

Q3 2021

Heimstaden
BOSTAD



Third Quarter Highlights

Figures in SEK

199 billion

Investment Properties

4.8 billion

Profit

42.9%

Net LTV

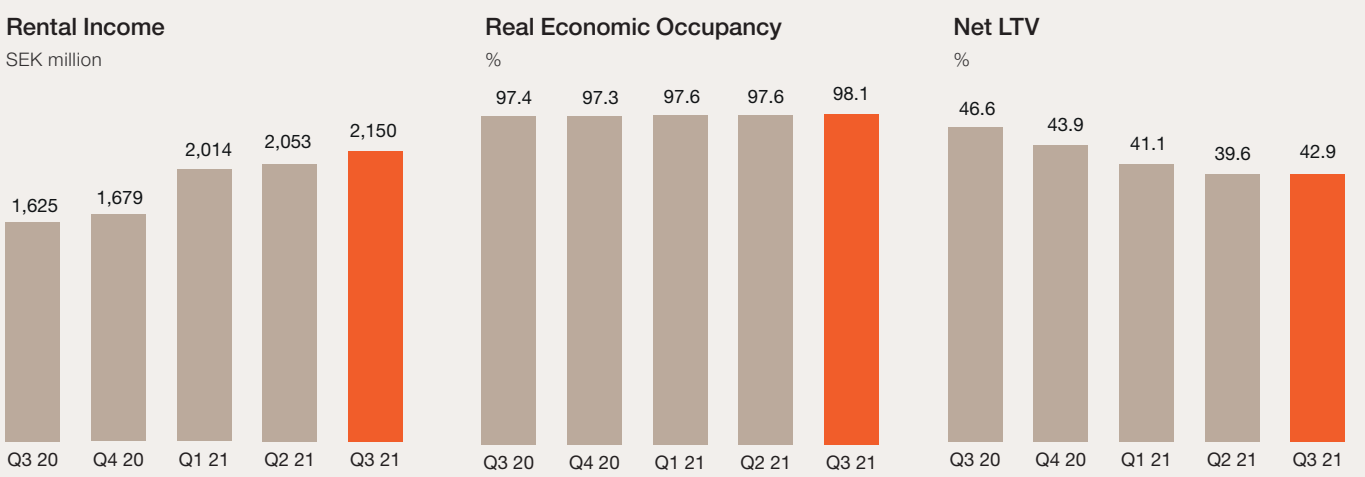
3.9x

ICR

- Improved real economic occupancy.
- Increased interest coverage ratio.
- New climate targets approved by the Board with plan to invest minimum 5 billion to reduce greenhouse gas emissions by at least 46% by 2030.
- Announced acquisition of 599 properties in Germany, Sweden, and Denmark for 92.5 billion.
- Entered Finland with two acquisitions of in total 351 homes for a combined 342 million.
- Fitch Ratings initiated coverage with a ‘BBB’ credit rating and S&P affirmed its ‘BBB’ rating.

See page 42 for definitions of alternative performance measures.

Cover photo: Christianshavn neighbourhood in Copenhagen, Denmark



		Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Financials						
Rental income	SEK m	2,150	2,053	1,625	6,217	4,653
Growth y-o-y	%	32.3	28.4	60.0	33.6	60.9
Net operating income	SEK m	1,428	1,328	1,027	3,988	2,934
Net operating income margin	%	66.4	64.7	63.2	64.2	63.1
Profit for the period	SEK m	4,757	4,642	2,383	13,090	6,025
Capital expenditures	SEK m	1,373	1,407	532	3,762	1,681
Portfolio Metrics						
Fair value of investment properties	SEK m	198,543	186,068	138,936	198,543	138,936
Homes	Units	118,614	116,083	100,870	118,614	100,870
Real economic occupancy, residential	%	98.1	97.6	97.4	97.8	48.7
Like-for-like rental income growth, y-o-y	%	3.0	2.1	2.4	2.3	4.8
Credit Metrics						
Net Loan-to-Value (LTV)	%	42.9	39.6	46.6	42.9	46.6
Net debt / Net debt + Equity, S&P method	%	50.1	48.2	51.0	50.1	51.0
Net debt / Total assets	%	37.7	36.4	42.8	37.7	42.8
Interest Coverage Ratio (ICR)	Multiple	3.9x	3.5x	2.9x	3.9x	2.9x
Interest Coverage Ratio, S&P method	Multiple	3.0x	2.8x	2.5x	3.0x	2.5x

Continued Growth and Ambitious Sustainability Targets

Heimstaden Bostad is a leading European residential real estate owner and as we continue to grow, so does our responsibility to combat climate change. Therefore, in a quarter characterised by significant new acquisitions, I am very pleased that our owners have shown a willingness to invest in new and ambitious climate targets.

The latest UN climate report calls for an urgency in efforts to limit global warming to 1.5°C. We have aligned our revised climate targets with this global ambition and will invest SEK 5 billion in efforts to reduce our greenhouse gas emissions by at least 46% by 2030. Our climate targets will be validated by the Science Based Targets initiative and hopefully, Heimstaden Bostad's dedication and commitment to mitigating climate change will inspire others to follow.

At the end of the third quarter, Fitch Ratings initiated coverage of Heimstaden Bostad with a rating of 'BBB' with stable outlook. Heimstaden Bostad's investment grade ratings from both Fitch and S&P serves as validation of our long-term strategy and financial stability as the most diversified residential real estate company in Europe.

While we continued to develop our sustainability framework and deliver positive operational and financial results, the most significant news this quarter came in late September when we announced the acquisition of 599 properties in Germany, Sweden, and Denmark. The portfolio has appr. 29,000 high-quality homes throughout central, attractive locations in cities with favourable demographics and economic outlook. Our largest transaction to date, the acquisition enables more efficient operations, improved customer experience, and greater impact from our sustainable investments, not least through almost EUR 3 million in increased annual contributions to A Home for a Home. The transaction will close in the fourth quarter, subject to merger clearance.

In the fourth quarter, Heimstaden, Alecta, KPA Pension (Folksam Group), and the Swedish Pension Agency, will invest more than 24.8 billion equity in Heimstaden Bostad in support of its continued growth and financial strength.

I am grateful for the strong engagement and commitment from our long-term owners. We are well-positioned to continue delivering on our long-term strategy and vision to enrich and simplify lives through Friendly Homes.

Patrik Hall, CEO Heimstaden Bostad



In a quarter characterised by significant new acquisitions, our long-term owners continue to demonstrate their strong commitment and we are well-positioned to deliver on our long-term strategy.

Revised Climate Targets

In January 2021, Heimstaden Bostad became one of the first pan-European residential real estate companies to commit to the Science Based Targets initiative (SBTi) and, in the third quarter, Heimstaden Bostad announced new climate targets in line with the Paris Agreement ambition to limit global warming to 1.5°C. The new targets will be validated by SBTi.



Reduce greenhouse gas emissions by at least 46% by 2030 (scope 1 and 2).



Reduce the amount of purchased energy annually by 2% on average until 2025.



Require suppliers covering 70% scope 3 emissions to set science-based targets by 2025.

The total investment to reach the new 2030 GHG reduction target is estimated to SEK 5 billion, based on the current property portfolio, and will increase as the company grows. Investments encompass focused efforts throughout the value-chain, such as fuel shifts, energy efficiency improvements, installation of solar PVs, and procurement of origin-certified renewable electricity.

[Visit our website](#) for more details on Heimstaden Bostad's sustainability strategy and targets.

A Home for a Home

Setting a New Standard in Corporate Responsibility

In the third quarter, Heimstaden Bostad and SOS Children's Villages launched joint programmes across Europe, Africa, and Latin America to create safe homes for children.

A key aspect of A Home for a Home is to leverage our expertise and assets to contribute beyond the donation and maximise our positive impact.

Our goal is to set a new standard for how private and non-profit sectors collaborate globally to create a better society.



Pogramme Highlights

20,000

Children reached

22

Countries

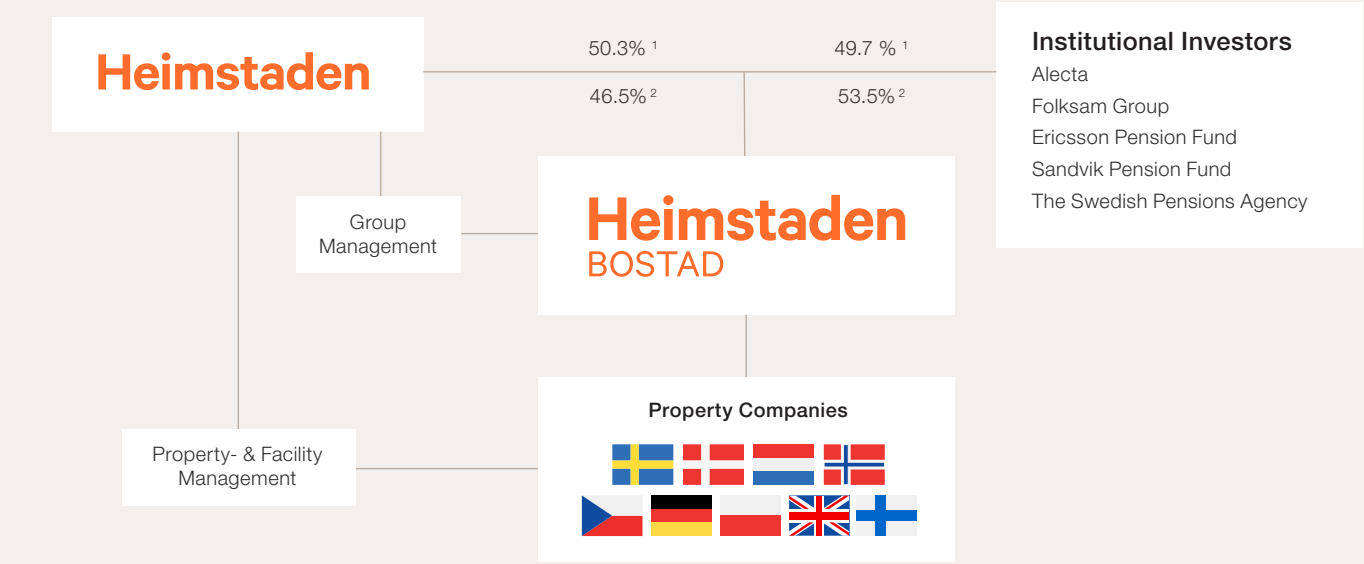
12

Joint local programmes

18

Global SOS programmes

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.



