



Contents

About	3	Business Review	10	Governance Report	30	Financial Information	44	Sustainability Report	107
The Year in Brief	6	Customer Centred	11	Share structure and owners	31	Consolidated Financial Statements	45	Reporting Principles	108
CEO Letter	8	Friendly Workplace	13	Corporate Governace Structure	32	Parent Company Financial Statements	82	Climate Road Map	110
Strategy and ambitions	9	Sustainable Mindset	15	Board of Directors	33	Proposed appropriation of		Scenario Analysis	113
		Investment Strategy and Transactions	22	Audit and Risk Committee (ARC)	34	accumulated profit	95	EU Taxonomy	113
		Property and Asset Management	24	Manager's Senior Executives	37	Signatures	96	Stakeholder Engagement	114
		Property Portfolio	25	Risk Management	39	Auditor's Report	97	Economic Performance	120
		Capital Structure	27	Internal control	41	Alternative Performance		Anti-Corruption	121
						Measurements	100	Tax	122
						Quarterly financial information	103	Energy	123
								Water	124
								Greenhouse Gas Emissions	125
								Waste	126
								Employment	127
								Occupational Health and Safety	128
								Human Rights	130
								Local Community	132

- Refers to audited sections. [Pages 1–2, 6, 22–26, 39–40](#) and [43–102](#) make up Heimstaden Bostad's Administration Report and Financial Information, which have been audited by the company's auditors.

The Statutory Sustainability Report, in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, was approved for publication by the Board of Directors. Find our Statutory Sustainability Report index on [page 119](#).

Cover photo:
Aerial view of Berlin



Administration Report and Financial Information

Heimstaden Bostad is a public company. Corporate identification number 556864-0873. Domiciled in Malmö, Sweden.

This report contains forward-looking information based on the current expectations of Heimstaden Bostad's management. No guarantee can be provided that these expectations will prove, correct, and future outcomes may vary considerably compared to what is presented herein based on, among other things, changing economic, market, and competitive conditions, changes in legal requirements and other policy measures, and exchange rate fluctuations.

The Annual Report is published in Swedish and English. The Swedish version is the original and has been audited by Heimstaden Bostad's auditor. Figures in brackets refer to the previous year, 2020, unless otherwise stated.

An Evergreen Platform of *Friendly Homes*

With a presence in nine European countries, Heimstaden Bostad is a leading European residential real-estate company with an evergreen perspective.

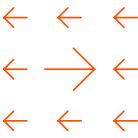
Guided by our values and Scandinavian heritage, we aim for excellence in happiness and life quality for customers and employees, and responsible and cost-efficient in-house operations.

This is how we fulfil our vision to enrich and simplify lives through Friendly Homes.



Care

about and respect our co-workers, customers, partners, and the society we live in. We find sustainable solutions for people and buildings.



Dare

to think outside the box. We always look for better ways to do what we do. We encourage diversity, open minds, and new ideas.



Share

our knowledge and willingly help each other grow. We are authentic, transparent, and honest in our communication and actions.

Investment Properties

148,295

Homes

92%

Residential Area¹

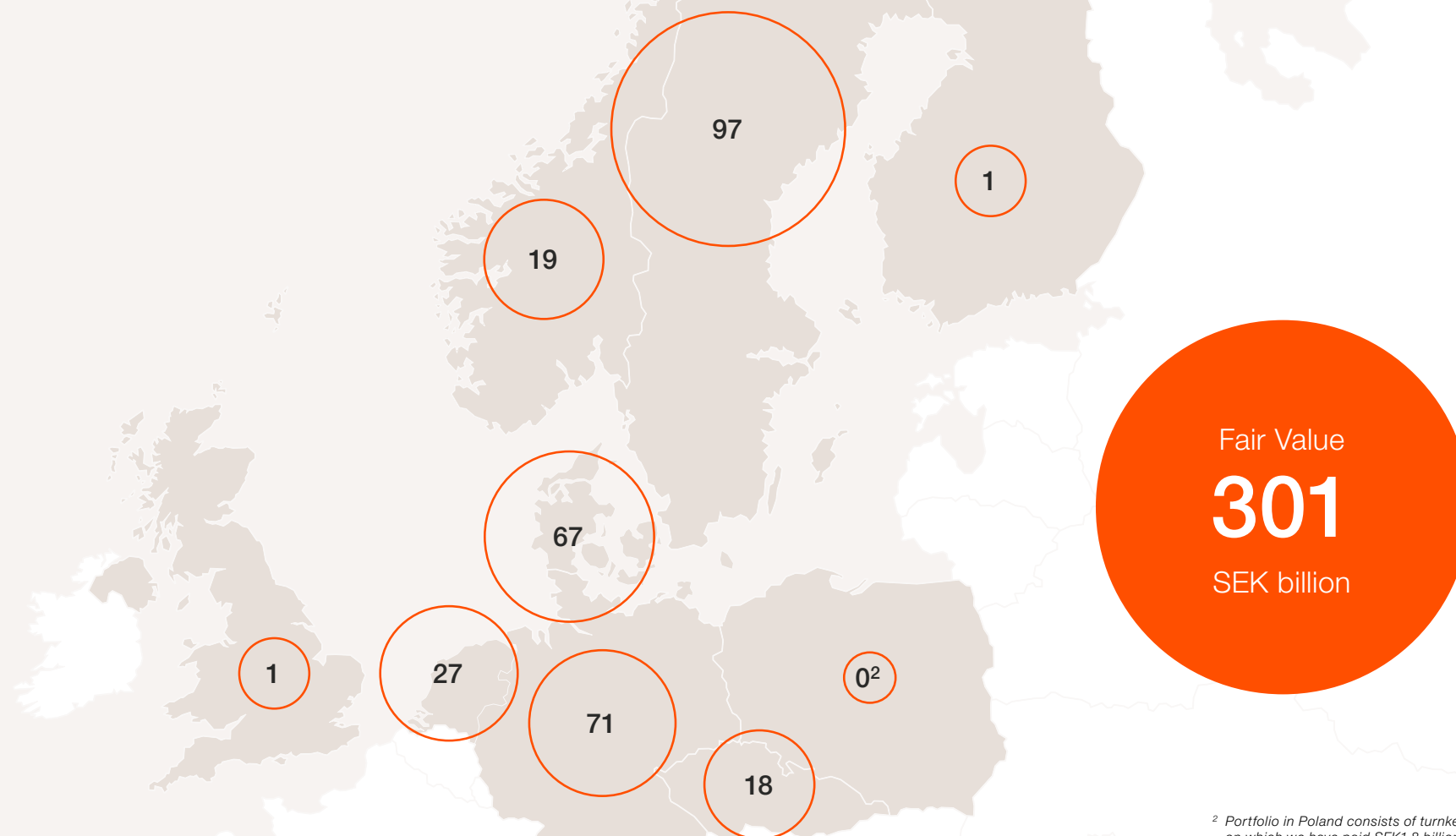
62%

Regulated Income

11 million

sqm

¹ 8% commercial premises and parking.



Fair Value

301

SEK billion

² Portfolio in Poland consists of turnkey forward contracts, on which we have paid SEK1.8 billion classified as a non-current financial asset.

Key Characteristics



Strong ownership structure

Heimstaden Bostad is owned by Heimstaden and long-term institutional investors who share a philosophy for evergreen and sustainable investments. Heimstaden has substantial experience in acquiring, developing, and actively managing residential real estate and is the property and facility manager of Heimstaden Bostad.



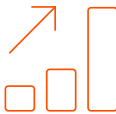
Attractive, resilient asset class

Residential real estate is the world's largest asset class and an essential part of the global economy. Non-cyclical in nature, it is a basic human need without risk of disruption and with strong supportive demographic trends, such as decreasing household sizes, supply shortages, and urbanisation.



Diversified portfolio across strong European markets

Heimstaden Bostad's property portfolio is diversified across attractive European markets with growing economies and favourable residential fundamentals. The portfolio has a balanced exposure to regulated and unregulated rental regimes, which provide Heimstaden Bostad with stable and secure cash flows as well as the ability to capture upside from positive market developments.



Fully integrated operating platform with proven track record

With a fully integrated and scalable operating platform, Heimstaden ensures a common experience for Heimstaden Bostad's customers combined with swift and cost-efficient integration of new markets.



Solid financial position and conservative financial policy

Heimstaden Bostad follows a strategy for responsible growth and value creation and has continuously improved its operating performance and financial metrics. We adhere to conservative financial policies that support Heimstaden Bostad's long-term strategy and vision. The company is rated 'BBB' by S&P Global Ratings and Fitch Ratings.

Year in Brief

We continued to strengthen our operational platform and pursued our strategy for responsible growth in attractive European markets, growing the fair value of our portfolio from SEK 144 billion to SEK 301 billion. Throughout the year, employee and customer satisfaction developed positively. Through dedicated and targeted efforts, we passed several important milestones in our sustainability strategy, including committing to the Science Based Targets initiative (SBTi) and setting new sustainability targets to reduce the company’s greenhouse gas emissions in line with the 1.5°C ambition of the Paris Agreement.

