables	-26	-220	440	-66
Cash generated from operations	1,016	790	2,384	1,555
Interest paid	-546	-323	-988	-595
Interest received	0	3	0	16
Paid tax	-170	-69	-300	-173
Net cash flows from operating activities	300	400	1,096	803
Investing activities				
Acquisitions of investment properties	-781	-1,308	-14,434	-8,331
Capital expenditure on investment properties	-922	-537	-2,347	-1,124
Proceeds from sale of investment property	308	-	308	-
Deposits for signed acquisitions	-1,804	-278	-309	236
Other cash flows from investing activities	-1,922	-128	-2,021	-286
Net cash flows from investing activities	-5,191	-2,251	-18,803	-9,505
Financing activities				
Proceeds from interest-bearing liabilities	5,019	6,132	9,754	6,132
Repayment of interest-bearing liabilities	-10,165	-5,406	-11,999	-6,117
Dividends paid	-276	-1,828	-4,572	-1,828
Proceeds from shareholders' contributions	0	5,645	12,465	12,851
Proceeds from issuance of hybrid bonds	6,090	0	14,163	0
Repayments on hybrid bonds	-137	0	-398	-69
Other cash flows from financing activities	-84	-14	-134	-77
Net cash flows from financing activities	448	4,529	19,279	10,892
Net change in cash and cash equivalents	-4,443	2,678	1,572	2,190
Cash and cash equivalents at the beginning of the period	13,702	3,843	7,636	4,345
Net currency exchange effect in cash and cash equivalents	-15	-27	36	-41
Cash and cash equivalents at the end of the period	9,244	6,494	9,244	6,494

Notes to the Interim Financial Statements

1. Accounting Principles

Corporate information

Heimstaden Bostad AB, Corp. ID No. 556864-0873, is a limited liability company registered in Sweden with its registered office at Östra prome-

naden 7A, SE-211 28, Malmö, Sweden. Heimstaden Bostad's operations consist of owning, developing and managing residential properties.

Basis for preparation

Heimstaden Bostad's interim condensed consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and its interpretations of these (IFRIC). These financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The Parent Company applies RFR2 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 2020 annual financial statements. The accounting policies and methods of computation followed are consistent with those of the previous financial year, except for the item disclosed below.

Service income

Previously, no split was made between rental income and income from service charges to tenants, as the income from service charges to tenants was deemed not to be significant.

As the group continues to enter new markets and grow in existing markets where service charges constitute a larger part of the total invoicing to tenants, service income is from 2021 presented on a separate line item in accordance with IFRS 15. The main purpose is to increase comparability and provide improved presentation disclosures of revenues earned. Service in-

come is mainly invoicing of utility costs without a margin. Service income is recognised in the period the performance obligation in the contract with the tenant is satisfied. The performance obligations is generally satisfied over time when the service is performed by the company.

Rental income year to date decreased by SEK 306 million and service income correspondingly increased by SEK 306 million. Comparative numbers have been revised to conform to the Group's current presentation. As a result, as of Q2 2021, SEK 178 million was reclassified from rental income to service income. The revised presentation did not have any impact on the Group's profit for the year, the financial position or equity.

Right of use assets (RoU)

In Q2 2021 the Company revised its classification of right of use assets related to land leases. These assets are as from June 30 2021 classified as investment properties according to IAS 40. Prior periods have not been revised to conform with current classification.

Due to rounding, numbers presented in these financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the exact figures.

Recently issued accounting standards, interpretations and amendments

New and amended IFRS accounting principles yet to come into effect have not been early adopted in the preparation of the consolidated and Parent Company financial statements. 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.

2. Related Parties

In addition to board fees, transactions with Heimstaden AB and its subsidiaries amounted to SEK 319 million (262) for management services provided as of Q2 2021.

3. Segment Information

Heimstaden Bostad organises and governs its activities based on geo-graphical areas. These geographical areas form the basis of the reportable segments. Senior management monitors net operating income and changes in the value of managed properties in the identified segments; other statement of profit and loss items are not distributed per segment. Heimstaden Bostad has identified six operating segments consisting of the geographical areas of Sweden, Denmark, Norway, Netherlands, Germany and Czech Republic. Poland and United Kingdom are included under other. See also note 6 for fair value of investment properties per segment.