Kirkevein 166,
Oslo, Norway

Quarterly Review

Figures in brackets refer to the previous quarter.

Income

Rental income increased by 5% to 2,150 million (2,053), driven primarily by the effect of acquisitions in Denmark and Germany in the second and third quarters as well as in Sweden in the third quarter. Service income decreased to 104 million (120), mainly due to lower heating consumption.

Like-for-like rental income growth was 3.0% (2.1%). The comparable portfolio made up 64.0% (67.4%) of rental income.

Residential real economic occupancy improved to 98.1% (97.6%), excluding 1.5% (1.6%) in vacancy due to refurbishments and other non-market related vacancy.

Operating expenses

Utility expenses decreased by 22 million due to seasonality, mainly related to lower heating consumption in Sweden and the Czech Republic. Due to different rental regimes between markets, these costs impact net operating income margins differently. See Note 3 for more details.

Repair and maintenance expenses including group eliminations increased by 20 million. Costs for facility and property management on standing assets decreased by 8 million.

Capital expenditures and Repair & Maintenance

Total expenditure in standing assets decreased to 650 million (1,060), corresponding to 0.33% of fair value (0.57%), while investments in properties under construction, excluding forward purchase contracts, increased to 0.45% of fair value (0.28%), due to a larger amount of forward funding acquisitions. More details on page 11.

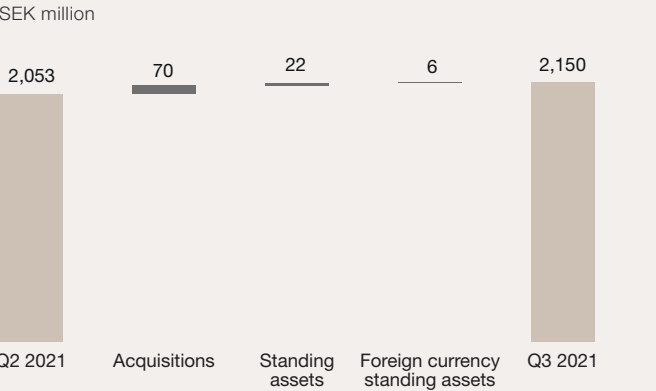
SEK million	Q3 2021	Q2 2021	YTD 2021	YTD 2020
Income statement items				
Expenses for repair & maintenance ¹	173	173	528	506
Balance sheet items				
Capitalised repair & maintenance	298	593	1,308	553
Tenant improvements	179	294	675	519
Investment properties under construction	896	520	1,779	610
Capital expenditures	1,373	1,407	3,762	1,682

¹ Excluding group eliminations, see Note 3.

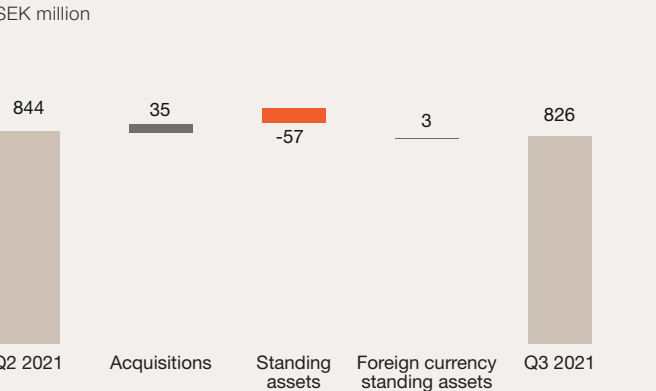
Net operating income

Net operating income grew by 7.5% to 1,428 million (1,328), resulting in a net operating income margin of 66.4% (64.7%), positively impacted by the seasonality in utility costs as well as acquisitions.

Rental Income Development



Property Cost Development



Change in fair value of investment properties

	Q3 2021		YTD 2021	
	%	SEK million	%	SEK million
Denmark	2.0	1,207	9.0	4,970
Sweden	3.1	1,750	7.6	4,146
Netherlands	4.6	1,130	6.4	1,528
Norway	0.0	-7	2.8	519
Germany	2.2	367	10.2	1,610
Czech Republic	5.6	873	10.3	1,545
Finland	16.5	56	16.5	56
United Kingdom	-12.0	-45	-12.0	-45
Total	2.8	5,330	7.8	14,329

Net gain from fair value adjustments on investment properties was 5,330 million (4,609) corresponding to 2.8%. The properties in the United Kingdom is currently under contruction and the negative development in the United Kingdom came from a change to fair value accounting in the period. The yield requirement in the valuation averaged 3.44%, down from 3.46% at the end of the previous quarter.

Interest expenses

Interest expenses were stable at 292 million (289). The average interest rate decreased to 1.2% (1.3%), mainly due to lower credit margins. At the balance sheet date the interest rate hedge ratio was 76% (78%). The Interest Coverage Ratio for the last 12 months improved to 3.9x (3.5x).

Foreign currency

Heimstaden Bostad is exposed to currency fluctuations in EUR, DKK, NOK, CZK, PLN and GBP. Currency translation differences from the consolidation of subsidiaries resulted in other comprehensive income of 492 million (loss 1,024), which was partially offset by 75 million in foreign exchange loss (gain 225), mainly related to foreign currency bonds in the parent company.

Cash Flow

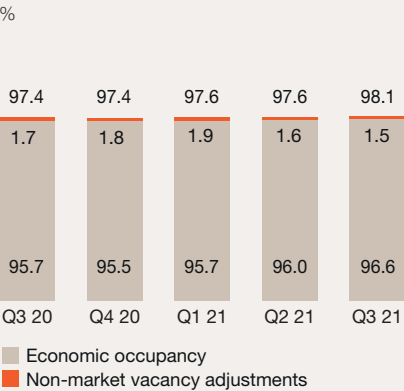
SEK million	Q3 2021	Q2 2021	YTD 2021	YTD 2020
Operating activities	393	300	1,489	1,413
Investing activities	-9,544	-5,191	-28,347	-11,614
Financing activities	14,120	448	33,399	13,431
Currency effects	62	-15	98	-51
Change	5,031	-4,458	6,640	3,179
Period opening balance	9,244	13,702	7,636	4,345
Closing balance	14,276	9,244	14,276	7,524

Cash flow from operating activities before changes in working capital was 733 million (508). Working capital decreased by 340 million (208), resulting in net cash flows from operating activities of 393 million (300).

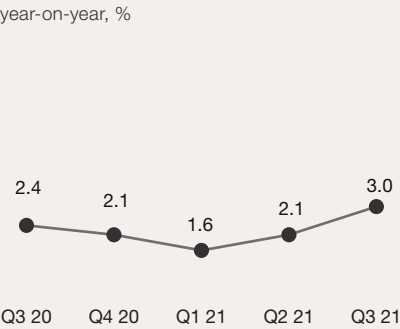
Cash flow from investing activities was negative 9,544 million (5,191) and included acquisitions of 2,854 million (781) and capex on investment properties of 1,471 million (992). Investments consisted primarily of acquisitions in Sweden and Denmark.

Cash flow from financing activities was 14,120 million (448), which included new senior unsecured bond issues for 7,613 million (3,039), no hybrid bond issues (6,090), and no bond repayments (6,521). During the period, secured loans of 3,998 million were issued in Germany, as well as 2,389 million commercial paper.

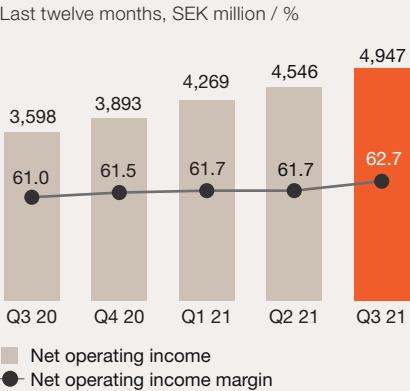
Real Economic Occupancy



Like-for-Like Rental Income Growth



Net Operating Income and Margin



Investment Properties

Fair value of investment properties increased from 186 billion to 199 billion, mainly through acquisitions of 5.2 billion and fair value gain of 5.3 billion. Residential units made up 93% of fair value and 53% of residential income came from regulated units.

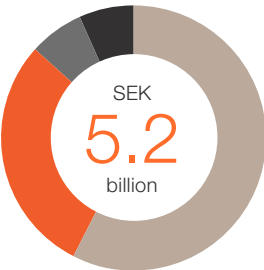
Heimstaden Bostad obtains external valuations for its properties each quarter. See Note A1 in the 2020 Annual Report for more details.

Significant Acquisitions

- Entered Finland with two acquisitions of in total 351 homes in Helsinki and Lahti with a combined cost of 342 million.
- Bought 1,473 homes in several attractive locations in Denmark for 3.5 billion, of which 1.5 billion closed in the third quarter. 793 homes are under construction with turnkey delivery within 24 months.
- Announced the acquisition of 599 properties with 28,776 homes for 92.5 billion in Germany, Sweden and Denmark. The transaction closes in December 2021, subject to merger clearance.