35.9%

Rental income growth

126 billion

Acquisitions, SEK

46.2%

Net loan-to-value (LTV)

4.1x

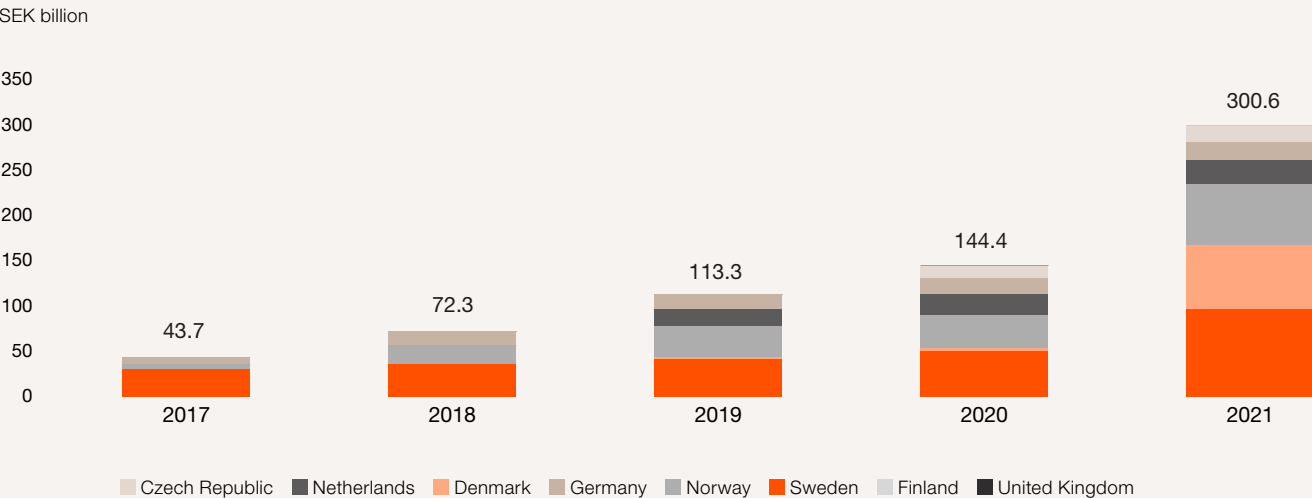
Interest coverage ratio



Key Figures

	2021	2020	2019	2018	2017
Rental income	8,608	6,332	4,135	3,046	1,585
Net operating income	5,386	3,893	2,403	1,751	804
Profit before inventory properties and fair value adjustments	2,834	3,589	2,263	1,611	706
Profit after tax	18,951	8,673	4,460	3,023	1,577
Net loan-to-value, %	46.2	43.9	48.0	54.3	55.1
Interest coverage ratio, multiple	4.1	2.9	2.5	2.6	3.1
Residential occupancy ratio, %	96.4	94.4	97.6	97.4	98.6

Fair Value



Q1

Q2

Q3

Q4

Fair Value, SEK

179 billion

186 billion

199 billion

301 billion

Homes

114,041

116,083

118,614

148,295

Real Economic
Occupancy

97.6%

97.6%

98.1%

98.3%

Net LTV

41.1%

39.6%

42.9%

46.2%

Adopted the Swedish Corporate Governance Code and elected new independent Board Members.

Became one of the first major European residential real-estate companies to commit to the SBTi.

Raised SEK 12.5 billion in new equity from existing owners and a new institutional investor, Swedish Pensions Agency.

Acquired HD Ejendomme in Denmark – adding 6,000 homes to the Danish portfolio.

Successfully placed EUR 800 million in hybrid capital.

Entered the UK with a SEK 1.9 billion acquisition of a newbuild project consisting of 752 homes in Birmingham

Acquired SEK 3.1 billion newbuild projects of 2,496 homes in five of the largest cities in Poland.

Expanded with almost 2,000 more homes in Berlin and six other German cities.

Heimstaden Czech Republic rallied with manpower and material to help community rebuild after devastating tornado.

Launched Workday, a common platform for people data and processes, operating as ONE Heimstaden across all markets.

Heimstaden Bostad and SOS Children's Villages launched 'A Home for A Home' program to leverage expertise to contribute beyond donations.

New climate targets approved by the Board with a commitment to invest minimum SEK 5 billion to reduce greenhouse gas emissions in line with the Paris Agreement ambition to limit global warming to 1.5°C by 2030.

Announced acquisition of 599 properties from Akelius in Germany, Sweden, and Denmark for SEK 92.5 billion.

Fitch Ratings initiated coverage with a 'BBB' credit rating and S&P confirmed its 'BBB' rating.

Two new institutional investors entered as investors in Heimstaden Bostad.

Completed a SEK 32 billion share issuance with existing and new shareholders.

Made a two-step climb to a B-score on the CDP Climate Change index.

Announced that Allianz Real Estate would invest SEK 7.9 billion in part of Heimstaden Bostad's portfolio in Sweden, forming a joint venture. The transaction was completed in January 2022.

A Transformative and Successful Year

We have continued to deliver on our long-term strategy and achieved historical milestones. In addition to completing the largest real estate transaction in Europe, the acquisition of 599 properties in Germany, Sweden, and Denmark from Akelius positioned us as the second largest residential real estate company in Europe. I am proud that we continue to improve our customer satisfaction score, as well as contributing to society with ambitious climate goals and social support.

Historical expansion

Our portfolio increased by almost 50% last year, and we have broadened our geographical footprint when entering Finland and UK. Several large acquisitions have been transforming for us as a company, and we now have a scalable platform across nine European countries, providing 150,000 Friendly Homes to more than 300,000 customers. Although we see that scale leads to improvements throughout our value chain, the combination of growth and increased quality would not have been possible without our passionate, competent, and hard-working people. I am deeply thankful to all Heimstaden colleagues for the great effort they have put in the last year.

A validated future

A diversified portfolio balances risks from a financial, operational, and sustainability perspective. Building on our 'BBB' credit rating from Standard & Poor's, we added a credit rating from Fitch, with an inaugural rating of 'BBB'. The ratings are a validation of our long-term strategy and ability to improve financial metrics during periods of significant growth, allowing for further access to financing at a lower cost.

New investors

We also have had the pleasure of welcoming four new highly respected investors that share our values and evergreen perspective. Just before Christmas, we announced a joint venture with Allianz, one of the largest real estate investors globally. Investors of this calibre are a testament of trust and confidence in what we do, and with our owners' long-term commitment we are well positioned to deliver on our strategy in the years to come.

Sustainable mindset

We take great pride in contributing to solving important environmental and social challenges.

Our revised sustainability targets are in line with the Paris agreement, and we have committed a minimum of SEK 5 billion to reduce greenhouse gas emissions by close to 50% by 2030. Being granted a B score by CDP on its Climate Change index, a two-step climb from 2020, was great confirmation of our extensive sustainability work and the impact it has.

We are proactively promoting diversity, inclusion, and belonging, in addition we have increased the number of social lease contracts with close to 400 new ones. By openly publishing customer satisfaction results and urging peers to do the same, we want to push the industry in a more transparent and customer-centric direction.

In addition to providing Friendly Homes and neighbourhoods to our customers, we also want to make a difference for those who need it the most. After launching A Home for a Home in July, our global partnership with SOS Children Villages, we have provided help to more than 20,000 children in 22 countries across the globe.

Looking ahead

The conditions for growing our business remain promising and we expect the demand for housing to remain strong. We will continue to provide excellent service to our customers along with strong financial and operational results. Together with our passionate and competent people, I am confident that 2022 will be yet another successful year for Heimstaden Bostad.

Patrik Hall
CEO Heimstaden Bostad



“I am enormously proud that we are taking action to face climate issues in a purposeful, structured and innovative manner.”

Strategy and Ambitions

Forging Ahead in ‘Quantum Leaps’

Our values ‘Care, Dare, and Share’ have found their place at the heart of the organisation. They form the foundation of our Friendly Homes concept and are essential to fulfilling our core ambitions.

We continue our strategy of taking Quantum Leaps through operational growth and improvements, and transformative transactions. More Quantum Leaps are on the horizon as our evergreen platform sets a new industry standard based on Efficient and Innovative Operations and our four strategic pillars: Customer Centred, Friendly Workplace, Sustainable Mindset and Financial Strength.

Visit our website to read more about our Quantum Leaps Strategy [↗](#)



Our Core Ambitions



Excellence in happiness and life quality at home



Excellence in happiness and life quality at work



Societal contribution, inspiration, and enrichment



Commercially outstanding



Everyone Deserves a Friendly Home

We want to help those who struggle to find a home and support NGOs such as 2nd Chance and WeShelter, which facilitate stability in life for vulnerable people and eventually a permanent housing solution. During 2021 we increased the number of social lease contracts with close to 400 new ones.

Customer Centred

Life Quality in the Spotlight

We strive to simplify and enrich our customers' lives through many points of contact, both online and in person. Digital innovations are fantastic, but we also want to engage our customers as a friend. Living in our Friendly Homes and neighbourhoods should outshine other housing alternatives, and our customers should feel that we listen and act on what we hear.

Comprehensive communication

Our Customer Service builds on the three communication and service pillars of personal, digital, and self-service.

Our personal pillar includes a variety of offerings, including meet and greet sessions, community centres, BBQs, children's play time, gardening activities, and cultural events. It also includes local sponsorships, such as tutoring, support for local athletic clubs, and children's activities. Unfortunately, due to the pandemic, in-person interaction was largely curtailed during 2021.

In 2021, we also extended our personal offering, starting in Sweden, to include micro-meetings with our Customer Ambassador, who facilitated book circles, coffee breaks, and music events. These micro-meetings are meant to build community and social interaction among neighbours, increase well-being, and decrease involuntary loneliness. We will extend the program with more full-time employees in 2022 and eventually roll it out in other markets.

On the digital front, we introduced our MyHome tenant portal (see [page 24](#)), which provides customers with documentation, service requests, rental payments, advice, and inspiration on one user-friendly platform. The portal was rolled out in Norway and Denmark in 2021, with the ambition to do the same in all our markets by 2023.

Creating value through 'Friendship'

Our Friendship offering is an important part of our Friendly Homes concept and comprises services like 24/7 customer support and cost-free assistance when moving in, concepts, happenings, and attractive deals to enhance the customer journey. Happy customers are loyal customers, and the concept is part of our efforts to reduce churn throughout our markets. We continued to develop the concept in 2021, successfully embedding it in all stages of the customer journey receiving very positive feedback. Now fully implemented in Sweden, the concept will gradually be rolled out to other markets in 2022.

Customer journey – how we play





Constantly taking the pulse

In this year’s annual Customer Score Card (CSC), we were concerned that the pandemic might negatively impact customer satisfaction. Fortunately, there is a positive trend throughout all our markets, and we were pleased to see great improvements in markets we recently entered. This is clear evidence that our Friendly Homes concept actually does provide added value to our customers. The detailed feedback from our customers will serve as a guidebook for our operational priorities in 2022.