Q2 2021

SEK million	Sweden	Denmark	Norway	Netherlands	Germany	Czech Republic	Other	Eliminations	Group in total
INCOME STATEMENT									
Rental income*	655	610	167	283	100	281	-	-43	2,053
Service income	11	0	4	-	26	83	-	-4	120
Total income	666	610	171	283	126	363	-	-47	2,173
Utility	-99	-15	-12	-	-13	-80	-	11	-208
Repair and maintenance	-62	-32	-19	-21	-8	-31	-	44	-128
Property tax	-14	-34	-4	-32	-3	-2	-	3	-84
Other	-22	-32	0	-17	-10	-17	-2	-2	-103
Property management	-108	-82	-14	-36	-25	-36	0	-20	-321
Total property expenses	-305	-194	-48	-107	-60	-166	-3	37	-844
Net operating income	361	416	123	177	67	198	-3	-10	1,328
Net operating margin, %	55.0	68.2	73.9	62.4	66.8	70.4	-	-	64.7

Q2 2020

SEK million	Sweden	Denmark	Norway	Netherlands	Germany	Czech Republic	Other	Eliminations	Group in total
INCOME STATEMENT									
Rental income*	598	375	160	259	16	256	-	-66	1,598
Service income	-1	0	4	0	0	107	-	0	110
Total income	597	375	164	259	16	363	-	-66	1,708
Utility	-87	-6	-9	0	-3	-64	-	11	-159
Repair and maintenance	-60	-26	-16	-38	-3	-47	-	51	-139
Property tax	-13	-26	-3	-26	0	-3	-	5	-67
Other	-9	-17	2	-11	4	-39	-	19	-52
Property management	-104	-55	-20	-35	3	-41	-	13	-239
Total property expenses	-274	-130	-47	-111	0	-194	-	98	-656
Net operating income	323	245	117	148	17	169	-	32	1,051
Net operating margin, %	54.0	65.4	73.2	57.2	101.8	66.2	-	-	65.8

YTD 2021

SEK million	Sweden	Denmark	Norway	Netherlands	Germany	Czech Republic	Other	Eliminations	Group in total
INCOME STATEMENT									
Rental income ¹	1,317	1,204	330	562	187	551	-	-85	4,066
Service income	21	1	9	-	56	227	-	-9	305
Total income	1,338	1,205	339	562	244	778	-	-93	4,372
Utility	-257	-34	-25	-	-37	-224	-	25	-552
Repair and maintenance	-130	-56	-39	-54	-22	-55	-	83	-272
Property tax	-28	-67	-7	-64	-5	-4	-	7	-169
Other	-49	-59	1	-30	-27	-34	-2	0	-200
Property management	-212	-170	-29	-71	-38	-67	0	-30	-619
Total property expenses	-676	-386	-99	-220	-130	-383	-3	86	-1,812
Net operating income	662	819	239	342	114	394	-3	-8	2,560
Net operating margin, %	50.3	68.0	72.6	60.9	60.7	71.6	-	-	63.0

YTD 2020

SEK million	Sweden	Denmark	Norway	Netherlands	Germany	Czech Republic	Other	Eliminations	Group in total
INCOME STATEMENT									
Rental income ¹	1,202	746	331	33	483	357	-	-124	3,028
Service income	5	0	8	0	0	165	-	0	178
Total income	1,207	746	339	33	483	521	-	-124	3,206
Utility	-221	-14	-21	-7	0	-125	-	21	-366
Repair and maintenance	-114	-57	-34	-4	-80	-52	-	73	-268
Property tax	-27	-47	-6	-1	-52	-4	-	7	-128
Other	-19	-43	3	9	-20	-40	-	7	-103
Property management	-214	-104	-53	-1	-60	-49	-	49	-433
Total property expenses	-595	-264	-111	-4	-212	-270	-	156	-1,299
Net operating income	612	483	228	29	270	252	-	33	1,907
Net operating margin, %	50.9	64.6	69.0	88.2	56.0	70.6	-	-	63.0

¹ The rental income from the portfolio in Sweden reflects all-inclusive rents, meaning that the amounts include operating and heating expenses.