Acquisitions Closed in Q3 2021

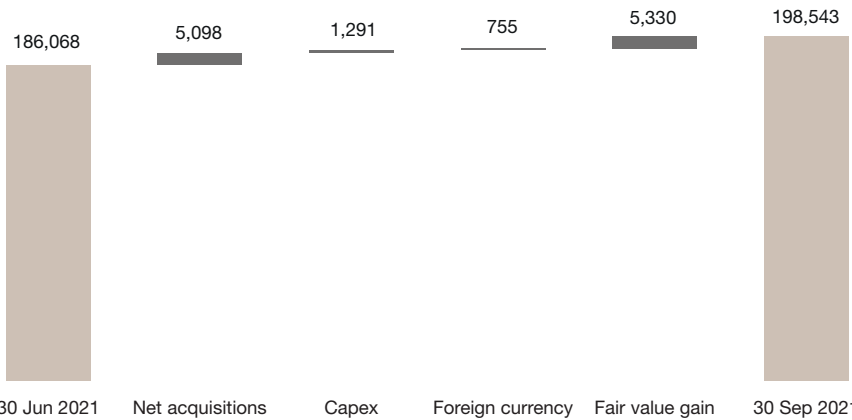
SEK million



Sweden	2,977
Denmark	1,510
Germany	334
Finland	342

Fair Value Development

SEK million



Investment Property Portfolio



Country	Fair Value, SEK m	Fair Value /sqm, SEK	Homes, units	Residential, %	Regulated Income, %	Real Economic Occupancy, %
Denmark	60,489	35,507	17,012	95.1	10.9	98.7
Sweden	58,934	26,167	33,061	92.4	100.0	99.2
Netherlands	25,566	24,271	13,321	98.1	68.0	99.7
Norway	18,909	85,692	4,493	85.3	0.0	96.1
Germany	17,406	32,208	7,557	89.7	100.0	97.4
Czech Republic	16,511	6,290	42,819	95.4	34.2	95.5
Finland	397	32,115	351	98.2	0.0	96.1
United Kingdom	332	-	-	-	-	-
Poland ¹	-	-	-	-	-	-
Total	198,543	23,576	118,614	93.3	52.7	98.1

¹ Investments in Poland are made through forward purchase contracts and are not recognised as investment properties until turnkey delivery. See Note 7 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 20.0 billion and 12,711 homes, excluding the 92.5 billion acquisition announced in the third quarter, which will close in December 2021.

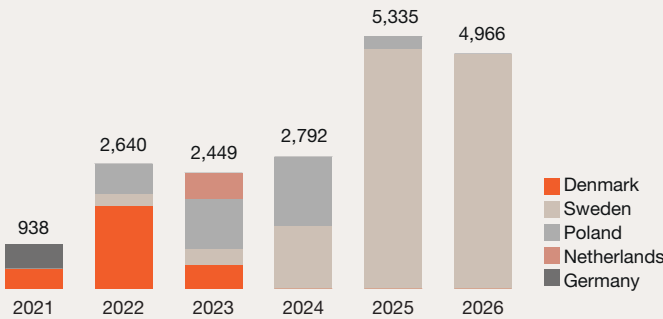
Newbuild investments are structured either as forward purchase or forward funding. In a forward purchase transaction, Heimstaden Bostad commits to buying new turnkey investment properties, which are not recognised on the balance sheet until delivery.

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 5.9 billion. The total pipeline of signed acquisitions, including standing assets and newbuilds, amounts to 20.0 billion. Several contracts contain exit clauses that limit the total exposure to 12.7 billion. For more details, see Note 12 on page 35 of this report.

Signed Acquisitions

SEK million



Denmark

60.5 billion

Investment Properties

1.5 billion

Acquisitions

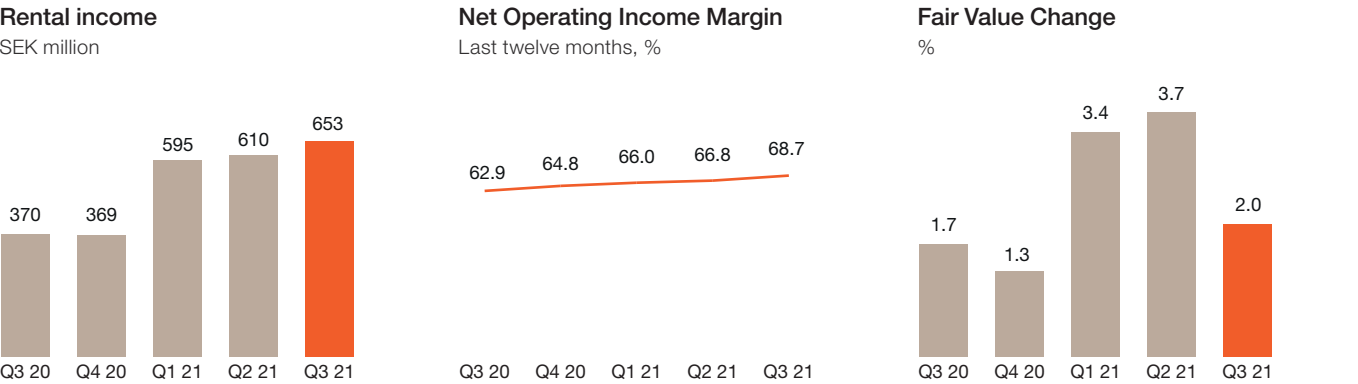
653 million

Rental Income

Rental income was 653 million (610), a 7.1% increase, driven by the full effect of acquisitions made in the previous quarter and improved occupancy. Net operating income increased by 10.9% to 461 million (416), resulting in a net operating income margin of 70.6% (68.2%). The improved margin is driven by lower repair and maintenance costs and positive cost effects from recent acquisitions.

Like-for-like rental income growth compared to the same period last year was 4.2% (0.4%) and the comparable portfolio comprised 56% (59%) of rental income.

		Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Rental income	SEK m	653	610	370	1,857	1,117
Net operating income	SEK m	461	416	230	1,280	712
Net operating income margin	%	70.6	68.2	62.0	68.9	63.8
Like-for-like rental income growth	%	4.9	0.4	0.4	2.1	2.6
Real economic occupancy	%	98.7	97.6	96.2	97.9	96.8
Fair value of investment properties	SEK m	60,489	57,156	37,068	60,489	37,068
Fair value change	SEK m	1,207	1,973	615	4,970	624
Capital expenditures	SEK m	297	445	113	1,100	317
Average valuation yield requirement	%	3.6	3.8	3.8	3.6	3.8



Sweden

58.9 billion

Investment Properties

3.0 billion

Acquisitions

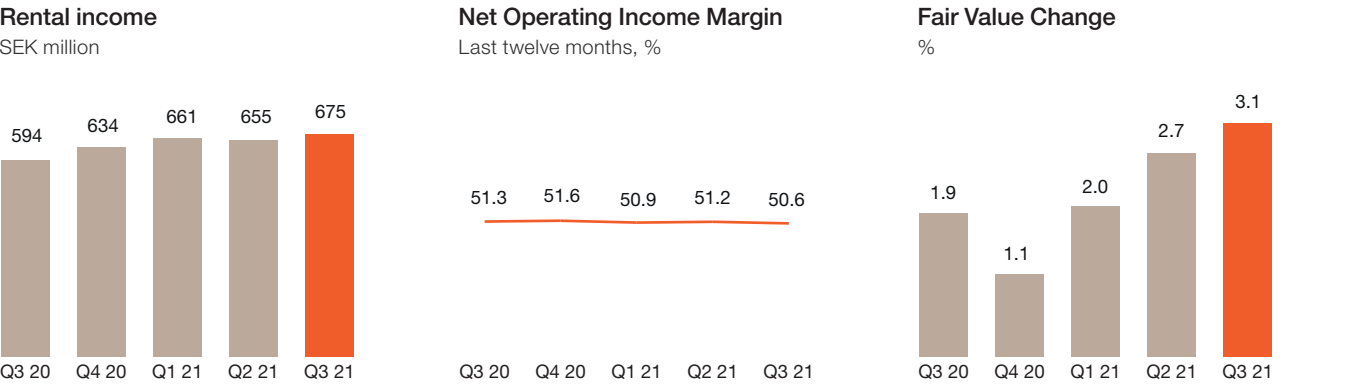
675 million

Rental Income

Rental income was 675 million (655), a 3.0% increase. Net operating income increased by 3.8% from the second quarter to 374 million (361), driven by seasonally lower utility cost, which resulted in an improved net operating income margin of 55.5% (55.0%).

Like-for-like rental income growth compared to the same period last year was 2.8% (2.7%) and the comparable portfolio comprised 91% (95%) of rental income.

		Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Rental income	SEK m	675	655	594	1,991	1,796
Net operating income	SEK m	374	361	351	1,036	963
Net operating income margin	%	55.5	55.0	59.0	52.0	53.6
Like-for-like rental income growth	%	2.8	2.7	3.6	2.7	4.1
Real economic occupancy	%	99.2	99.2	99.4	99.2	99.1
Fair value of investment properties	SEK m	58,934	53,503	45,466	58,934	45,466
Fair value change	SEK m	1,750	1,377	813	4,146	1,866
Capital expenditures	SEK m	703	582	368	1,687	1,128
Average valuation yield requirement	%	3.3	3.3	3.7	3.3	3.7



Netherlands

25.6 billion

Investment Properties

0.0 billion

Acquisitions

288 million

Rental Income

Rental income grew 1.6% to 288 million (283). Net operating income remained stable at 176 million (177), with higher repair and maintenance activity offset by lower technical costs, which resulted in a lower net operating income margin of 61.2% (62.4%).

Like-for-like rental income growth compared to the same period last year was 2.7% (4.6%) and the comparable portfolio comprised 78% (79%) 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 but the market showed resistance in second and thiod quarter.

		Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Rental income	SEK m	288	283	273	850	756
Net operating income	SEK m	176	177	140	518	411
Net operating income margin	%	61.2	62.4	51.4	61.0	54.4
Like-for-like rental income growth	%	2.7	4.6	n/a	3.3	n/a
Real economic occupancy	%	99.7	99.6	98.9	99.5	98.9
Fair value of investment properties	SEK m	25,566	24,184	23,303	25,566	23,303
Fair value change	SEK m	1,130	641	497	1,528	863
Capital expenditures	SEK m	131	168	-5	414	16
Average valuation yield requirement	%	3.1	3.3	3.6	3.1	3.6



Norway

18.9 billion

Investment Properties

0.0 billion

Acquisitions

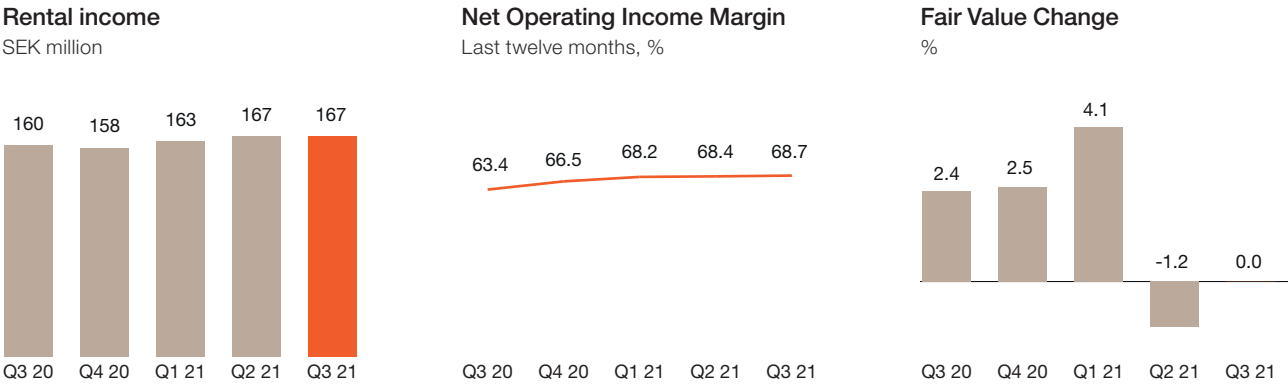
167 million

Rental Income

Rental income was stable at 167 million (167). Net operating income decreased by 9.7% to 111 million (123) due to higher repair and maintenance expenses, which resulted in a net operating income margin of 66.4% (73.9%). Real economic occupancy improved in the quarter due to seasonally strong student demand and market recovery post-covid.