In addition to our annual CSC, we run CSAT (customer satisfaction) surveys at four stages of the customer journey: after contract signing, after moving in, during the tenancy, and

after moving out. The detailed insight this provides allows us to take immediate action to resolve issues. Both the CSC and CSATs also include an NPS (Net Promotor Score) to gauge customer loyalty.

Voice of Customers

Results from our 2021 CSC indicate that customers are more satisfied with their homes, facilities, and Heimstaden’s services. Rates remain high in those markets we have been in longest, but tend to be lower in markets where we are in the process of implementation and integration of the Heimstaden Friendly Homes concept, such as Germany, Czech Republic, and Netherlands.

Voice of Customers

Every year we measure our customers’ satisfaction to see where we are performing well and where we could do better. We publish customer scorecards on our website and work proactively to make peers measure customer satisfaction and be transparent on results. Find more results from 2021 and 2020 on our [website](#).

Service Index

Combines scores from categories such as taking the customer seriously and if customers feel safe. In 2021, we see generally positive results across markets compared to last year’s survey

	2021	2020
Sweden	78.4%	78.4%
Norway	74.7%	74.5%
Denmark	74.6%	74.4%
Czech Republic	68.8%	67.2%
Germany	63.4%	–
Netherlands	58.5%	55.8%

Profile Index

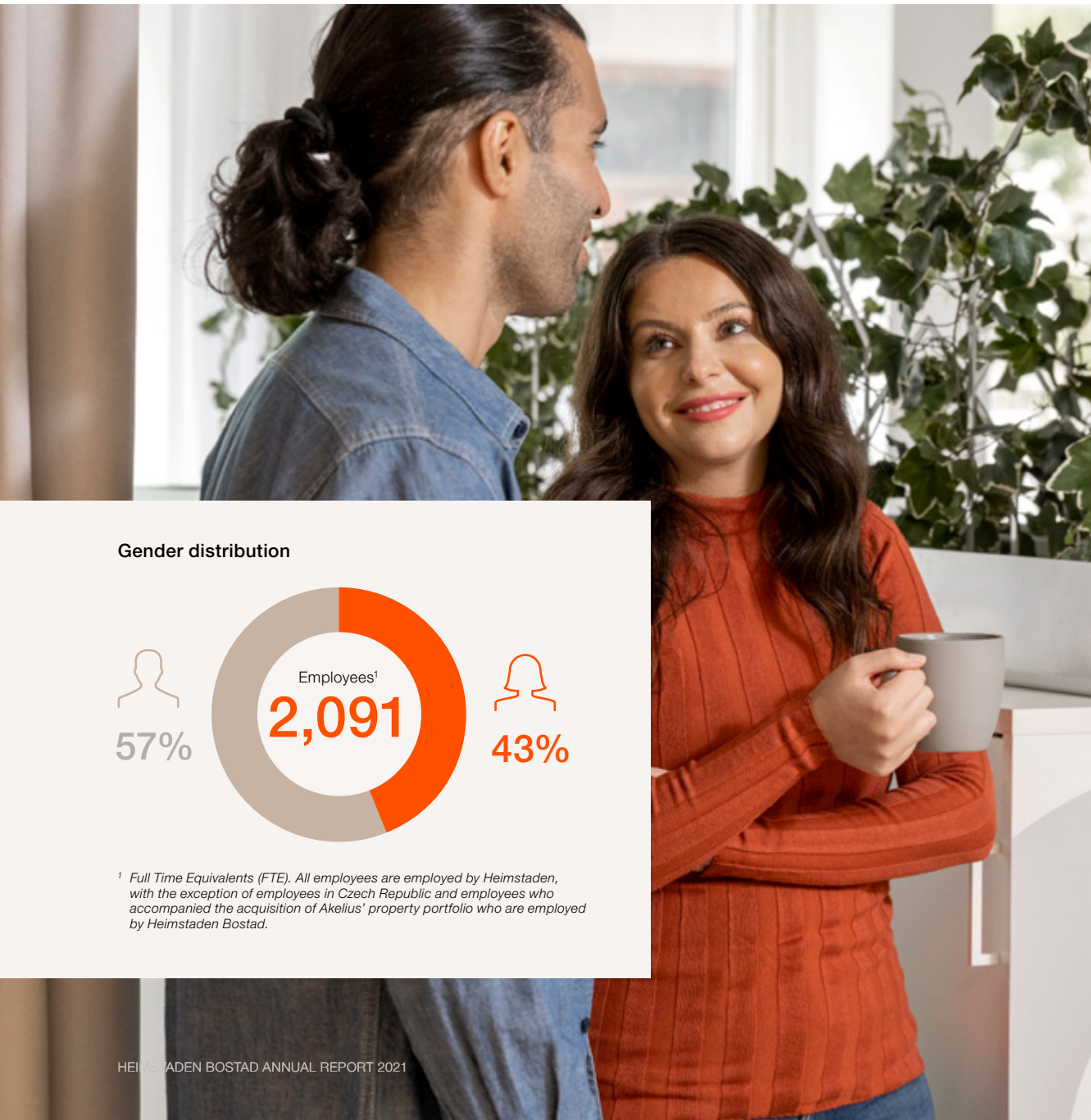
Combines general categories to measure satisfaction with Heimstaden as a company, such as well-being, care, our contribution to social responsibility and environmental actions.

	2021	2020
Sweden	80.1%	89.3%
Norway	77.5%	77.2%
Germany	71.3%	–
Denmark	67.6%	67.1%
Czech Republic	65.1%	60.3%
Netherlands	59.5%	52.0%

Recommending Us

On average, 80% of our customers have reported that they have a willingness to recommend Heimstaden to their friends and family, and there is a general improvement in the responses.

	2021	2020
Sweden	85.7%	85.3%
Norway	83.0%	78.4%
Germany	80.2%	–
Netherlands	78.2%	–
Denmark	73.5%	77.0%
Czech Republic	67.8%	66.2%



Gender distribution



¹ Full Time Equivalents (FTE). All employees are employed by Heimstaden, with the exception of employees in Czech Republic and employees who accompanied the acquisition of Akelius' property portfolio who are employed by Heimstaden Bostad.

Friendly Workplace

Building a Friendly Workplace

We aim to be a world-class employer that attracts and retains the best talent with an inclusive, high-performing, and Friendly Workplace. We provide managers with the knowledge, processes, and tools necessary to make good decisions and build a culture that encourages all employees to optimise their potential and serve our customers to the best of their ability.

Building a common culture

Our ambition is to create a scalable and smart foundation for the future, adopting robust processes that embrace both existing and new personnel wherever we operate. Strengthening our employee value proposition – happiness and excellence in life quality at work – is the starting point for every initiative. Most important is work health and safety, opportunity to grow, and fair conditions. We strive for a safe workplace with zero accidents and to mitigate risks including illness due to work-related stress.

In building a Daring culture, we encourage our people to venture outside their comfort zone and to view mistakes as learning opportunities. This must be demonstrated in our behaviours, which is why we invest in knowledge and training in culture workshops.

ONE way of working

As a growing company it is essential that we provide scalable, high-quality processes for everything from onboarding to termination, regardless of where individuals are employed. For this reason, we implemented Workday in 2021 – our first-ever group-wide digital platform that provides common workflows and

real-time access to data and statistical reporting across markets from a single source. This ensures that through analyses of people data, we can proactively focus on areas of improvement.

We also measure the temperature of employee engagement across borders on a monthly basis, with employee engagement surveys. By listening to and managing our people's needs, concerns, and motivation we can identify issues early and act to promote satisfaction. Despite challenges brought on by the pandemic, our job satisfaction scores remained stable throughout 2021 and we have high ambitions for improvements over the coming year.

Talent attraction and opportunities to thrive

Equal treatment and fairness, and zero tolerance for discrimination and harassment, are cornerstones of our culture. Recruitment is the first step to build diversity and inclusion. In 2021, we started Diversity, Inclusion, and Belonging digital training for our People and Culture team to learn how to provide best possible conditions for a bias-free employment process.

We take a structured approach to internal training and career development and in 2021, we launched our digital learning

platform featuring over 70 Heimstaden on-demand courses. We also launched our own training program for new Managers at Heimstaden called New@Leading, as well as continuing to roll out our leader development program Leading@Heimstaden to our country management teams.

Furthermore, we conducted a review of our remuneration framework, using Mercer, to ensure consistency across all our markets. We performed benchmark surveys on fair pay, helping managers gauge appropriate salary levels for new hires, as well as people moving between roles and countries.

In 2021, the number of internal promotions and lateral movements into new roles and/or teams were 82 – an increase from previous years, which is evidence that our international growth and focus on internal talent development is having a positive effect on career opportunities within Heimstaden.

2021 Human Growth Award finalists

Our People and Culture team was singled out as one of five finalists for the 2021 Human Growth Award in Sweden, which is a real honour considering the high quality of the other nominees. For the first time, Heimstaden has also entered the 'Karriärföretagen' list in Sweden as one of the 100 most attractive workplaces for Young Professionals.

HeimMade – ideas that bring our vision to life!

HeimMade is a fund where our people apply for funding of pilots that enhance the Customer Experience. Already after a few months, many great ideas like removal services and inspirational waste room management which inspire and encourage our tenants to recycle more, came to life. These are great examples on how everyone in Heimstaden participates in fulfilling our vision to simplify and enrich life through Friendly Homes.