4. Rental Income

Rental income distributed by property category

SEK million	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Residential	1,907	1,510	3,775	2,854
Commercial	123	68	247	138
Parking	23	19	45	37
Total	2,053	1,598	4,066	3,028

Service income distributed by property category

SEK million	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Residential	113	107	288	169
Commercial	8	3	17	9
Total	120	110	306	178

5. Foreign Currency

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

Basis 1 local currency to 1 SEK		Closing rate		Average rate	
Country	Code	30 Jun 2021	31 Dec 2020	YTD 2021	YTD 2020
Czech republic	CZK	0.3967	0.3824	0.3917	0.4047
Denmark	DKK	1.3597	1.3484	1.3619	1.4289
Germany & Netherlands	EUR	10.1110	10.0338	10.1281	10.6658
Norway	NOK	0.9940	0.9583	0.9952	0.9933
Poland	PLN	2.2369	2.2006	2.2330	2.4150
United Kingdom	GBP	11.7837	-	11.6433	-

Specification of Other Comprehensive Income

The Company’s items under other comprehensive income is related to foreign currency translation differences that may be reclassified to profit or loss in subsequent periods. Amounts below refer to YTD 2021.

Country	Code	SEK million
Czech republic	CZK	529
Denmark	DKK	127
Germany & Netherlands	EUR	155
Norway	NOK	664
Poland	PLN	10
United Kingdom	GBP	2
Total		1,487

6. Investment Properties

Total property value per segment

The total property value, measured at fair value, was SEK 186,068 million (143,806). This value included unrealised value increase for 2021 of SEK

8,998 million (3,530). In percentage, the unrealised increase in value was 5.1 percent (2.6) of the total property value before changes in value. The total property value per operating segment is shown below.

Change in fair value of investment properties

SEK million	Total	Sweden	Denmark	Norway	Germany	Nether-lands	Czech Republic	United Kingdom
Fair value of investment properties, 31 Dec 2020	143,806	49,690	36,200	17,007	3,716	23,366	13,827	-
Acquisitions during the period	28,744	357	16,115	-	11,700	-	213	359
Sales during the period	-154	-	-	-	-114	-40	-	-
Land leases reclassified from RoU assets	632	76	-	556	-	-	-	-
Capital expenditure on completed investment properties	1,505	382	562	118	16	283	144	-
Capital expenditure on investment properties under construction	883	602	240	2	-	-	39	-
Foreign currency translation	1,653	-	275	633	34	178	533	1
Fair value after transactions	177,069	51,107	53,393	18,315	15,352	23,786	14,756	360
Unrealised value change	8,998	2,396	3,763	526	1,243	398	672	-
Fair value of investment properties, 30 Jun 2021	186,068	53,503	57,156	18,842	16,595	24,184	15,428	360

Breakdown by category

SEK million	Total	Sweden	Denmark	Norway	Germany	Nether-lands	Czech Republic	United Kingdom
Standing assets	181,002	50,123	56,563	18,286	16,595	24,184	15,251	-
Investment properties under construction	4,154	3,304	490	-	-	-	-	360
Land and building rights	280	-	103	-	-	-	177	-
Land leases reclassified from RoU assets	632	76	-	556	-	-	-	-
Total	186,068	53,503	57,156	18,842	16,595	24,184	15,428	360

The Company’s contracts in Poland are forward purchases and incurred cost related to these contracts of SEK 1,377 million is classified under other non-current financial assets.

7. Investments in Associates and Joint Ventures

SEK million	Share in %	Rental income	Property costs	Finacial items, net	Change in value	Profit YTD 2021	Heimstaden Bostad's holding of profit YTD 2021
Fastighets AB Rosengård	25	37	-29	-2	0	4	1
Gamlebro AB	50	8	-8	-2	0	-2	-1
Upplands Bro Brogårds etapp 2	50	0	-1	-10	10	-3	-2
A Place To A/S	50	1	0	-3	0	-2	-1
Magnolia Projekt 5222 AB	50	0	0	0	0	0	0
Byggrätt Norr AB	19	0	0	0	0	0	0
Total		46	-38	-17	10	-3	-3

Balance sheet of associates and joint ventures

SEK million	Total (100%)		Heimstaden Bostad's holding	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Assets	3,427	2,854	1,290	1,058
Equity	1,100	892	355	288
Liabilities	2,327	1,962	936	771

8. Inventory Properties

SEK million	30 Jun 2021	31 Dec 2020
Opening balance	1,292	865
Capital expenditures	55	325
Foreign currency translation	73	-86
Reclassification to other non-current financial assets	-127	-
Disposals of inventory properties	-203	-
Reversed impairment/impairment	-36	188
Closing balance	1,054	1,292

Property acquired or being constructed or redeveloped for sale rather than to be held for rental or capital appreciation, is held as inventory property. Principally, this is residential property that Heimstaden Bostad develops and

intends to sell before, or on completion of, development. Inventory properties are primarily related to certain projects in Oslo, Norway.