Like-for-like rental income growth compared to the same period last year was 2.0% (0.9%) and the comparable portfolio comprised 100% (100) of rental income.

		Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Rental income	SEK m	167	167	160	497	491
Net operating income	SEK m	111	123	104	351	332
Net operating income margin	%	66.4	73.9	65.0	70.5	67.7
Like-for-like rental income growth	%	2.0	0.9	1.5	0.5	5.9
Real economic occupancy	%	96.1	92.9	95.0	93.8	94.7
Fair value of investment properties	SEK m	18,909	18,842	16,510	18,909	16,510
Fair value change	SEK m	-7	-218	378	519	901
Capital expenditures	SEK m	18	74	-50	138	23
Average valuation yield requirement	%	2.9	2.8	2.9	2.9	2.9



Germany

17.4 billion

Investment Properties

0.3 billion

Acquisitions

127 million

Rental Income

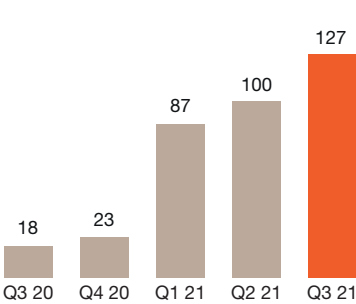
Rental income increased to SEK 127 million (100) due to acquisitions. Net operating income increased by 60.5% to 93 million (67), resulting in a net operating income margin of 73.1% (66.8%). The higher margin is driven primarily by accounting effects related to the recent acquisition. Real economic occupancy decreased somewhat in the quarter driven by recent acquisitions. The net operating income margin in Q3 2020 was inflated due to accounting effects on a relatively small portfolio.

Like-for-like rental income growth compared to the same period last year was 3.7% (5.4%), positively impacted by the removal of the temporary rent freeze in Berlin in April, 2021. The comparable portfolio comprised only 4% (5%) of rental income.

		Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Rental income	SEK m	127	100	18	315	51
Net operating income	SEK m	93	67	11	207	40
Net operating income margin	%	73.1	66.8	62.2	65.7	79.1
Like-for-like rental income growth	%	3.7	5.4	n/a	-1.3	n/a
Real economic occupancy	%	97.4	99.2	93.7	98.3	97.9
Fair value of investment properties	SEK m	17,406	16,595	3,034	17,406	3,034
Fair value change	SEK m	367	619	62	1,610	102
Capital expenditures	SEK m	19	16	34	35	60
Average valuation yield requirement	%	2.6	2.4	2.1	2.6	2.1

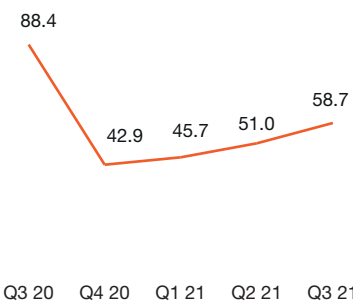
Rental income

SEK million



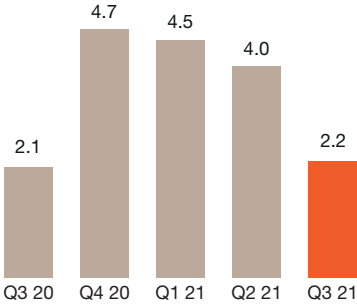
Net Operating Income Margin

Last twelve months, %



Fair Value Change

%



Czech Republic

16.5 billion

Investment Properties

0.0 billion

Acquisitions

285 million

Rental Income

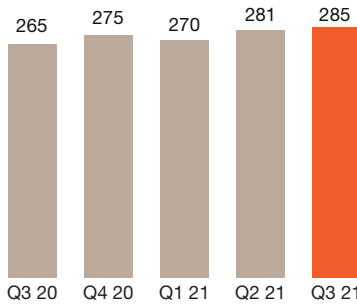
Rental income was 285 million (281), which corresponds to a 1.5% increase, driven by higher market rents.

Net operating income was stable at 200 million (198), resulting in a net operating income margin of 70.1% (70.4%). The lower margin is driven by higher property management costs.

		Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Rental income	SEK m	285	281	265	836	622
Net operating income	SEK m	200	198	227	594	479
Net operating income margin	%	70.1	70.4	85.5	71.1	77.0
Like-for-like rental income growth	%	n/a	n/a	n/a	n/a	n/a
Real economic occupancy	%	95.5	94.8	95.3	95.3	95.6
Fair value of investment properties	SEK m	16,511	15,428	13,555	16,511	13,555
Fair value change	SEK m	873	216	25	1,545	1,563
Capital expenditures	SEK m	122	122	73	306	139
Average valuation yield requirement	%	5.2	5.1	5.4	5.2	5.4

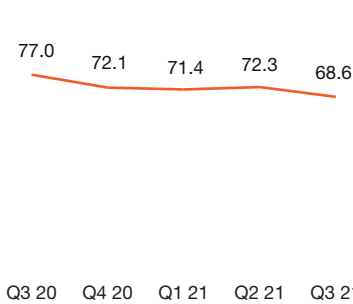
Rental income

SEK million



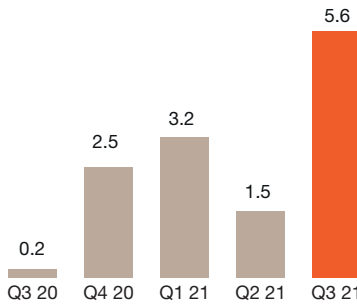
Net Operating Income Margin

Last twelve months, %



Fair Value Change

%



Finland

0.4 billion
Investment Properties

0.3 billion
Acquisitions

4 million
Rental Income

Heimstaden Bostad made its first investment in Finland during the third quarter, with two acquisitions consisting of 351 homes and 705 sqm commercial space. The acquisitions is located in Helsinki Metropolitan Area and in Lahti.

Rental income amounted to SEK 4 million. Net operating income was 3 million resulting in a net operating income margin of 58.7%. The portfolio had a 56 million fair value gain in the period.

		Q3 2021
Rental income	SEK m	4
Net operating income	SEK m	3
Net operating income margin	%	58.7
Like-for-like rental income growth	%	n/a
Real economic occupancy	%	96.1
Fair value of investment properties	SEK m	397
Fair value change	SEK m	56
Capital expenditures	SEK m	-
Average valuation yield requirement	%	5.2

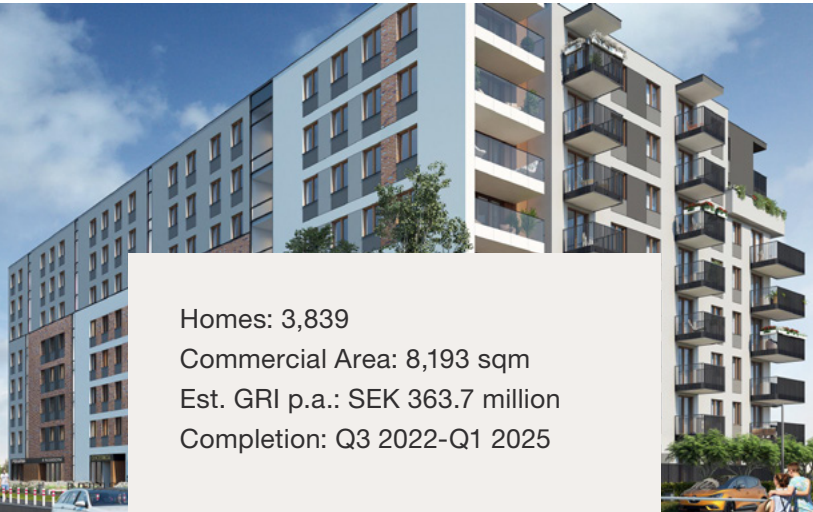


Helsinki, Finland

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.

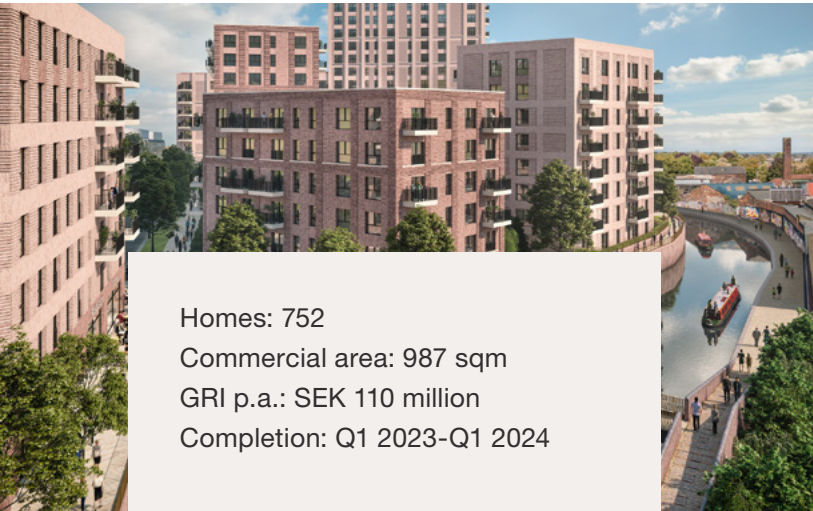
All acquisitions in Poland are structured as forward purchase contracts and not recognised as investment properties until turnkey delivery. As of 30 September 2021, Heimstaden Bostad had a pipeline of 3,839 homes with a value of 4.8 billion.