Achieving a Friendly Workplace through six focus areas¹

Total Temp

2021 Outcome:

8.0²

Index: 7.4

Equal rights

2021 Outcome:

9.1

2023 Target: 9.2
No Index

Good leadership

2021 Outcome:

8.3

2023 Target: 9.2
Index: 7.9

Opportunity to grow

2021 Outcome:

7.7

2023 Target: 8.5
Index: 6.7

Happiness at work

2021 Outcome:

7.9

2023 Target: 8.5
Index: 7.0

Health and safety

Work-related injuries

2021 Outcome:

37

Target 2023: Work-related injuries 0

Sick leave

2021 Outcome:

6.4%³

Target 2023: Sick leave <5%

Personnel turnover

2021 Outcome:

22%⁴

2023 Target: <10%

Most employees are employed by Heimstaden AB. Employees in Czech Republic and employees that followed in connection to the acquisition of the Akelius properties are employed by Heimstaden Bostad. For more information see [page 137](#). The above KPIs are collected from our employee engagement tool Winningtemp, from our HR system Workday, and local payroll systems. Index is industry average. Where there is no index, the area was not covered in the standard survey but added by Heimstaden.

¹ For detailed information, read more in our Sustainability Report on [pages 107–142](#).

² Total Temperature is the average of all the areas surveyed monthly in Winningtemp (Leadership, Job satisfaction, Meaningfulness, Autonomy, Work situation, Participation, Personal development, Team spirit, Commitment, Safety, Equal treatment, Feedback).

³ The increase in sick-leave is mainly Covid-related.

⁴ The increase in turnover is due to our rapid growth and high pace of change, but also that the labour market opened up in the later half of 2021 providing personnel with external opportunities.



Sustainable Mindset

Raising the Bar in Sustainability Leadership

Sustainability is embedded in everything we do, ensuring a fair, trustworthy, and transparent company that strives to help preserve the planet for future generations and improve society and people's well-being.

In 2021, we reviewed our Environmental, Social, and Governance (ESG) objectives, with the board approving new climate targets along with our pathway budget of SEK 5 billion over the next nine years. The budget is for the current portfolio and will increase as Heimstaden Bostad grows.

This came shortly after the release of the Intergovernmental Panel on Climate Change's (IPCC)'s 6th Assessment Report announcing a Code Red for Humanity. It said the planet will continue to heat up until at least 2050 under all emissions scenarios, with drastic emission reductions necessary in the coming decades to limit further warming.

Strong focus on emissions reduction

As one of Europe's largest residential real-estate owners, we want to lead by example and will submit our new climate targets to the SBTi for validation, to ensure alignment with the Paris Agreement.

Our target is to reduce energy-linked (Scopes 1 and 2) emissions by at least 46% by 2030 (from 2019 levels). This is also backed by a good business case. We calculate that our SEK

5 billion pathway investment will result in annual savings of SEK 290 million, generating a potential yield on investment of appr. 5.7%. Measures that cost the most generate the most emissions reduction potential, but we will work on smaller steps as well, as every effort counts. Our key Scope 3 target relates to supplier engagement, requiring our major contractors to set their own SBTs in line with the Paris Agreement by 2025.

In terms of climate change mitigation, we reduce emissions through sustainable solutions in our own energy generation and in purchased energy, and energy-efficiency measures. To meet our targets, we make fuel shifts in our properties through pursuing local heating and energy production, installing heat pumps or electric boilers, and switching to green electricity. In addition, we need to successfully engage energy providers to reduce use of fossil fuels. Energy-efficiency measures include insulation and ventilation improvements, sensor-controlled LED lighting, and smart control of heating and electrical systems to minimize losses. We also encourage tenants to reduce energy usage.

Supporting change

Although our targets apply to Heimstaden Bostad as a whole, there will be differences in the extent of measures in different markets and where they will take place.

The Czech Republic depends heavily on coal for heating. The market accounts for over 80% of our Scope 1 and 2 emissions and will require about 60% of our emissions-reduction investment.

In the Netherlands and Denmark, tenants typically have their own energy contracts outside our influence, while in Norway, despite a cold climate and high energy usage, there is a low emissions intensity due to the prevalence of relatively clean district heating and hydropower. We will further investigate relevant measures in Germany owing to tight regulations governing rent increases. In contrast, in the Netherlands rents may be adjusted based on a building's energy performance.

Energy performance certification (EPC) on properties is also applied differently in different countries – for example, a Danish EPC A (sustainable building) category would not be EPC A in Sweden.

See our [2021 Sustainability Report](#) for a detailed description of all ESG strategies that make up our sustainability pathway.

Increased capacity

To ensure consistent progress in all ESG areas, we increased the group sustainability team with two new members in 2021. To ensure implementation of our ESG strategy, and share best practice across all markets, we have assembled a Group Sustainability Council comprising one representative from each market that meets on regular basis.

Climate Change Adaptation

The devastating wildfires in Southern Europe and extreme flooding in Germany and elsewhere during the summer underline the gravity of the IPCC's Sixth Assessment report in August. We are aware that extreme weather – flooding, drought, excessive rainfall, sea-level rise, heatwaves, and ecosystem collapse – will likely increase and are currently working on climate resilience (risk) analyses, as well as adaptive measures, for all our markets down to property level. Read more about our climate risks on [page 111](#) of this report.

We have also helped out on the ground. In the Czech Republic, we took direct action to help people affected by a tornado that hit parts of the country in June. Although none of our properties were affected, we assembled a team to help in the rescue and rebuilding effort.



Ensuring Regulatory Compliance

We have expanded our group sustainability team to ensure that we are up to date with all EU and national regulations throughout our markets. This year, we have prioritised preparations for alignment with the EU Taxonomy, which introduces an EU-wide classification system providing businesses and investors with a common language to identify the degree to which economic activities can be considered environmentally sustainable. See [page 107–142](#) for Heimstaden Bostad's Sustainability Report.

The EU Commission has also announced that it will adopt a Directive on mandatory Human Rights Due Diligence encompassing companies' entire value chain and all proportionate and commensurate measures to prevent adverse impacts on human rights, governance, and the environment. We are consequently developing all necessary processes to comply with the Directive.

In 2021, the EU Commission also announced its 'Fit for 55' package linked to the European Green Deal. This encom-

passes a suite of legislative initiatives across various sectors including energy, transport, and buildings that are intended to overhaul the EU's climate policy framework and enable the EU to deliver on its 2030 climate targets. We are monitoring progress to see how this will impact Heimstaden Bostad.

In December 2021, The EU Commission published its proposal of policy on energy performance in buildings, the Energy Performance of Buildings Directive (EPBD). The revised EPBD will facilitate and increase building renovation, modern-

isation, and decarbonisation of the EU's building stock. As of 2030, all new buildings must be zero-emission, residential buildings should be renovated from G to at least F by 2030, and to at least E by 2033. A Building 'Renovation passport' will facilitate planning and a step-by-step renovation towards zero-emission level. We closely monitor the development of the revised EPBD and its consequences for the company.

The energy year 2021

Despite implementing many energy-efficiency measures in all the countries we operate in, 2021 proved to be an energy-intensive year that saw energy use and CO₂ emissions increase versus 2020. The main reasons for this were, firstly, that 2020 was a much warmer year (with less heating required), and, secondly, that our property portfolio grew significantly in 2021. In addition, we used more natural gas in 2021 after replacing coal-fired heating in many apartments in Czech Republic¹ with much more efficient central gas boilers. While data coverage in Germany and the Netherlands increased during the year, there is uncertainty as to the quality of data since a large proportion is collected manually. However, the intensity figures per square meter on energy (where the heat is normal year-adjusted) have improved in all countries, except Germany where we recently built an energy organization that will focus on energy improvements. We are constantly working to improve data quality through implementation of new digital solutions. Versus 2020, we also experienced a full ‘pandemic effect’ year in 2021, with increased energy consumption through households’ increased use of hot water and heating. Looking forward, we have started implementation of our climate roadmap and will work intensively to reduce energy use and CO₂ emissions across our property portfolio. The effects of energy investments on the properties’ heating systems can only be fully monitored when they have been in operation during the cold period of the year. Normally, trimmings and one calendar year of operation are required before these are fully effective. In addition to this operational phase, most energy investments require planning, and even in some cases, permission from authorities, which also means that project start can be delayed from several months up to one year after a decision on implementation.

¹ For our properties in the Czech Republic, the energy consumption from year 2021 is not yet available and therefore energy consumption figures from 2020 are used.

Highlight KPIs

	2021	2020	2019
Tonnes CO ₂ e /SEK Million rental revenue	24	26	6
kg CO ₂ e/sqm	40	36	10
kWh/sqm	161	145	150

Local community (company wide)

	Target	2021	2020
Percentage social lease contracts	At least 3% of apartments by 2023	1.5%	1.9%
Total number of social lease contracts		2,321	1,943
Share of regulated residential income		62%	53%
Number of young adult jobs (student employees, summertime workers or trainees)	100 young adult jobs each year	110	77

All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.

We currently have social contracts in Sweden, the Czech Republic, the Netherlands and Germany. During 2021 continued the work on defining social leases for all countries and changed our method for calculating the target outcome. The denominator of the KPI consists of the total number of homes, including vacancies. The numerator consists of the total active and signed social lease contracts at the end of 2021. During 2021 the share of social leases decreased compared to 2020. However, the total number of social lease contracts increased. The decrease in percentage is due to new acquisitions during the year where we have not implemented social leases yet.

Social sustainability

We contribute to creating a more sustainable society and proactively promote diversity, inclusion, and belonging.

Because of different regulations and social challenges in our markets, we initiated a project to clarify and fulfil our various social targets. Heimstaden Bostad has set the target to have at least 3% social lease contracts by 2023. During 2021 we increased the number of social lease contracts with close to 400 new one. However, we have changed the calculation method to cover all apartments we own including newly acquired units and vacant units. With the new calculation method, the proportion of social lease contracts for 2021 is 1.5%, the corresponding figure for 2020 was 1.9%.

Among our other targets, at least 3–4% of our own employees on an annual basis should be apprentices by 2023, at least 100 jobs annually shall be filled by young people entering the job market, and, together with third parties, we will provide internships for people with socio-economic challenges.

Human rights

To extend the scope and depth of our supply chain awareness, our sustainability and procurement functions have made a thorough GAP analysis to identify where Heimstaden Bostad stands compared to recommended best practices. We identified human rights issues in our solar panel supply chain, where certain components originate from areas in China associated with human rights violations, and we are looking at ways to address this.