9. Financial Assets and Liabilities

Financial risk factors and capital management

Heimstaden Bostad is exposed to a number of risk factors. The company works actively to quantify and control these risks. Further description is included on pages 68-73 in the 2020 Annual Report.

sessment by the Board of Directors and company management. At the balance sheet date, Heimstaden Bostad was in compliance with its financial covenants. The Company's hybrid bonds are classified as equity and therefore not included in the specifications of interest bearing liabilities in the tables below.

No significant changes have subsequently occurred affecting the risk as-

Interest bearing liabilities

SEK million	Interest-bearing liabilities	Secured loans, %	Share, %	Unutilised credit commitment
Corporate bonds	32,217	0	39	-
Mortgages	31,285	100	38	-
Bank loans	19,697	93	23	17,653
Total	83,199	60	100	17,653
Deferred charges	-250			
Total	82,949			

Movements in 2021 are summarised as follows:

SEK million	Corporate bonds	Mortgages/ bank loans	Deferred charges	Total
Opening balance 1 Jan 2021	30,317	40,733	-271	70,799
Loan repayments	-6,532	-4,636	-	-11,168
New borrowings/assumed debt in connection with acquisitions	8,228	14,661	-	22,889
Currency exchange effect on loans	204	244	-	428
Capitalisation of debt issuance cost, net of amortisation	-	-	21	21
Closing balance 30 Jun 2021	32,217	50,982	-250	82,949

30 Jun 2021

Years	Interest maturity, loans		Interest maturity, incl. financial instruments			
	SEK million	Share %	Interest, incl. margin, %	SEK million	Share %	Interest, incl. margin, %
0-1	57,082	69	1.0	32,863	39	2.3
1-2	1,390	2	0.9	6,697	8	0.4
2-3	6,661	8	1.7	15,181	18	0.3
3-4	1,668	2	1.4	5,821	7	0.4
4-5	2,993	4	0.7	6,776	8	0.5
>5 years after balance sheet date	13,405	16	1.4	16,114	19	1.2
Total	83,199	100	1.1	83,453	100	1.3

The average remaining term of fixed interest in the loan portfolio was: 2.02 years
The average remaining term of fixed interest in the loan portfolio, including derivatives, was: 2.91 years

Years	Loan tenor		Lines of credit	
	SEK million	Share %	SEK million	Share %
0-1	3,571	4	1,400	8
1-2	7,404	9	4,289	24
2-3	12,076	15	6,202	35
3-4	3,551	4	3,200	18
4-5	8,592	10	904	5
>5 years after balance sheet date	48,005	58	1,657	9
Total	83,199	100	17,653	100

The average loan tenor was: 12.38 years

Financial instruments

Years	Type	Maturity, interest rate derivatives		
		SEK million	Share, %	Interest, % ¹
0-1	Paying fixed	5,820	17	0.2
1-2	Paying fixed	5,307	15	0.1
2-3	Paying fixed	12,739	36	-0.1
3-4	Paying fixed	5,748	12	-0.1
4-5	Paying fixed	4,463	13	0.1
>5 years after balance sheet date	Paying fixed	2,709	8	0.1
Total		36,786	100	0.0

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

Years	Type	Maturity, cross currency swaps		
		SEK million	Share, %	Interest, % ¹
0-1	Paying fixed	0	0	0.0
1-2	Paying fixed	0	0	0.0
>2 years after balance sheet date	Paying fixed	5,370	100	2.1
Total		5,370	100	2.1

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

10. Fair Value Measurements of Financial Instruments

Fair values

Below is a comparison of the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2021 and 31 December 2020:

SEK million	30 Jun 2021		31 Dec 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Other financial non-current assets	2,798	2,798	1,243	1,243
Trade receivables	98	98	61	61
Other financial receivables	2,853	2,853	2,045	2,045
Cash and cash equivalents	9,244	9,244	7,636	7,636
Total	14,992	14,992	10,985	10,985
Financial liabilities:				
Derivate financial instruments	277	277	447	447
Long-term interest-bearing liabilities	78,754	79,659	64,066	65,387
Current interest-bearing liabilities	4,195	4,195	6,713	6,713
Trade payables	384	384	414	414
Other liabilities	1,484	1,484	1,045	1,045
Total	85,095	86,001	72,685	74,006