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 September 2021, 332 million had been recognised on the balance sheet as fair value of investment properties.



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 third quarter with increased interest coverage ratio and a reduced average interest rate. Fitch Ratings initiated coverage and assigned Heimstaden Bostad a ‘BBB’ credit rating of with stable outlook.

Capital market activity

Issued a EUR 750 million senior unsecured bond in the third quarter with a maturity of 8 years.

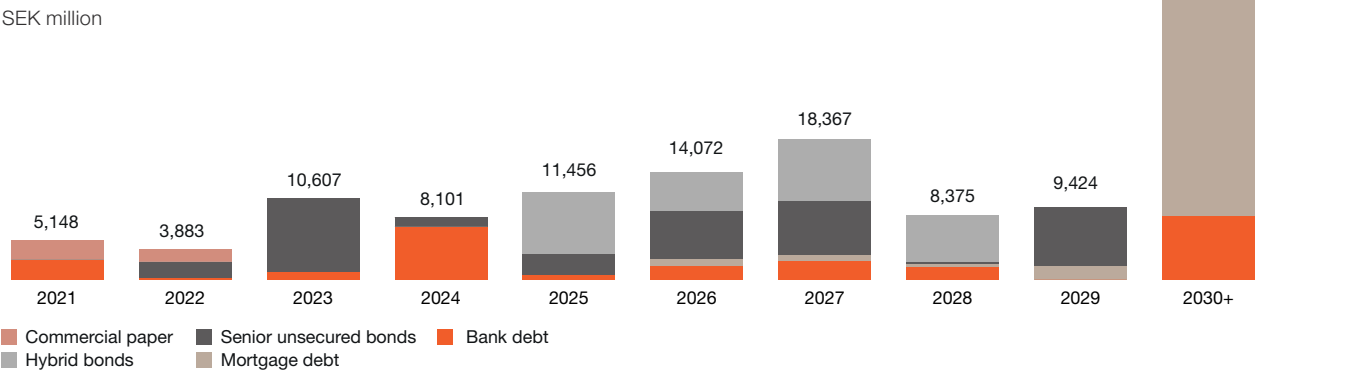
See Note 13 on page 35 for more information on debt issuances after the balance sheet date. For more detailed information on Heimstaden Bostad’s debt instruments, visit www.heimstadenbostad.com.

At the end of the period, Heimstaden Bostad had 38,201 million in senior unsecured bonds and 27,454 million in hybrid bonds outstanding and listed on Euronext Dublin and Oslo Børs.

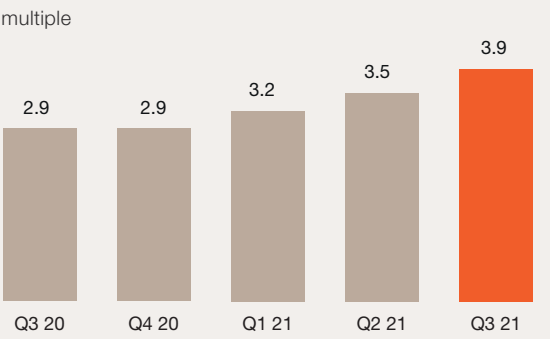
Financial Policy

		Policy	Q3 2021
Interest coverage ratio, rolling 12 months	Multiple	≥ 1.5	3.9
Equity Ratio	%	≥ 30	50.7
Average Loan Tenor	Months	≥ 15	137
Loan Maturity in Individual Year	%	≤ 40	14 (2027)
Loans From Individual Lender	%	≤ 40	12
Interest Rate Hedge Ratio	%	≥ 75	76
Net Debt / Net Debt + Equity, S&P method	%	45-55	50.1
Quick ratio	%	≥ 125	133

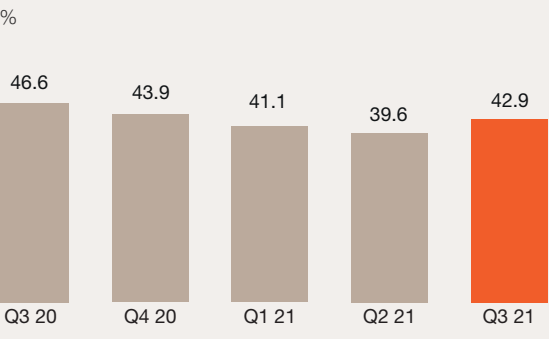
Funding Maturity Profile



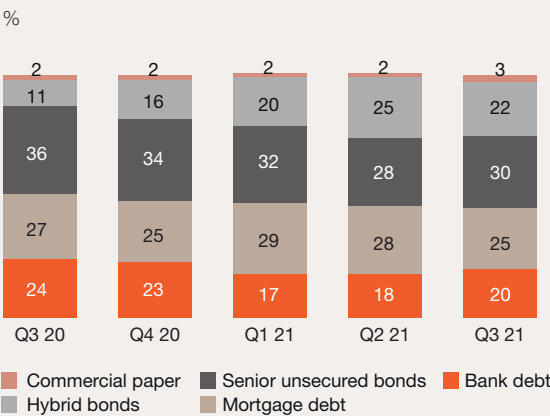
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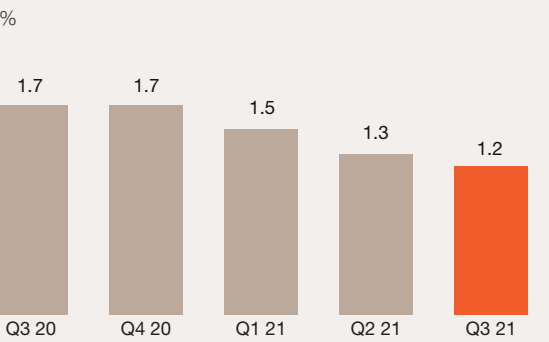
Net LTV



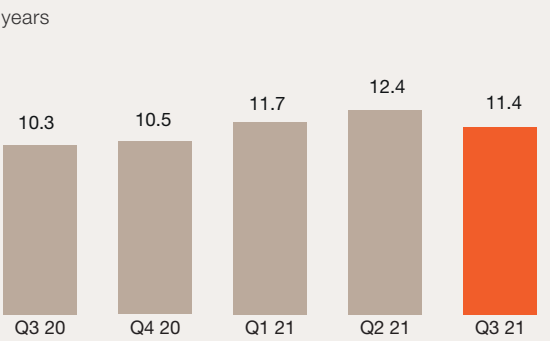
Funding Distribution



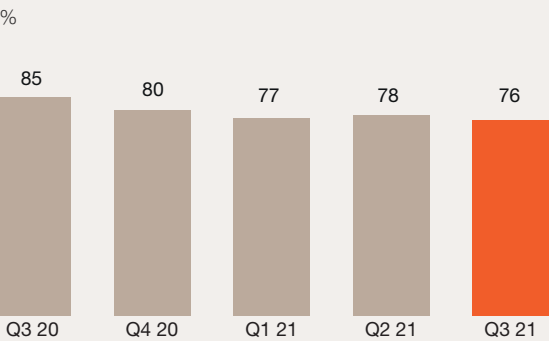
Average Interest Rate



Average Loan Tenor



Interest Rate Hedge Ratio



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Condensed Parent Company Financial Statements

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Comprehensive Income Statement

SEK million	Note	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Rental income	4	2,150	1,625	6,217	4,653
Service income	4	104	57	409	235
Property expenses	3	-826	-655	-2,638	-1,953
Net operating income ¹		1,428	1,027	3,988	2,934
Corporate administrative expenses		-125	-89	-356	-260
Other operating income		1	9	4	27
Other operating expenses	5	-40	-8	-72	-25
Share of net profits of associates and joint ventures		1	-18	-1	-21
Profit before inventory properties and fair value adjustments		1,265	921	3,564	2,655
Fair value adjustment of investment properties		5,330	2,390	14,329	5,920
Gains/losses from sale of inventory properties		-19	143	21	124
Operating profit		6,576	3,454	17,913	8,699
Interest expenses on interest-bearing liabilities		-292	-353	-887	-994
Interest income		17	21	46	58
Net foreign exchange gains/losses		-75	-12	-439	472
Fair value adjustment of derivative financial instruments		37	18	302	-335
Other financial items		-210	-43	-434	-128
Profit before tax		6,054	3,085	16,501	7,772
Current tax expense		-143	-107	-445	-420
Deferred tax expense		-1,153	-594	-2,966	-1,327
Profit for the period		4,757	2,383	13,090	6,025
Other comprehensive income/loss	6	488	-854	1,975	-2,665
Comprehensive income		5,245	1,529	15,065	3,360
Comprehensive income for the period attributable to:					
The Parent Company's shareholders		5,245	1,529	15,062	3,360
Non-controlling interests		1	0	4	0
Average number of shares outstanding		7,644,815	6,026,377	7,436,413	6,026,377
Earnings per ordinary share (basic and diluted)		547	162	1,758	306

¹ Excludes income from inventory properties.