Sustainability Achievements in 2021



Heimstaden Bostad climbs on CDP ladder

This year, CDP, which runs the global environmental disclosure system, granted Heimstaden Bostad score B on its Climate Change index, a two-step climb from last year's result. Among our recognised efforts, we significantly strengthened our sustainability governance and risk management, committed to the SBTi, and took action to increase value-chain oversight.



Thermal insulation projects in Czech Republic

Improving insulation of building facades and individual homes is a key measure to reduce heat loss. During 2021, we completed insulation projects on nearly 1,400 apartments, reducing CO₂ emissions by a total of 980 tonnes.



Heimstaden Bostad wins prestigious award in Czech Republic

We won the 2021 Governor's Award for Social Responsibility in the Moravia-Silesia region because of our efforts to mitigate the effects of the pandemic, notably our 'Hello, you are not alone!' project.



A Home for a Home – collaboration with SOS Children's Villages

In Q3 this year, we launched A Home for a Home, a landmark partnership with SOS Children's Villages. Annually, we donate EUR 100 for each home we own to SOS Children's Villages, supporting many global and local co-created programmes around the world. Read more on the following [page 19–20](#).



A Home for a Home

Contributing to Those Who Need it Most

A Home for a Home was born out of our belief that businesses have an important role to play in shaping a better society. A safe childhood home is a key building block for success in life and supporting future generations with safe homes aligns with our work for diversity and equal opportunities.

A natural partner

We chose SOS Children's Villages (SOS) because of our shared mission to provide safe and friendly homes, their political and religious independence, global reach, and the high percentage of their funds used directly towards aid.

Lasting impact is the name of the game

The A Home for a Home initiative will set a new 'gold standard' for long-term NGO/corporate social partnerships, which we will achieve by engaging our assets and stakeholders to maximise impact beyond one-off donations.

We support SOS's ongoing activities around the world as well as co-created local programs in the countries where we operate. Our donation will grow as we grow. A steering committee comprising an equal number of representatives from both parties allocates funding on an annual basis, also for multi-year projects.

Synergies in action

In addition to the direct funding of global and co-created local programs, we are sharing our expertise to create improvements on the ground. For example, we are supporting SOS's 'Village 2.0' project in Guinea Bissau with consultancy on village redesign and sustainable power generation, and we are advocating for adjustments to foster family policies in the Netherlands to help keep siblings together.



July 2021 partnership launched



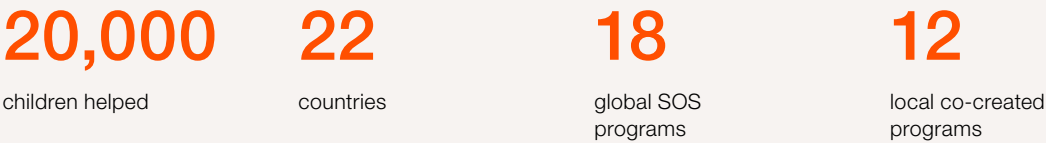
EUR 100 annual donation per home owned

A Home for a Home

Four Focus Areas



First Year Highlights



“SOS Children’s Villages is delighted to be partnering with Heimstaden Bostad, which shares our passion and commitment to make a positive impact on the world. We look forward to working with them in the years to come to ensure that children grow up with the care, relationships, and support they need to become their strongest selves.”

Ingrid Johansen
CEO, SOS Children’s Villages International





Open-Ended Lease Agreements

In 2021, we were the first private residential real estate owner in Norway to introduce open-ended lease agreements to the Norwegian market, providing our customers with more predictable and stable living conditions. Hopefully, this will inspire peers from the change current market practice to 3-year terms in lease agreements.



Investment Strategy and Transactions

Responsible Growth Rooted in Deep Market Analysis

The residential property market in Europe has proven to be resilient throughout the pandemic, as it has been in previous crises. In 2021, the market continued to attract an increased number of institutional investors and capital previously earmarked for other real-estate types, as investors rebalance their portfolios and increase exposure to residential as a more stable and reliable income source.

To capitalise on the strong demand, owners have been motivated to sell, which has led to more competitive processes and put pressure on yields, but due to our fully integrated value chain, we are well placed to secure operational outperformance (i.e. attractive returns) in a buoyant market versus non-industrial investors who are dependent on outsourced management.

At the end of 2021, our investment function comprised six local transaction teams with a combined staff of around 35 people. We were minimally affected by Covid restrictions, but certain sales processes due to take place earlier in the year were postponed as a result of reduced potential for physical property inspections. However, volumes increased gradually throughout the year.

We have remained true to our investment strategy, growing in existing markets with favourable prospects and in new markets with similar characteristics where there is good potential

to reach scale. In 2021, we closed SEK 126 billion in acquisitions, including a SEK 92.5 billion acquisition of properties in Germany, Sweden, and Denmark, and our first acquisitions in Finland and the UK.

Investment strategy – stability and quality are key
Heimstaden Bostad invests in European markets with promising macroeconomic fundamentals and stable residential trends. We carefully analyse each market and sub-market, including demographics, socio-economic situations, and political risk. We do not define growth targets in specific markets ,but take an opportunity-driven investment approach.

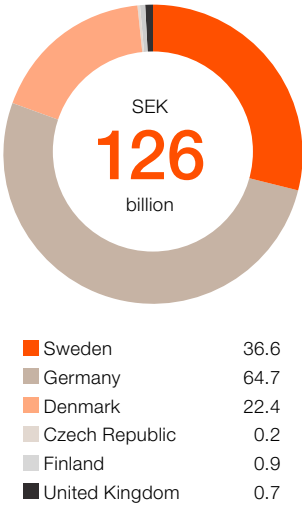
We focus on affordable and entry-level homes where there is mass-market appeal. Affordable housing is important for two reasons. Firstly, it leads to lower churn rates and decreases affordability risk. Secondly, we believe that being able to afford your home is a key ingredient of well-being and promotes social sustainability.



Some rental markets are highly regulated, others with predominantly market rent. Our strategy is to strike a balance between regulated and unregulated assets across all our markets, thus ensuring a stable and attractive income stream where varying regulation characteristics can work to our benefit.

Scale is crucial
Our operating model results in significant scale advantages as we grow our presence in existing markets, and we only enter new markets with the intention of building a large platform over time. Scale improves operational efficiency through, for example, the implementation of common digital platforms, group-wide operating models for facility management, asset management, letting, and increased operational insight through the utilisation of big data. However, we do not want to take undue risk in growth; we champion responsible, controlled growth. Scale is only advantageous if we continue to deliver consistently on our promise of Friendly Homes and are able to show strong commercial performance.

Acquisitions Closed in 2021
SEK billion



Newbuild investments

In certain of our target markets newbuilds are the only viable investment opportunity. For example, in the UK and Poland, we chose this investment strategy as there was little existing rental stock in those markets that matched our strategic requirements.

We do not take on development risk, but partner with developers who retain all risks related to zoning, planning, and construction. To mitigate counterparty risk, we perform thorough due diligence and only partner with robust and experienced developers. The contracts are structured either as forward purchase contracts, in which we will only pay upon delivery, or as forward funding contracts, where we pay at certain construction milestones up to delivery.

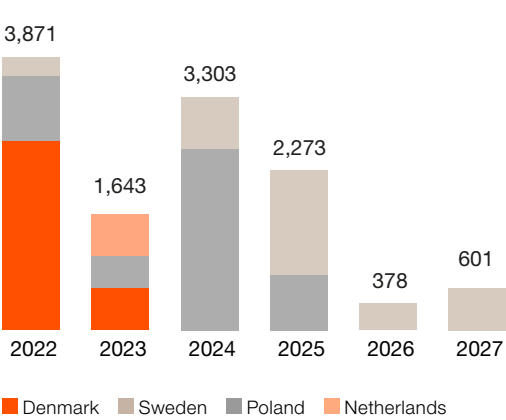
Heimstaden Bostad’s policy is for forward purchase or forward funding commitments to make up no more than 10% of the fair value of investment properties at any time.

Outlook

Heimstaden Bostad’s primary growth over the coming years will come from the purchase of standing assets in existing markets. Forward purchase/funding commitments will remain within our 10% of fair value policy. Going forward, we expect institutional investors to continue to reposition to the residential market and, together with healthy yield spreads in a low interest-rate environment in Europe and an inflation-linked income stream providing cushion in case of interest rate increases, this should continue to support yield compression, in turn driving value growth.

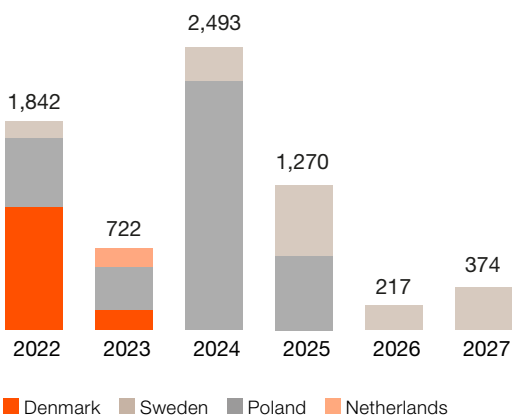
Signed acquisitions

SEK million



Signed acquisitions

Units



¹ Signed acquisitions include standing assets and newbuilds and amounted to SEK 12 billion as at 31 December 2021. For more details, see [Note 8.4](#).

Significant Transactions in 2021

Significant expansion in Denmark

Acquired HD Ejendomme, leading residential real-estate company in Denmark, with 152 properties and 6,237 homes. The transaction significantly broadened Heimstaden Bostad’s geographical footprint and operational reach in Denmark.

UK market entry

Acquired 411 homes in the Greater London Area and a new-build project in Birmingham comprising 752 homes. Both cities have favourable macroeconomic and demographic trends, including strong population growth and increasing disposable income.

Geographical expansion in Poland

Newbuild projects with 2,496 homes across five of the largest cities in Poland. The projects will be completed in stages between the first half of 2023 and early 2025 and were acquired in a forward funding structure. Polish residential development company Budimex is the developer.