Financial assets and financial liabilities continued

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 June 2021:

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:	1,996	1,996	-	-
Equity investments	1,996	1,996	-	-
Financial liabilities measured at fair value:	-277	-	-277	-
Derivative financial liabilities				
Cross currency swaps – SEK	-252	-	-252	-
Interest rate swaps	-25	-	-25	-

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. Derivative financial instruments are classified net in the balance sheet and under current liabilities if they are due to be settled within twelve months after the reporting period. All other liabilities are classified as non-current. Unrealised value change of equity investments was SEK 95 million and presented under other financial items in the income statement. There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2021.

11. Commitments and Contingencies

Pre-emptive rights

In 2018, Heimstaden Bostad received a guarantee from its Parent Company, Fredensborg AS, for any losses related to the municipality's potential use of pre-emptive right to buy nine properties from Heimstaden Bostad Invest 10 AS. Fredensborg AS disputed the fact that the municipality was entitled to use the pre-emptive rights in a lawsuit brought before the court regarding five of the properties, but in 2020 the district court in Oslo ruled in favor of the municipality. However, no final ruling on the valuation of the five properties is available at date. As of June 30 2021, Heimstaden Bostad has not made any provisions related to this matter, based on the stated guarantee from Fredensborg AS.

Investment obligations

Heimstaden Bostad has signed agreements to buy turnkey investment properties under construction after the balance sheet date. As at 30 June 2021, Heimstaden Bostad had total investment obligations of SEK 19.1 billion between 2021 and 2026, see table below. Several of these contracts contain exit clauses that limit the total exposure to 12 billion.

Capital expenditures

As at 30 June 2021, 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 6,103 million. In respect of inventory properties, committed future capital expenditure amounts SEK 70 million.

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.

SEK million	2021	2022	2023	2024	2025	2026	Total
Investment obligations	938	2,640	2,449	2,792	5,335	4,966	19,120

12. Subsequent Events

In July, Heimstaden Bostad entered Finland with the acquisition of 242 homes in Helsinki for SEK 215 million. Heimstaden will establish in-house operations in Helsinki once the portfolio reaches sufficient scale.

In August, Heimstaden Bostad bought 1,473 homes in several attractive locations in Denmark for SEK 3.5 billion.

Parent Company Income Statement

SEK million	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Management services revenues	0	1	1	1
Administrative expenses	-129	-90	-261	-185
Operating profit	-129	-90	-260	-184
Interest income	110	97	212	211
Interest expenses	-122	-168	-286	-317
Other financial items, net	-253	491	-207	-641
Net income from fair value adjustment of derivative financial instruments	44	-72	212	-81
Profit/loss after financial items	-348	258	-330	-1,013
Income tax expense	1	15	-33	17
Profit for the period	-347	273	-363	-996

Parent Company Comprehensive Income Statement

SEK million	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Profit for the period according to the Income Statement	-347	273	-363	-996
Other comprehensive income	0	0	0	0
Comprehensive income	-347	273	-363	-996

Parent Company Balance Sheet

SEK million	30 Jun 2021	31 Dec 2020	30 Jun 2020
ASSETS			
Shares and participations	40,060	38,867	32,758
Deferred tax assets	60	93	33
Non-current receivables, subsidiaries	27,983	19,343	19,605
Total non-current assets	68,103	58,304	52,396
Current receivables, subsidiaries	44,187	33,721	31,266
Other financial assets	1,996	100	237
Cash and cash equivalents	6,678	5,916	4,266
Total current assets	52,861	39,737	35,769
Total assets	120,964	98,041	88,165
EQUITY AND LIABILITIES			
Equity	85,513	64,353	58,491
Interest-bearing liabilities	21,312	23,210	25,756
Derivative financial instruments	293	453	161
Non-current liabilities, subsidiaries	13,613	9,729	3,519
Total non-current liabilities	35,218	33,392	29,436
Trade and other payables	233	295	238
Total current liabilities	233	295	238
Total equity and liabilities	120,964	98,041	88,165