Balance Sheet

SEK million	Note	30 Sep 2021	31 Dec 2020	30 Sep 2020
ASSETS				
Investment properties	7	198,543	143,806	138,936
Intangible assets		7	7	-
Property, plant and equipment	1	61	648	643
Other non-current financial assets	8	3,025	1,243	1,256
Total non-current assets		201,636	145,703	140,835
Inventory properties	9	786	1,292	1,022
Rent and trade receivables		164	61	40
Other current financial assets	11	8,354	2,045	1,347
Prepayments		395	188	323
Cash and cash equivalents		14,276	7,636	7,524
Total current assets		23,975	11,223	10,255
Total assets		225,611	156,926	151,090
EQUITY AND LIABILITIES				
Equity		114,325	77,741	71,786
Interest-bearing liabilities	10	90,459	64,066	68,175
Lease liabilities		649	527	619
Derivative financial instruments	11	204	433	0
Deferred tax liabilities		7,238	4,212	3,854
Other non-current financial liabilities		883	903	527
Total non-current liabilities		99,433	70,141	73,175
Interest-bearing liabilities	10	8,934	6,713	4,036
Lease liabilities		5	4	4
Trade payables		430	414	350
Other current payables		1,372	1,045	982
Derivative financial instruments	11	6	14	0
Prepayments		1,106	853	757
Total current liabilities		11,853	9,044	6,129
Total equity and liabilities		225,611	156,926	151,090

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	-	12,689	13,087	4	13,090
Other comprehensive income	-	-	-	1,975	-	1,975	-	1,975
Total comprehensive income	-	-	398	1,975	12,689	15,062	4	15,065
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	-	-	-139	-	-	-139	-	-139
Total transactions with the company's owners	9	12,456	13,626	-	-4,572	21,518	-	21,518
Equity, 30 Sep 2021	51	65,146	27,659	-3,712	25,117	114,261	64	114,325

Cash Flow Statement

SEK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Operating activities				
Profit before income tax	6,054	3,085	16,501	7,772
Adjustments to reconcile profit before tax to net cash flows:				
Net gain from fair value adjustment on investment properties	-5,311	-2 534	-14,350	-6 044
Net change in fair value of derivative financial instruments	-102	-19	-367	335
Finance expenses – net	390	375	1,275	1 058
Other adjustments	217	38	533	-434
Working capital changes				
Increase/decrease(+) in trade receivables	79	15	-321	-106
Increase/decrease(-) in trade and other payables	-418	35	22	-31
Cash generated from operations	909	995	3,293	2,550
Interest paid	-389	-333	-1,377	-928
Interest received	7	20	7	36
Paid tax	-134	-72	-434	-245
Net cash flows from operating activities	393	610	1,489	1,413
Investing activities				
Acquisitions of investment properties	-2,854	-599	-17,288	-8 930
Capital expenditure on investment properties	-1,471	-657	-3,818	-1 781
Proceeds from sale of investment properties	423	-	731	-
Deposits for signed acquisitions	-5,402	-792	-5,711	-556
Other cash flows from investing activities	-239	-61	-2,260	-347
Net cash flows from investing activities	-9,544	-2,109	-28,347	-11,614
Financing activities				
Proceeds from interest-bearing liabilities	14,308	5 031	23,230	11 163
Repayment of interest-bearing liabilities	-184	-2 536	-11,352	-8 653
Dividends paid	-	-	-4,572	-1,828
New shares issue	-	-	12,465	12,851
Proceeds from issuance of hybrid bonds	-	-	14,163	-
Repayments on hybrid bonds	-	-	-398	-69
Other cash flows from financing activities	-3	44	-137	-33
Net cash flows from financing activities	14,120	2,539	33,399	13,431
Net change in cash and cash equivalents	4,970	1,040	6,542	3,230
Cash and cash equivalents at the beginning of the period	9,245	6,495	7,636	4,345
Net currency exchange effect in cash and cash equivalents	61	-11	98	-51
Cash and cash equivalents at the end of the period	14,276	7,524	14,276	7,524

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 are generally satisfied over time when the service is performed by the company.

Rental income year to date decreased by SEK 409 million and service income correspondingly increased by SEK 409 million. Comparative numbers have been revised to conform to the Group's current presentation. As a result, as of Q3 2020, SEK 235 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 521 million (383) for management services provided as of Q3 2021.

3. Segment Reporting

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 seven reportable segments consisting of the geographical areas of Denmark, Sweden, Netherlands, Norway, Germany and Czech Republic. Finland, Poland and United Kingdom are included under Other. See Note 7 for fair value of investment properties per segment.

Q3 2021

SEK million	Denmark	Sweden	Netherlands	Norway	Germany	Czech Republic	Other	Eliminations	Group in total
INCOME STATEMENT									
Rental income ¹	653	675	288	167	127	285	4	-50	2,150
Service income	0	9	-	4	37	56	0	-4	104
Total income	653	684	288	171	165	341	5	-53	2,254
Utilities	-18	-86	-	-9	-28	-53	-1	9	-187
Repair and maintenance	-26	-62	-30	-22	-6	-27	0	25	-148
Property tax	-28	-16	-31	-4	-3	-2	0	4	-81
Other	-29	-22	-7	-4	-22	-11	-1	-1	-98
Property management	-91	-125	-43	-21	-12	-48	-2	28	-313
Total property expenses	-192	-310	-112	-60	-72	-141	-4	65	-826
Net operating income	461	374	176	111	93	200	1	12	1,428
Net operating margin, %	70.6	55.5	61.2	66.4	73.1	70.1	-	-	66.4

Q3 2020

SEK million	Denmark	Sweden	Netherlands	Norway	Germany	Czech Republic	Other	Eliminations	Group in total
INCOME STATEMENT									
Rental income ¹	370	594	273	160	18	265	-	-56	1,625
Service income	0	4	-	4	0	49	-	-	57
Total income	370	598	273	164	18	314	-	-56	1,682
Utilities	-5	-75	0	-7	-4	-51	-	7	-136
Repair and maintenance	-35	-58	-50	-18	-3	-2	-	57	-108
Property tax	-26	-13	-37	-3	0	-1	-	1	-78
Other	-29	-7	-11	1	5	-23	-	-51	-115
Property management	-46	-95	-35	-33	-4	-11	-	6	-217
Total property expenses	-141	-247	-133	-60	-7	-87	-	21	-655
Net operating income	230	351	140	104	11	227	-	-35	1,027
Net operating margin, %	62.0	59.0	51.4	65.0	62.2	85.5	-	-	63.2

YTD 2021

SEK million	Denmark	Sweden	Netherlands	Norway	Germany	Czech Republic	Other	Eliminations	Group in total
INCOME STATEMENT									
Rental income ¹	1,857	1,991	850	497	315	836	4	-135	6,217
Service income	1	31	-	13	94	283	0	-12	409
Total income	1,859	2,022	850	510	409	1,119	5	-147	6,626
Utilities	-52	-343	-	-34	-65	-277	-1	34	-738
Repair and maintenance	-81	-191	-84	-61	-28	-83	0	108	-420
Property tax	-95	-44	-96	-11	-9	-5	0	10	-250
Other	-88	-71	-37	-3	-50	-45	-3	0	-298
Property management	-262	-337	-114	-50	-50	-115	-2	-2	-932
Total property expenses	-578	-986	-332	-159	-202	-525	-6	151	-2,638
Net operating income	1,280	1,036	518	351	207	594	-2	4	3,988
Net operating margin, %	68.9	52.0	61.0	70.5	65.7	71.1	-	-	64.2

YTD 2020

SEK million	Denmark	Sweden	Netherlands	Norway	Germany	Czech Republic	Other	Eliminations	Group in total
INCOME STATEMENT									
Rental income ¹	1,117	1,796	756	491	51	622	-	-179	4,653
Service income	0	9	-	12	0	214	-	-	235
Total income	1,117	1,805	756	503	51	836	-	-179	4,888
Utilities	-19	-296	0	-28	-11	-176	-	28	-502
Repair and maintenance	-91	-172	-130	-51	-8	-54	-	130	-376
Property tax	-73	-40	-88	-9	-1	-4	-	8	-206
Other	-72	-26	-32	4	14	-63	-	-44	-219
Property management	-150	-309	-95	-87	-5	-60	-	55	-650
Total property expenses	-405	-842	-345	-171	-11	-357	-	177	-1,953
Net operating income	712	963	411	332	40	479	-	-2	2,934
Net operating margin, %	63.8	53.6	54.4	67.7	79.1	77.0	-	-	63.1

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	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Residential	1,997	1,514	5,772	4,368
Commercial	129	93	376	231
Parking	24	18	69	55
Total	2,150	1,625	6,217	4,653

Service income distributed by property category

SEK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Residential	96	53	384	223
Commercial	8	4	25	12
Total	104	57	409	235

5. Other Operating Expenses

In Q3 2021 SEK 25 million was expensed in donations to SOS Children's Villages. See page 5 for more information regarding the partnership A Home for a Home.

6. 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	Currency code	30 Sep 2021	31 Dec 2020	YTD 2021	YTD 2020
Czech Republic	CZK	0.3988	0.3824	0.3945	0.4002
Denmark	DKK	1.3674	1.3484	1.3649	1.4164
Netherlands, Germany & Finland	EUR	10.1681	10.0338	10.1506	10.5636
Norway	NOK	1.0003	0.9583	0.9925	0.9859
Poland	PLN	2.2011	2.2006	2.2330	2.3876
United Kingdom	GBP	11.8160	-	11.7985	-

Specification of Other Comprehensive Income

The Company's items under other comprehensive income are related to foreign currency translation differences that may be reclassified to profit or loss in subsequent periods.

SEK million		Q3 2021	Q3 2020	YTD 2021	YTD 2020
Country	Currency code				
Czech Republic	CZK	82	-801	611	-1,144
Denmark	DKK	132	125	260	241
Netherlands, Germany & Finland	EUR	167	5	321	91
Norway	NOK	132	-183	796	-1,853
Poland	PLN	-24	-	-13	-
United Kingdom	GBP	-2	-	0	-
Total		488	-854	1,975	-2,665

7. Investment Properties

Total properties value per segment

The total properties value, measured at fair value, was SEK 198,543 million (143,806). This value included unrealised value increase for 2021 of SEK

14,329 million (5,920). In percentage, the unrealised increase in value was 7.8% (4.5) of the total properties value before changes in value. The total properties value per operating segment is shown as follows.

Change in fair value of investment properties

SEK million	Total	Denmark	Sweden	Nether-lands	Norway	Germany	Czech Republic	Finland	United Kingdom
Fair value of investment properties, 31 Dec 2020	143,806	36,200	49,690	23,366	17,007	3,716	13,827	-	-
Acquisitions during the period	33,842	17,625	3,334	-	-	12,034	213	342	294
Sales during the period	-239	-	-	-58	-68	-114	-	-	-
Land leases reclassified from RoU assets	635	-	75	-	560	-	-	-	-
Capital expenditure on completed investment properties	1,983	596	576	414	136	35	225	-	-
Capital expenditure on investment properties under construction	1,779	503	1,111	-	2	-	81	-	82
Foreign currency translation	2,408	594	-	316	754	126	620	-1	1
Fair value after transactions	184,214	55,519	54,787	24,038	18,390	15,796	14,966	340	377
Unrealised value change	14,329	4,970	4,146	1,528	519	1,610	1,545	56	-45
Fair value of investment properties, 30 Sep 2021	198,543	60,489	58,934	25,566	18,909	17,406	16,511	397	332

Breakdown by category

SEK million	Total	Denmark	Sweden	Nether-lands	Norway	Germany	Czech Republic	Finland	United Kingdom
Standing assets	192,338	59,700	54,586	25,566	18,350	17,406	16,334	397	-
Investment properties under construction	5,261	657	4,272	-	-	-	-	-	332
Land and building rights	308	131	-	-	-	-	177	-	-
Land leases reclassified from RoU assets	635	-	75	-	560	-	-	-	-
Total	198,543	60,489	58,934	25,566	18,909	17,406	16,511	397	332

The Company's contracts in Poland are forward purchases and expenses incurred related to these contracts of SEK 1,509 million are classified under other non-current financial assets.