Expansion in Linköping, Sweden

21 properties with 1,118 homes in Linköping, significantly strengthening Heimstaden Bostad’s presence in the region. Linköping is Sweden’s fifth-largest city, known for its university and booming technology industry.

Expansion in Northern and Eastern Germany

65 properties with 1,732 homes in seven cities in Northern and Eastern Germany, marking the first significant expansion outside Berlin.

Finnish market entry

Acquired 1,074 units in 15 cities/municipalities, located in the capital region and in/or around major cities in Finland.

Continued growth in Denmark

Acquired 34 properties with 1,473 homes, where 18 properties are standing assets and 16 are under construction, ac-

quired in a forward purchase structure with turnkey delivery within two years.

Transformative growth throughout existing markets

Acquired Akelius’ German, Swedish, and Danish portfolios comprising 599 properties with 28,776 homes centrally located in Berlin, Hamburg, Stockholm, Malmö, and Copenhagen. The locations and scale of the combined portfolio make the transaction truly transformative for Heimstaden Bostad, extracting operational scale effects.

Property and Asset Management

Evergreen Strategy Drives Value Creation

Property and Asset Management is key to delivering on Heimstaden Bostad’s promise to create value for customers and investors. Through hard work, efficient processes, and a strong culture, we endeavour to deliver high-quality service and product no matter where our customers live.

Summary 2021

In 2021, we were focused on building a strong, centralised asset management team whose remit is to create tools for consistent best practice and cost efficiency across our markets. At the end of 2021, Operations in total employed 1,656 personnel in 72 offices across our markets, where the asset management team consists of 107 employees.

We continued our focus on apartment modernisations, value-added services, and ongoing maintenance, and invested heavily in streamlining our reporting and analysis to capture scale benefits and improve our agility. We also focused on improving the quality of and processes around newbuild developments so that we can proactively influence developers’ standards and define requirements and rationale for a “Built for Heimstaden” product.

Long-term horizon

Our philosophy is to build and scale Heimstaden Bostad as a profitable market leader that contributes positively to society.

Our evergreen perspective means we are more value-focused than most competitors. A low-cost approach to renovation and repairs leads to correspondingly low asset lifetime. Therefore, we are willing to spend more upfront to refurbish to a higher standard if we believe in the long-term value creation potential. We choose the most durable materials, which increase the lifetime value and yield higher returns long-term. Moreover, caretakers with in-depth knowledge of each building serve to strengthen long-term maintenance planning and development.

Reducing our footprint

Sustainable asset management is key to optimising return on environmental investments. In 2021, we continued to build a strong energy function, embracing centralised competence and people on the ground working on optimisation and emissions reduction. This can involve anything from installing solar panels to selecting the best energy-saving windows when renovating facades. For our standing assets, we invest for long-term solutions that reduce water and electricity con-

sumption. Where possible we try to influence developer partners in terms of lifecycle emissions reduction, and encourage sustainable behaviours among our tenants by communicating advice on energy saving, water consumption, and eco-friendly gardening and cleaning. In terms of transport, we continue our investment in electric vehicles.

The market with the biggest potential for energy improvement is currently the Czech Republic, where we in 2021 added insulation in nearly 2,400 units, as well as reinsulated facades to mitigate energy loss and improve building aesthetics.

High-quality data for high-level governance

High-quality reporting rooted in high-quality data reduces risk and provides knowledge to further develop our services and products. Consequently, we have been working to hone our reporting at a very granular level. In 2021, in pursuit of operational excellence, we introduced automated monthly KPI reporting across all our markets. On the asset management side, our focus has been on improving information flow. Activities included the introduction of digital dashboards to increase transparency through the lifetime of every project.

Crunching data also helps us spot trends, especially outliers that we can use to sharpen our performance. Tracking what rents well, and focusing on why, also informs our approach to apartment fitouts, layouts, and the flow of buildings generally.

MyHome

Our new multifunctional customer portal, MyHome, was introduced this year, and is an ongoing in-house digital development project requiring significant investment at group level. It provides customers with all the relevant, personalised information they need, including documentation (lease agreement), payment records, inspirational content, and service request functionality.

The automated service request function guides customers to send repair and maintenance requests, and an interactive FAQ platform (Help center) offers help on common issues as well as instructional videos to help customers help themselves, especially when service personnel are not immediately available.

So far, the portal has been well received. In our first pilot project in Norway, we have already experienced a significant decrease in customer requests to service personnel, indicating that more customers are solving problems on their own. We launched our second pilot in Denmark in July, with testing and rollout to our remaining markets planned for 2022–2023.

Investment Properties

Fair value of investment properties increased from SEK 144 billion at 31 December 2020 to SEK 301 billion at 31 December 2021, mainly through acquisitions of SEK 126 billion and Fair Value gain of SEK 21 billion. The portfolio includes 148,295 homes across eight markets. Residential units made up 92% of Fair Value and 62% of residential income comes from regulated units.

Valuation of Heimstaden Bostad’s portfolio is performed by independent external valuers. For more details, see [Note 3.1](#) on [page 59](#) of this report.

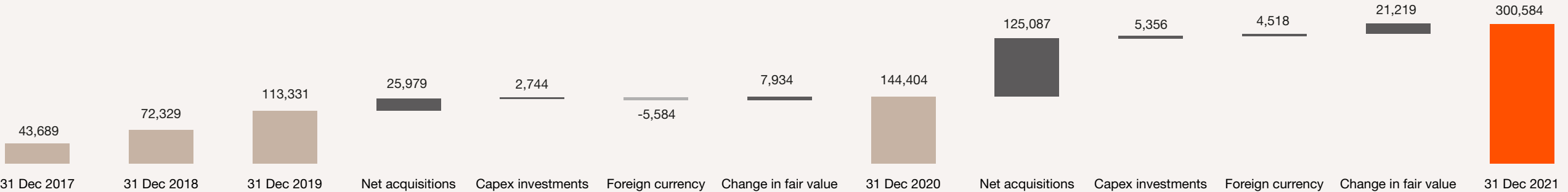
2021 turned out to be a year of significant value appreciation for residential real estate. Persistent supply-demand imbalance combined with strong owner-occupier demand and significant sector rotation among institutional investors towards residential investment in the wake of the pandemic were key drivers. This resulted in double digit price growth in the majority of the owner-occupier markets, where we are present, while fierce competition among institutional investors gave rise to material yield compression.

As affordability is becoming an increased topic across European residential markets, we are maintaining a disciplined approach to ensure that the growth of our portfolio offers a sustainable affordability profile. Accordingly, we continue to pursue a balance between regulated and unregulated markets.

In 2021, Heimstaden Bostad entered UK and Finland, which are two unregulated markets. We envisage to growing significantly in these markets in the coming years and aim to reach a scale that allows us to establish a full-service operational platform.

In addition to investing in growing the portfolio, significant investments have been made in the existing portfolio. This includes continuous upgrades of our properties to ensure long-term durability and improved energy efficiency to reach our high environmental ambitions, as well as modernisation of units to cater for tenant preferences.

Fair Value of Investment Properties
SEK billion



Portfolio Overview

Country	Fair Value, SEK million	Homes	Fair Value/sqm, SEK	Residential Area, %	Regulated Income ¹ , %
Sweden	97,056	43,196	31,565	91.7	100.0
Germany	70,651	25,415	41,634	90.0	100.0
Denmark	66,636	18,247	36,819	95.0	12.0
Netherlands	27,324	13,315	25,989	98.2	67.2
Norway	18,951	4,412	87,319	84.5	0.0
Czech Republic	17,932	42,644	6,863	95.6	33.7
Finland	1,014	1,006	18,674	97.0	0.0
UK	1,019	60	70,126	82.6	0.0
Poland ²	–	–	–	–	–
Total	300,584	148,295	28,574	92.5	62.2

¹ Residential units.

² Investments in Poland are made through forward purchase contracts and are not recognised as investment properties until turnkey delivery. See [Note 3.1](#) for more details.



Capital Structure

Funding Overview

Owning, managing, and developing residential real estate require stable and favourable access to capital. We safeguard the availability of borrowed capital at attractive terms through a well-diversified financing structure and by owning high-quality properties that generate solid cash flows.

Heimstaden Bostad has 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 2021 with an increased Interest Coverage Ratio (ICR) and a reduced average interest rate. Fitch Ratings initiated coverage and assigned Heimstaden Bostad a ‘BBB’ credit rating with stable outlook.

Capital market activity

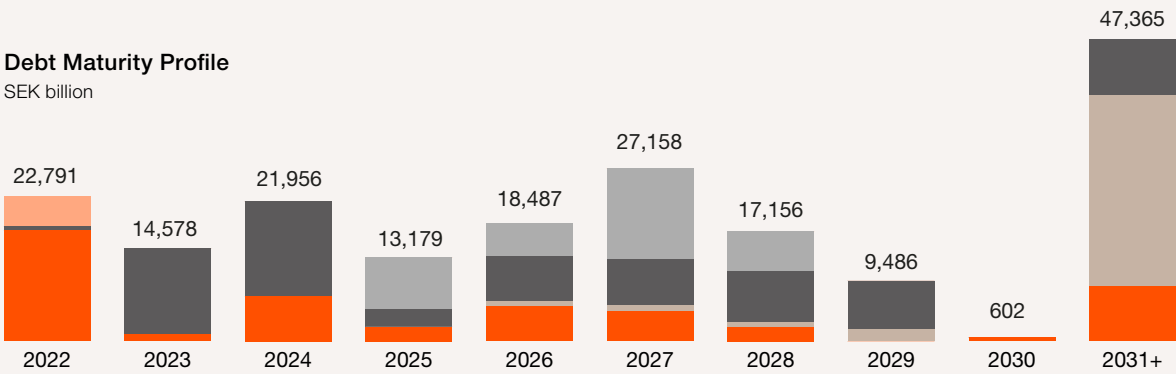
At the end of the year, Heimstaden Bostad had SEK 70,793 million in senior unsecured bonds and SEK 33,970 million in hybrid bonds outstanding. See [note 6.3, page 73](#) for more information on exchange and debt issuances after the balance sheet date. For more detailed information on [Heimstaden Bostad’s debt instruments](#).