Parent Company Statement of Changes in Equity

SEK million	Share capital	Share premium reserve	Hybrid bonds	Retained earnings	Total equity
Equity, 31 Dec 2019	34	37,397	8,514	2,665	48,610
Profit for the period	-	-	69	-325	-256
Total profit	-	-	69	-325	-256
Share issue	9	12,843	-	-	12,851
Dividends	-	-	-69	-1,828	-1,897
Hybrid bonds issue	-	-	5,189	-	5,189
Costs of issuance	-	-	-82	-63	-145
Total transactions with the company's owners	9	12,843	5,038	-1,891	15,998
Equity, 31 Dec 2020	43	50,240	13,621	450	64,353
Opening balance, 1 Jan 2021	43	50,240	13,621	450	64,353
Profit for the period	-	-	398	-761	-363
Total profit	-	-	398	-761	-363
Share issue	9	12,456	-	-	12,465
Dividends	-	-	-398	-4,572	-4,970
Issue of hybrid bonds	-	-	14,163	-	14,163
Costs of issuance	-	-	-134	-	-134
Total transactions with the company's owners	9	12,456	13,631	-4,572	21,523
Equity, 30 Jun 2021	51	62,696	27,650	-4,884	85,513

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, 12 August 2021

Patrik Hall CEO	Casper von Koskull Chairman of the Board	Ivar Tollefsen Board Member	Stefan Attefall Board Member
Vibeke Krag Board Member	John Giverholt Board Member	Eldbjørg Sture Board Member	Frans Heijbel Board Member
Birgitta Stenmark Board Member	Axel Brändström Board Member	Christer Franzén Board Member	Bente A. Landsnes Board Member

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

Auditor’s review report

Heimstaden Bostad AB (publ), corporate identity number 556864-0873
To the Board of Directors for Heimstaden Bostad AB (publ)

Introduction

We have reviewed the condensed interim report for Heimstaden Bostad AB (publ) as at 30 June 2021. 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, 12 August 2021
Ernst & Young AB

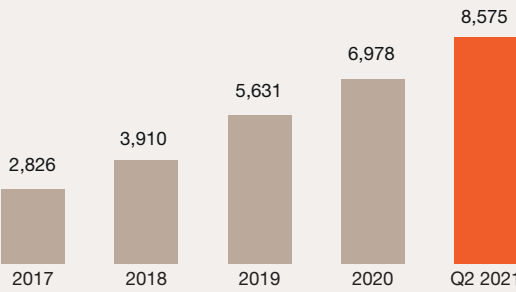
Peter von Knorring
Authorised Public Accountant

Earnings capacity

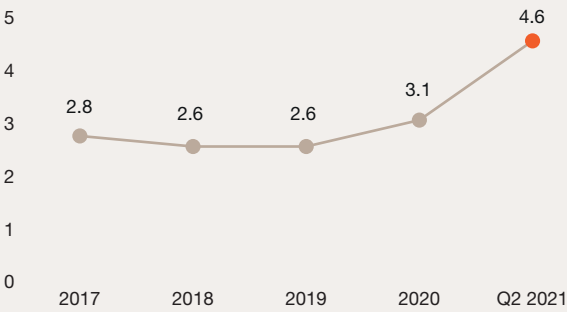
The earnings capacity represents annualised earnings calculated on the basis of the contracted rental income, current property expenses and administrative expenses of the property portfolio as of 30 June 2021. Announced property acquisitions that closed after the balance sheet date are not included in the calculation. The earnings capacity does not include any adjustment for development trends in rent levels, vacancy rates, property expenses or interest rates, nor does the earnings capacity provide any adjustment for expected changes in the fair value of properties, foreign exchange rates, acquisitions or disposals. The earnings capacity should not be considered a forecast for the current year or for the next 12-month period.

SEK million	
Rental income	8,575
Service income	613
Property expenses	-3,713
Net operating income	5,475
Corporate administrative expenses	-465
Profit before financial items	5,010
Financial costs - interest-bearing liabilities	-1,091
Profit	3,919
Net operating income margin, %	63.8
Interest coverage ratio	4.6

Earnings Capacity Rental Income
SEK million



Earnings Capacity ICR
multiple



Alternative performance measures

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

Net Loan-to-Value (LTV)

LTV is an acknowledged measure of leverage and risk in the real estate industry. This ratio highlights Heimstaden Bostad's ability to manage financial liabilities given its fair value real estate portfolio.