8. 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	12	-12	-4	0	-3	-2
Upplands Bro Brogårds etapp 2	50	0	-1	-18	27	3	2
A Place To A/S	50	3	-8	0	0	-5	-2
Magnolia Projekt 5222 AB	50	0	0	0	0	0	0
Byggrätt Norr AB	19	0	0	0	0	0	0
Total		52	-50	-24	27	-1	-1

Balance sheet of associates and joint ventures

SEK million	Total (100%)		Heimstaden Bostad's holding	
	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
Assets	3,731	2,854	1,442	1,058
Equity	1,102	892	355	288
Liabilities	2,629	1,962	1,087	771

9. Inventory Properties

SEK million	30 Sep 2021	31 Dec 2020
Opening balance	1,292	865
Capital expenditures	47	325
Foreign currency translation	45	-86
Reclassification to other non-current financial assets	-127	-
Disposals of inventory properties	-492	-
Reversed impairment/impairment	21	188
Closing balance	786	1,292

Properties acquired or being constructed or redeveloped for sale rather than to be held for rental or capital appreciation, are held as inventory properties. Principally, these are residential properties 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.

10. Financial Assets and Liabilities

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.

essment 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, amounting to SEK 27,659 million, 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-

Specification of interest bearing liabilities

SEK million	Interest-bearing liabilities	Secured loans, %	Share, %	Unutilised credit commitment
Corporate bonds	42,383	0	43	-
Mortgages	32,084	100	32	-
Bank loans	25,232	95	25	21,128
Total	99,698	56	100	21,128
Deferred charges	-305			
Total	99,393			

Movements of interest bearing liabilities

SEK million	Corporate bonds	Mortgages/ bank loans	Deferred charges	Total
Opening balance 1 Jan 2021	30,317	40,733	-271	70,779
Loan repayments	-6,545	-4,808	-	-11,353
New borrowings/assumed debt from acquisitions	18,219	20,941	-	39,160
Currency exchange effect on loans	392	448	-	840
Capitalisation of debt issuance cost, net of amortisation	-	-	-34	-34
Closing balance 30 Sep 2021	42,383	57,314	-305	99,393

30 Sep 2021

Years	Interest maturity, loans		Interest maturity, incl. financial instruments			
	SEK million	Share %	Interest, incl. margin, %	SEK million	Share %	Interest, incl. margin, %
0-1	63,823	64	1.1	39,445	39	2.1
1-2	6,351	6	2.1	9,331	9	0.7
2-3	1,478	1	2.1	13,024	13	0.2
3-4	3,342	3	1.2	7,507	8	0.5
4-5	114	0	1.5	4,491	4	0.1
>5 years after balance sheet date	24,590	25	1.1	26,123	26	1.1
Total	99,698	100	1.2	99,921	100	1.2

Average remaining term of fixed interest in the loan portfolio: 2.5 years
Average remaining term of fixed interest in the loan portfolio, including derivatives: 3.2 years

Years	Loan tenor		Lines of credit	
	SEK million	Share %	SEK million	Share %
0-1	8,385	8	1,400	7
1-2	11,131	11	6,701	32
2-3	7,637	8	11,023	52
3-4	3,347	3	1,903	9
4-5	8,628	9	-	0
>5 years after balance sheet date	60,570	61	102	0
Total	99,698	100	21,128	100

Average loan tenor: 11.4 years

Financial instruments

Years	Type	Maturity, interest rate derivatives		
		SEK million	Share, %	Interest, % ¹
0-1	Paying fixed	5,535	15	0.2
1-2	Paying fixed	6,338	17	0.2
2-3	Paying fixed	12,630	34	-0.1
3-4	Paying fixed	6,448	17	0.3
4-5	Paying fixed	4,377	12	0.1
>5 years after balance sheet date	Paying fixed	1,534	4	0.1
Total		36,863	100	0.1

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 variable	-	-	-
1-2	Paying variable	5,624	100	2.5
>2 years after balance sheet date	Paying variable	-	-	-
Total		5,624	100	2.5

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

11. Fair Value Measurements of Financial Instruments

SEK million	30 Sep 2021		31 Dec 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Other financial non-current assets	3,025	3,025	1,243	1,243
Trade receivables	164	164	61	61
Other financial receivables	8,354	8,354	2,045	2,045
Cash and cash equivalents	14,276	14,276	7,636	7,636
Total	25,819	25,819	10,985	10,985
Financial liabilities:				
Derivate financial instruments	210	210	447	447
Long-term interest-bearing liabilities	90,459	91,246	64,066	65,387
Current interest-bearing liabilities	8,934	8,934	6,713	6,713
Trade payables	430	430	414	414
Other liabilities	1,372	1,372	1,045	1,045
Total	101,405	102,192	72,685	74,006

Fair value hierarchy of the Group's financial assets and financial liabilities as of 30 September 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:	2,073	2,053	20	-
Derivative financial assets				
Interest rate swaps	20	-	20	-
Equity investments	2,053	2,053	-	-
Financial liabilities measured at fair value:	-230	-	-230	-
Derivative financial liabilities				
Cross currency swaps – SEK	-230	-	-230	-

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 -54 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 nine months ended 30 September 2021.

12. 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. Subsequently, the parties have entered into a settlement agreement, which is subject to city council approval. The matter is expected to be presented to the city council for approval in Q4 2021. As of September 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 September 2021, Heimstaden Bostad had total investment obligations of SEK 20.0 billion between 2021 and 2027, see table below. Several of these contracts contain exit clauses that limit the total exposure to 12.7 billion.

Capital expenditures

As at 30 September 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 5,864 million.

SEK million	2021	2022	2023	2024	2025	2026	2027	Total
Investment obligations¹	618	3,682	2,683	2,972	5,124	3,915	1,051	20,045

¹ Maturity profile excludes the signed acquisition of the residential property portfolio from Akelius in Germany, Sweden and Denmark of SEK 92.5 billion, with expected closing in Q4 2021.

Agreement to buy property portfolio from Akelius

In Q3 Heimstaden Bostad signed an agreement to acquire 599 properties from Akelius with 28,776 homes centrally located in Berlin (14,050), Hamburg (3,592), Stockholm (5,934), Malmö (4,107), and Copenhagen (1,093), with a total transaction value of the property portfolio of SEK 92.5 billion (EUR 9.1 billion). Subject to merger clearance, the transaction is expected to close in December 2021. The acquisition will be accounted for as a business combination.

The transaction will be financed with cash at hand, SEK 24.8 billion in new equity and the company has available a SEK 65.7 billion bridge financing facility with a 2-year maturity. See also Note 13 for refinancing of the bridge facility subsequent to quarter end.

Equity has been committed from existing shareholders Heimstaden AB (SEK 8.5 billion), KPA Pension (part of Folksam Group) (SEK 8 billion), Alecta (SEK 7.1 billion), and the Swedish Pensions Agency (SEK 1.25 billion).

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.

13. Subsequent Events

In October Heimstaden Bostad successfully issued EUR 2.75 billion in fixed rate senior unsecured bonds under its EMTN programme with maturities of 3, 6.5 and 10 years. The bonds carry annual coupons of 0.25%, 1.00% and 1.625%, respectively, were rated 'BBB' by S&P and Fitch. Heimstaden Bostad also issued a EUR 600 million subordinated perpetual hybrid bond with an annual fixed rate coupon of 3.625% and a next reset period of 5.25 years. The bond will be accounted for as 100% equity by

Heimstaden Bostad in accordance with IFRS. S&P and Fitch will classify the bond as having intermediate (50%) equity content and have assigned a 'BB+' rating to the issue. The proceeds will be used to fund the recently announced acquisition of Akelius' residential properties in Germany, Sweden, and Denmark and will reduce the commitments under the bridge financing of 65.7 billion.

Parent Company Income Statement

SEK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Management service revenues	-	3	1	3
Other operating expenses	-8	-	-8	-
Administrative expenses	-140	-96	-401	-281
Operating profit	-147	-93	-408	-277
Interest income	113	94	325	305
Interest expenses	-165	-202	-450	-520
Other financial items, net	-68	-143	-275	-784
Net income from fair value adjustment of derivative financial instruments	28	51	239	-31
Profit/loss after financial items	-239	-294	-569	-1 307
Income tax expense	6	-1	-27	15
Profit for the period	-233	-295	-596	-1,291

Parent Company Comprehensive Income Statement

SEK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Profit for the period according to the Income Statement	-233	-295	-596	-1,291
Other comprehensive income	-	-	-	-
Comprehensive income	-233	-295	-596	-1,291

Parent Company Balance Sheet

SEK million	30 Sep 2021	31 Dec 2020	30 Sep 2020
ASSETS			
Shares and participations	40,060	38,867	32,779
Deferred tax assets	55	93	32
Non-current receivables, subsidiaries	28,454	19,343	19,260
Total non-current assets	68,569	58,304	52,071
Current receivables, subsidiaries	44,630	33,721	34,024
Other financial assets	7,244	100	126
Cash and cash equivalents	12,124	5,916	6,010
Total current assets	63,997	39,737	40,161
Total assets	132,566	98,041	92,232
EQUITY AND LIABILITIES			
Equity	85,278	64,353	58,196
Interest-bearing liabilities	23,677	23,210	24,111
Derivative financial instruments	265	453	155
Non-current liabilities, subsidiaries	23,055	9,729	9,502
Total non-current liabilities	46,996	33,392	33,768
Trade and other payables	292	295	268
Total current liabilities	292	295	268
Total equity and liabilities	132,566	98,041	92,232