Financial Policy

Policy			Q4 2021
ICR, rolling 12 months, S&P method	Multiple	≥ 2.4	2.9
Net Debt / Net Debt + Equity, S&P method	%	< 55	52.2
Average Loan Tenor	Years	≥ 4	8.9
Loan Maturity in Individual Year	%	≤ 25	14 (2022)
Share of Loans From Individual Lender	%	≤ 20	11
Interest Rate Hedge Ratio	%	≥ 75	77
Quick ratio	%	≥ 1.25	2.90

Debt Maturity Profile

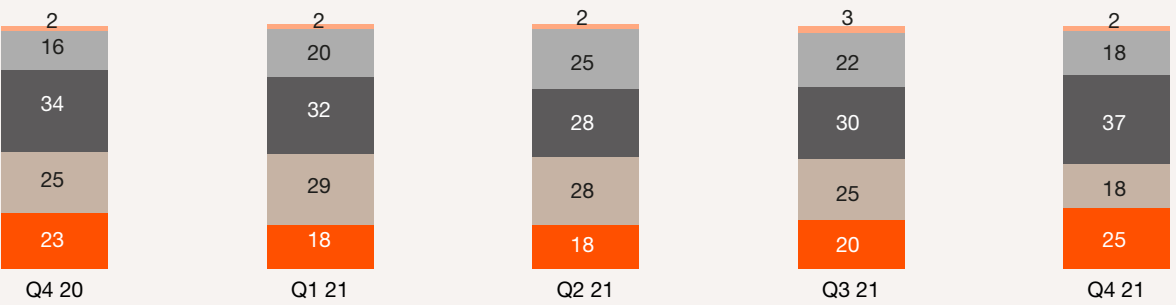
SEK billion



Bank debt Senior unsecured bonds Commercial paper Hybrid bonds Mortgage debt

Funding Distribution

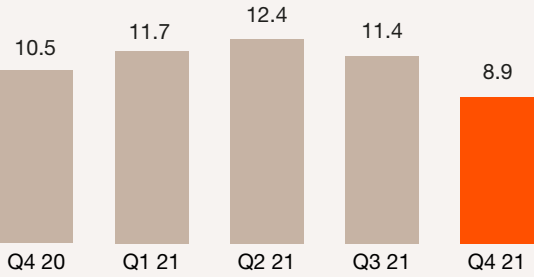
%



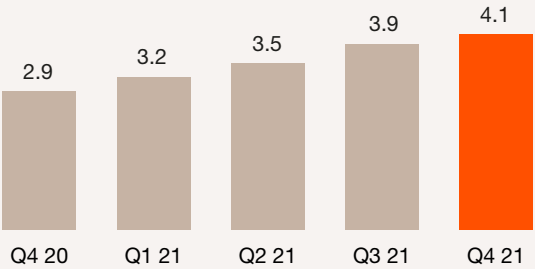
Bank debt Senior unsecured bonds Commercial paper Hybrid bonds Mortgage debt

Credit Metrics

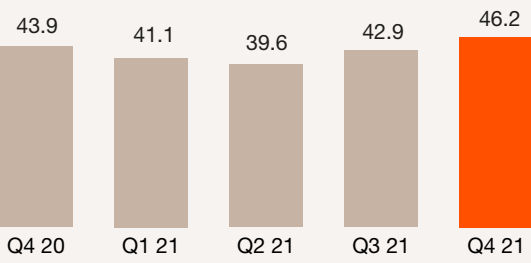
Average Loan Tenor
years



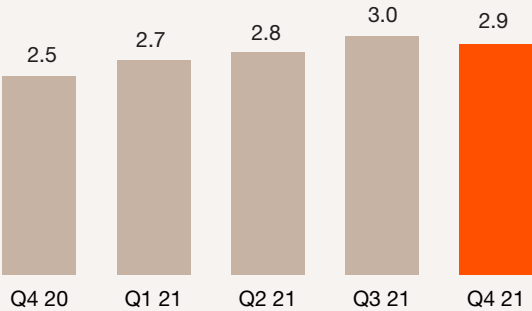
ICR
multiple



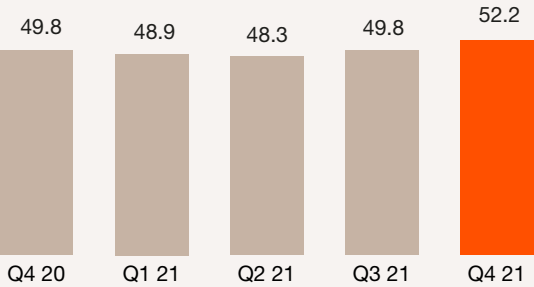
Net Loan-to-Value' (LTV)
%



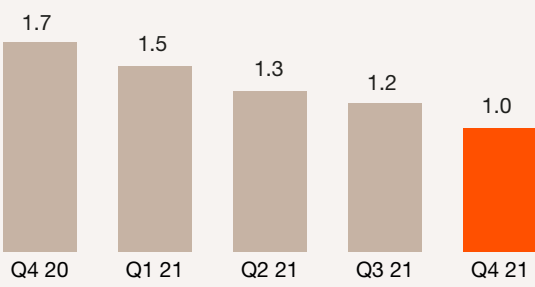
ICR, S&P Methodology
multiple



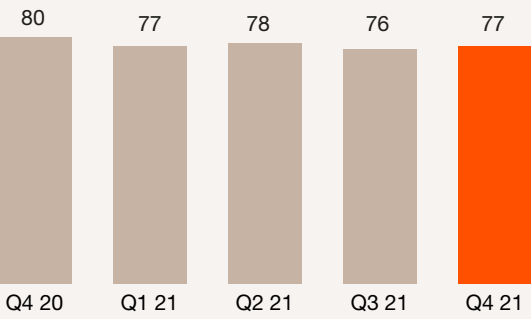
Net Debt / (Net Debt + Equity), S&P Methodology
%



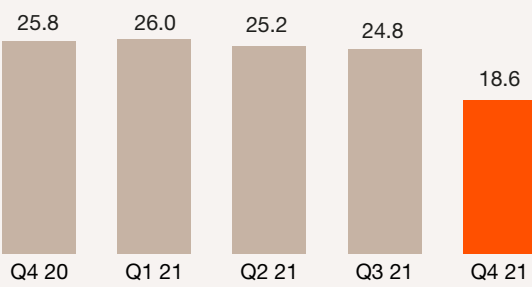
Average Interest Rate
%



Interest Rate Hedge Ratio
%



Secured LTV
%





A Tree for Every Friendly Home

Together with reforestation initiative PLANT-MY-TREE®, we plant a tree for every new customer in Germany. Every new customer receives a personal tree certificate and GPS coordinate, so they watch their tree grow.





“Heimstaden Bostad has committed to high standards of corporate governance, risk management, and compliance in our operations. During 2021, we adopted the Swedish Corporate Governance Code and strengthened our risk and compliance framework. The Board is committed to continue this work going forward, ensuring long term trust from our stakeholders.”

Casper von Koskull
Chairman of the Board

Governance Report

Good corporate governance is an important element in Heimstaden Bostad's corporate culture and in enhancing our shareholders', customers', and employees' trust in us, as well as that of the communities in which we operate. The corporate governance model is designed to support the Board and Group Management in their work to ensure the Company's sustainable success through their day-to-day management efforts.

The general mandate from the shareholders is to provide a high and stable long-term return. Ensuring this requires good corporate governance with a clear separation of responsibilities between the shareholders, the Board, and Group Management.

Rules and regulations

As a Swedish public limited liability company with corporate bonds listed on Euronext Dublin and the Oslo Stock Exchange, the Company is subject to numerous rules and regulations. The framework for corporate governance includes the following rules and regulations:

- the Swedish Companies Act
- the Swedish Annual Accounts Act
- the Company's Articles of Association
- the Shareholders' Agreement between Heimstaden AB and the institutional investors (the Shareholders Agreement)
- any directions given by the general meeting
- the Swedish Corporate Governance Code 'the Code'
- other Swedish and foreign laws and regulations, as applicable.

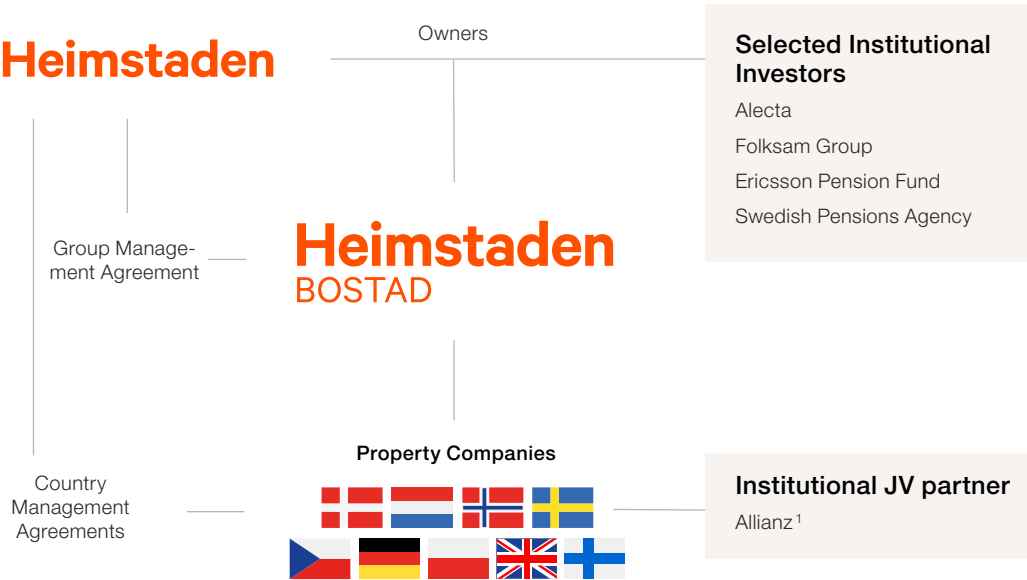
The Company contracts Heimstaden AB (together with its subsidiaries, 'the Manager') as group management. The Manager holds the strategic and administrative responsibility of the operations of the Company, and the Board performs the oversight of the Manager's execution and the Company's obligations. The responsibilities of the Manager are stipulated (the Group Management Agreement).