SEK million	Q2 2021	Q1 2021	Q2 2020
Interest-bearing secured liabilities	50,985	51,183	43,265
Interest-bearing unsecured liabilities	31,964	36,000	25,756
Cash and cash equivalents	9,244	13,702	6,494
Net interest-bearing liabilities	73,705	73,480	62,528
Fair value of investment properties	186,068	178,897	135,074
LTV, %	39.6	41.1	46.3

Net Debt / Total Assets

Net debt to total assets is a covenant under Heimstaden Bostad's European Medium Term Note programme

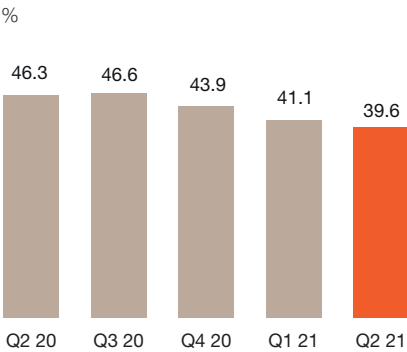
SEK million	Q2 2021	Q1 2021	Q2 2020
Net interest-bearing liabilities	73,705	73,480	62,528
Total assets	202,417	196,857	145,638
Net Debt / Total Assets, %	36.4	37.3	42.9

Interest Coverage Ratio (ICR)

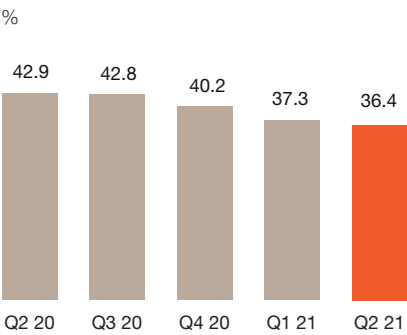
The interest coverage ratio is an industry standard ratio used to determine the extent to which Heimstaden's interest and debt servicing expenses are covered by operating profits. In addition, this ratio provides additional transparency on cash flow that is available after servicing debt obligations.

SEK million	Q2 2021	Q1 2021	Q2 2020
Profit before financial items	4,153	3,910	3,004
Financial income	72	87	69
Profit before financial items plus financial income	4,225	3,996	3,073
Financial costs - interest-bearing liabilities	1,222	1,266	1,099
ICR	3.5	3.2	2.8

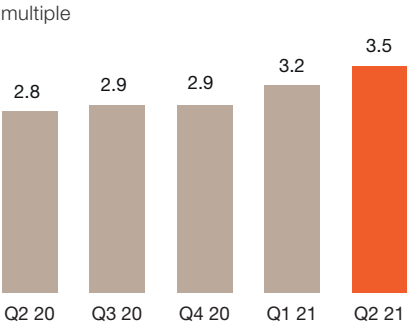
LTV



Net Debt / Total Assets



ICR



Net debt / Net debt + Equity (S&P method)

This metric is calculated according to S&P's rating methodology, with 50% of hybrid bonds classified as debt.

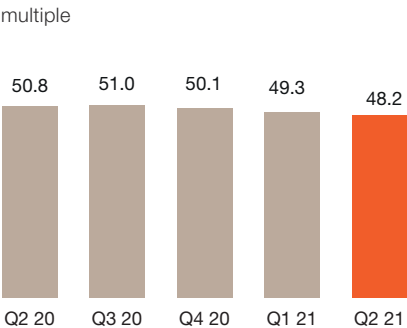
SEK million Rolling 12 months	Q2 2021	Q1 2021	Q2 2020
Equity	109,084	99,597	70,256
50% hybrid	13,618	10,629	4,250
Equity adj.	95,466	88,968	66,007
Total interest-bearing liabilities	82,949	87,183	69,021
Right-of-use-liabilities	646	603	655
-Cash and cash equivalents	-9,244	-13,702	-6,494
10% decrease for cash and cash equivalents (S&P adj.)	924	1,370	649
50% of hybrid equity as debt (S&P adj.)	13,618	10,629	4,250
Net interest-bearing liabilities, Adj. (Net debt)	88,894	86,083	68,082
Net debt + equity	184,360	175,051	134,089
Net debt / (net debt + equity)	48.2	49.2	50.8

ICR (S&P method)

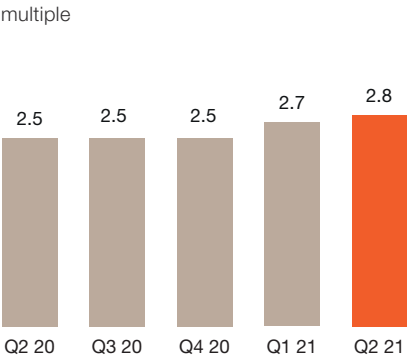
This metric is calculated according to S&P's rating methodology, with 50% of hybrid bonds classified as debt.