Parent Company Statement of Changes in Equity

SEK million	Share capital	Share premium reserve	Hybrid bonds	Retained earnings	Total equity
Opening balance, 1 Jan 2020	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	-994	-596
Total profit	-	-	398	-994	-596
Share issue	9	12,456	-	-	12,465
Dividends	-	-	-398	-4,572	-4,970
Issue of hybrid bonds	-	-	14,163	-	14,163
Costs of issuance	-	-	-136	-	-136
Total transactions with the company's owners	9	12,456	13,629	-4,572	21,521
Equity, 30 Sep 2021	51	62,696	27,648	-5,117	85,278

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, 21 October 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 September 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, 21 October 2021
Ernst & Young AB

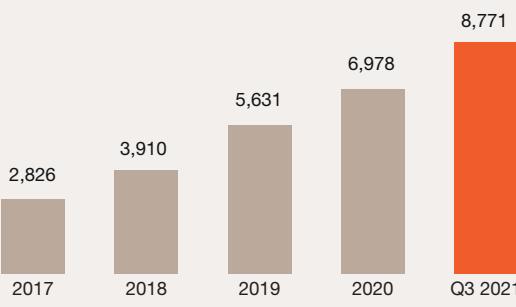
Peter von Knorring
Authorised Public Accountant

Earnings capacity

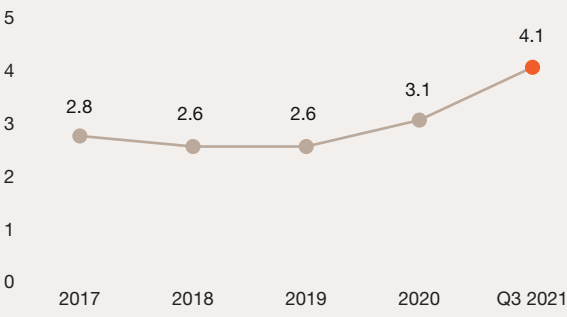
Earnings capacity represents annualised earnings calculated on the basis of the contracted rental income, current property expenses and administrative expenses of the property portfolio as of 30 September 2021. Announced property acquisitions that closed after the balance sheet date are not included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

SEK million	
Rental income	8,771
Service income	618
Property expenses	-3,736
Net operating income	5,654
Corporate administrative expenses	-498
Profit before financial items	5,156
Financial costs - interest-bearing liabilities	-1,248
Profit	3,908
Net operating income margin, %	64.5
Interest coverage ratio	4.1

Earnings Capacity Rental Income
SEK million



Earnings Capacity ICR
multiple



Steinvælen 1,
Oslo, Norway

Alternative performance measures

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

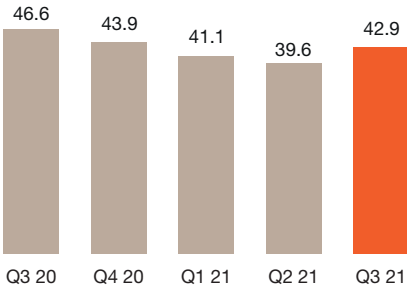
Net Loan-to-Value (LTV)

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	Q3 2021	Q2 2021	Q3 2020
Interest-bearing secured liabilities	56,015	50,985	41,141
Interest-bearing unsecured liabilities	43,378	31,964	31,070
-Cash and cash equivalents	-14,276	-9,244	-7,524
Net interest-bearing liabilities	85,118	73,705	64,688
Fair value of investment properties	198,543	186,068	138,936
Net LTV, %	42.9	39.6	46.6

Net LTV

%



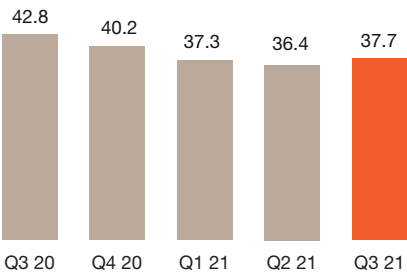
Net Debt / Total Assets

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

SEK million	Q3 2021	Q2 2021	Q3 2020
Net interest-bearing liabilities	85,118	73,705	64,688
Total assets	225,611	202,417	151,090
Net Debt / Total Assets, %	37.7	36.4	42.8

Net Debt / Total Assets

%



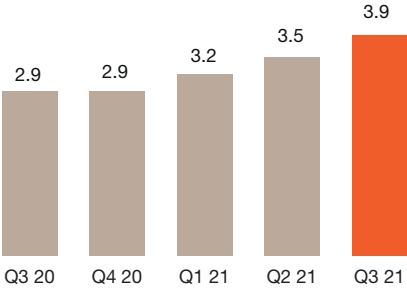
Interest Coverage Ratio (ICR)

The interest coverage ratio is an industry standard ratio used to determine the extent to which Heimstaden Bostad'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 Rolling 12 months	Q3 2021	Q2 2021	Q3 2020
Profit before financial items	4,497	4,153	3,307
Financial income	68	72	84
Profit before financial items plus financial income	4,566	4,225	3,391
Financial costs - interest-bearing liabilities	1,161	1,222	1,190
ICR	3.9x	3.5x	2.9x

ICR

multiple



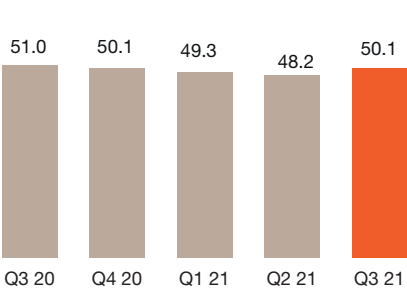
Net debt / Net debt + Equity (S&P method)

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

SEK million Rolling 12 months	Q3 2021	Q2 2021	Q3 2020
Equity	114,325	109,084	71,786
-50% hybrid	13,830	-13,618	-4,250
Equity adj.	100,495	95,466	67,536
Total interest-bearing liabilities	99,393	82,949	72,211
Right-of-use-liabilities	654	646	623
-Cash and cash equivalents	-14,276	-9,244	-7,524
10% decrease for cash and cash equivalents (S&P adj.)	1,428	924	752
50% of hybrid equity as debt (S&P adj.)	13,830	13,618	4,250
Net interest-bearing liabilities, Adj. (Net debt)	101,028	88,894	70,313
Net debt + equity	201,523	184,360	137,849
Net debt / (net debt + equity)	50.1	48.2	51.0

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

multiple



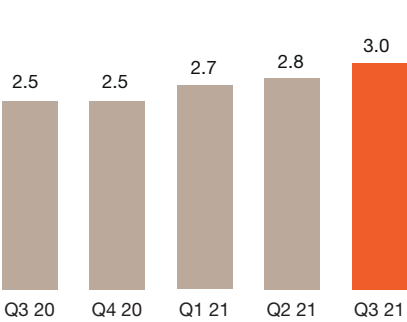
ICR (S&P method)

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

SEK million Rolling 12 months	Q3 2021	Q2 2021	Q3 2020
Operating profit before inventory properties and fair value adjustments	4,497	4,153	3,307
Depreciation and amortisation	10	16	3
SOS Partnership	26	-	-
Share of net profits of associates and joint ventures	-52	-33	-67
EBITDA, adj.	4,481	4,136	3,242
Interest expenses on interest-bearing liabilities	1,161	1,222	1,190
50% interim-equity hybrid dividend annual (S&P)	315	243	103
Interest expense, adj.	1,476	1,465	1,293
ICR incl. Hybrid bonds as 50% debt	3.0x	2.8x	2.5x

ICR (S&P method)

multiple



All figures in SEK million unless otherwise specified.

Regulated income, %

	Q3 2021	Q4 2020
Regulated residential income	1,069	857
Residential income	2,029	1,621
Regulated income, %	52.7	52.9

Residential, %

	Q3 2021	Q4 2020
Fair value residential properties	179,547	133,739
Fair value investment properties	192,338	143,806
Residential, %	93.3	93.0

Like-for-like rental income growth

	Q3 2021 ¹	Q3 2020 ²
Rental income current year	1,377	941
Rental income previous year	1,337	919
Like-for-like rental income growth, %	3.0	2.4

¹ Only properties owned as of 31 December 2019 included.

² Only properties owned as of 31 December 2018 included.

Net operating income margin

	Q3 2021	Q3 2020
Rental income	2,150	1,625
Net operating income	1,428	1,027
Net operating income, %	66.4	63.2

Economic occupancy, residential

	Q3 2021	Q4 2020
Theoretical rental income on residential units	2,100	1,698
Economic vacancy	-71	-77
Rental income on residential units	2,029	1,621
Economic occupancy, %	96.6	95.5

Real economic occupancy, residential

	Q3 2021	Q4 2020
Theoretical rental income on residential units	2,100	1,698
Adj. for non-market vacancy	-50	-46
Adj. Theoretical rental income	2,049	1,652
Real economic occupancy, %	97.6	97.3

Equity ratio

	Q3 2021	Q4 2020
Equity	114,325	77,741
Assets	225,611	156,926
Equity ratio, %	50.7	49.5

Solvency ratio

	Q3 2021	Q4 2020
Equity	114,325	77,741
Liabilities	111,286	79,185
Solvency ratio, %	50.7	49.5

Net asset value (NAV)

	Q3 2021	Q4 2020
Equity	114,325	77,741
Deferred tax liability	7,238	4,212
NAV	121,563	81,953

EBITDA

Rolling 12 months	Q3 2021	Q4 2020
Operating profit before investment properties and fair value adjustments	4,497	3,589
Amortisation and depreciation	10	11
EBITDA	4,507	3,599

Debt/EBITDA

Rolling 12 months	Q3 2021	Q4 2020
Interest-bearing liabilities	85,076	69,954
EBITDA	4,507	3,599
Debt / EBITDA, multiple	18.9	19.4

NAV per ordinary share

	Q3 2021	Q4 2020
Equity	114,325	77,741
Preference capital A	293	287
Preference capital B	50,469	42,208
Hybrid capital & minority	28,245	14,008
Deferred tax	7,238	4,212
Equity excluding preference capital	42,556	25,450
Number of ordinary shares	7,644,815	6,578,058
NAV per ordinary share , SEK	5,567	3,869

Secured loan-to-value

	Q3 2021	Q4 2020
Interest-bearing secured liabilities	56,015	40,463
Total assets	225,611	156,926
Secured loan-to-value, %	24.8	25.8

Contacts:

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Magnus Granerød, IR Manager, +47 922 38 407, ir@heimstaden.com

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 CET on 22 October 2021.

The Annual Report for 2021 will be published on 28 February 2021.

Heimstaden
BOSTAD

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