SEK million Rolling 12 months	Q2 2021	Q1 2021	Q2 2020
Operating profit before inventory properties and fair value adjustments	4,153	3,910	3,004
Depreciation and amortisation	16	12	1
Share of net profits of associates and joint ventures	-33	-31	-85
EBITDA, adj.	4,136	3,890	2,920
Interest expenses on interest-bearing liabilities	1,222	1,266	1,099
50% interim-equity hybrid dividend annual (S&P)	243	194	69
Interest expense, adj.	1,465	1,459	1,168
ICR incl. Hybrid bonds as 50% debt	2.8	2.7	2.5

Net debt / Net debt + Equity (S&P method)



ICR (S&P method)



All figures in SEK million unless otherwise specified.

Regulated income, %

	Q2 2021	Q4 2020
Regulated residential income	1,012	857
Residential income	1,930	1,621
Regulated income, %	52.4	52.9

Residential, %

	Q2 2021	Q4 2020
Fair value residential properties	172,715	133,739
Fair value investment properties	186,068	143,806
Residential, %	92.8	93.0

Like-for-like rental income growth

	Q2 2021 ¹	Q2 2020 ²
Rental income current year	1,384	951
Rental income previous year	1,355	916
Like-for-like rental income growth, %	2.1	3.8

¹ Only properties owned as of 31 December 2019 included.

² Only properties owned as of 31 December 2018 included.

Net operating income margin

	Q2 2021	Q2 2020
Rental income	2,053	1,598
Net operating income	1,328	1,052
Net operating income, %	64.7	65.8

Economic occupancy, residential

	Q2 2021	Q4 2020
Theoretical rental income on residential units	2,011	1,698
Economic vacancy	-81	-77
Rental income on residential units	1,930	1,621
Economic occupancy, %	96.0	95.5

Real economic occupancy, residential

	Q2 2021	Q4 2020
Theoretical rental income on residential units	2,011	1,698
Adj. for non-market vacancy	-48	-46
Adj. Theoretical rental income	1,963	1,652
Real economic occupancy, %	97.6	97.3

Equity ratio

	Q2 2021	Q4 2020
Equity	109,084	77,741
Assets	202,417	156,926
Equity ratio, %	53.9	49.5

Solvency ratio

	Q2 2021	Q4 2020
Equity	109,084	77,741
Liabilities	93,333	79,185
Solvency ratio, %	53.9	49.5

Net asset value (NAV)

	Q2 2021	Q4 2020
Equity	109,084	77,741
Deferred tax liability	6,078	4,212
NAV	115,162	81,953

EBITDA

Rolling 12 months	Q2 2021	Q4 2020
Operating profit before investment properties and fair value adjustments	4,153	3,589
Amortisation and depreciation	16	11
EBITDA	4,168	3,599

Debt/EBITDA

Rrolling 12 months	Q2 2021	Q4 2020
Interest-bearing liabilities	78,281	69,954
EBITDA	4,168	3,599
DEBT / EBITDA, multiple	18.8	19.4

NAV per ordinary share

SEK	Q2 2021	Q4 2020
Equity	109,084	77,741
Preference capital A, million	194	287
Preference capital B, million	50,469	42,208
Hybridcapital & minority	28,038	14,008
Deferred tax	6,078	4,212
Equity excluding preference capital, million	36,461	25,450

Number of ordinary shares	7,644,815	6,578,058
NAV per ordinary share , SEK	4,769	3,869

Secured loan-to-value

	Q2 2021	Q4 2020
Interest-bearing secured liabilities	50,985	40,463
Total assets	202,417	156,926
Net loan-to-value, %	25.2	25.8

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This information is such that Heimstaden Bostad 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 07:00 CEST on 13 August 2021.

The third quarter report will be published on 22 October 2021.

Heimstaden
BOSTAD

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