The Company also contracts Heimstaden's operational subsidiaries in each respective country as Country Manager – performing the portfolio property and facility management (the Country Management Agreements).

In addition to the Shareholders' Agreement, Group Management Agreement and the Articles of Association, the Company also adheres to an internal framework that includes Policies and Manuals defining the way we work.

Heimstaden Bostad has decided to follow those parts of the Code that the Board considers to be relevant for the Company in relation to its operations and the ownership structure. This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Code. Deviations from the Code can be seen on [page 34](#).

Simplified 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.

¹ Heimstaden Bostad/Allianz joint venture owning part of the Swedish portfolio

Share structure and owners

Heimstaden Bostad is owned by Heimstaden, together with long-term institutional investors who share a philosophy for evergreen and sustainable investments. Heimstaden has substantial experience in acquiring, developing, and actively managing residential real estate and is the group property and facility manager of Heimstaden Bostad.

Shareholders hold a stapled combination of preference shares and common shares. Preference shares have seniority and rights to a predefined level of dividends, but carry lower voting rights than common shares. Dividends on common shares are determined at the Annual General Meeting and are subject to the profit of the year, the financial policy, and overall liquidity needs.

Heimstaden holds a higher proportion of common shares to preference shares compared to the institutional investors.

2021 share issuances

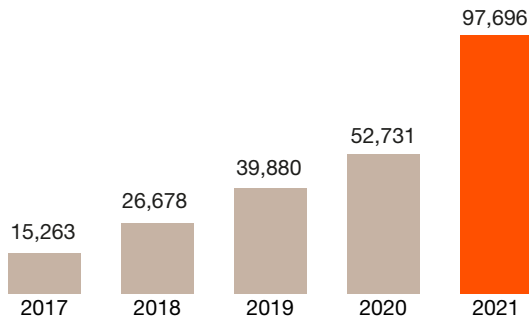
March: Raised SEK 12.5 billion in new equity from existing owners and new institutional investor, 'the Swedish Pensions Agency'.

November: SEK 31.75 billion directed share issue towards existing shareholders and new investor, Försäkringsbranschens Pensionskassa (FPK). The pension funds of Ericsson and Sandvik did not participate in the issuance.

December: SEK 750 million directed share issue towards new investor, a Swiss pension fund. Announced that Allianz Real Estate invests SEK 7.9 billion in part of Heimstaden Bostad's Swedish portfolio, forming a joint venture (JV). The transaction was completed in January 2022.

Cumulative Capital Injections

SEK million



Ownership Structure as of 31 December 2021

SEK billion

	Year of initial investment	Total Capital ²	Capital Share, %	Voting Share, %
Heimstaden AB	2013	60.6	45.0	50.1
Alecta	2013	51.3	38.1	34.7
Ericsson Pension Fund	2013	1.9	1.4	1.2
Folksam Group	2020	17	12.6	11.4
Swedish Pensions Agency	2021	1.9	1.4	1.3
Others		2.1	1.5	1.3
Total		134.8	100.0	100.0

² Net asset value excluding non-controlling interest and Hybrid bonds with accrued interest. See [page 102](#) for details.

General Meetings

The shareholders’ influence is exercised at the AGM, which is Heimstaden Bostad’s highest decision-making body. Shareholders are entitled to attend and vote at the AGM, either in person or through a proxy. The AGM is held once a year.

The AGM adopts the Articles of Association and, at the AGM, the shareholders elect Board members, the Chairman of the Board, and the auditors, and determine their fees. Furthermore, the AGM approves the income statement and balance sheet, the disposition of the Company’s profit, and resolves whether to discharge Board members and the CEO from liability to the Company.

2021 Annual General Meeting

The 2021 AGM took place per capsulam on 18 March 2021. All shareholders participated at the AGM, in person or by proxy. These represented 100% of the votes in Heimstaden Bostad. The complete minutes and information about the 2021 AGM can be found at www.heimstadenbostad.com.

Among other things, the AGM decided:

- To approve the income statement and balance sheet.
- To dispose of the Company’s profit in accordance with the proposal – that is, a maximum of SEK 4,572,361,356 will be distributed to the shareholders and SEK 59,738,121,814 will be carried forward to a new account.
- To discharge the Board and CEO from liability for the 2020 financial year.
- To re-elect Board members Casper von Koskull, Stefan Attefall, Axel Brändström, Christer Franzén, John Giverholt, Frans Heijbel, and Birgitta Stenmark.
- To newly elect Board members Vibeke Krag, Bente A Landsnes, Eldbjörg Sture, and Ivar Tollefsen.
- To re-elect the Chairman of the Board Casper von Koskull.

- To re-elect EY as auditors.
- To approve the issue of ordinary shares and Series B6 preference shares in accordance with the Board’s proposal.
- To approve the remuneration proposed for the Board and the auditor.

2021 Extraordinary General Meetings

In 2021 the Company held three extraordinary general meetings adopting the Share issuances further described on [page 69](#).

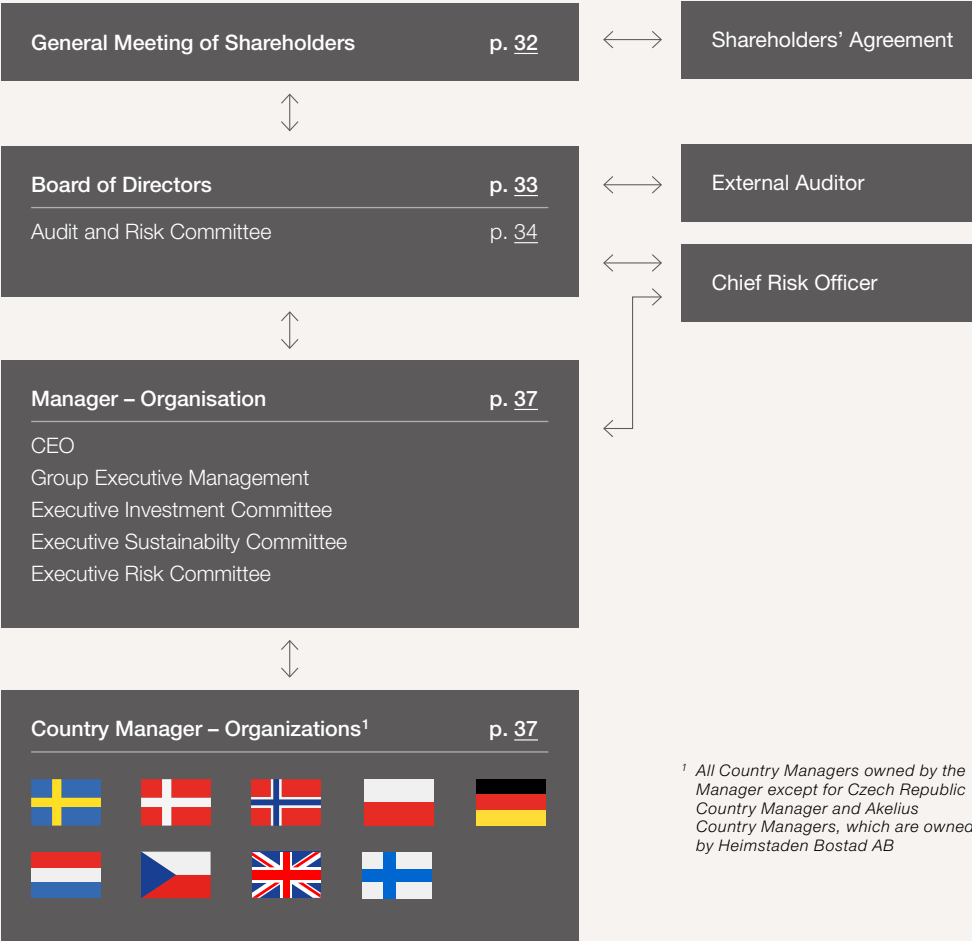
For information regarding shareholders and Heimstaden Bostad’s corporate bonds, see [page 74](#) and www.heimstadenbostad.com.

Nomination Committee

Board members are elected by the AGM for a period that lasts until the end of the next AGM. Given its limited ownership base, the shareholders of Heimstaden Bostad have resolved not to establish a Nomination Committee, since the Shareholders’ Agreement regulates shareholders’ right to nominate Board members. At most, six out of eleven Board members are nominated by the majority shareholder, Heimstaden. The largest institutional owner nominates two members and the second and third-largest institutional owners nominate one member each.

Corporate Governace Structure

Heimstaden Bostad’s business operations are managed, controlled, and followed up in accordance with the Shareholders’ Agreement, the Group Management Agreement, Country Management Agreements and policies and instructions established by the Board and the Manager.



¹ All Country Managers owned by the Manager except for Czech Republic Country Manager and Akelius Country Managers, which are owned by Heimstaden Bostad AB



Board of Directors

The Board has overarching responsibility for the oversight of and the organization of the operations of the Company.

The Board is responsible for Heimstaden Bostad’s organisa- tion and the management of Heimstaden Bostad’s affairs. In accordance with the Articles of Association, the Board shall consist of at least three and at most 11 members, with a max- imum of five deputies. Board Members are elected annually at the AGM for the period up to the end of the following AGM. Except for the responsibilities vested in the Audit and Risk Committee, the Board performs its duties as a whole

The Board has adopted Rules of Procedure that regulate the Board’s role and ways of working as well as special instruc- tions for the Board’s committees, and a yearly plan.

The Chairman of the Board is responsible for the work of the Board being well organised and conducted efficiently, and for the Board meeting its commitments. The Chairman is respon- sible that the other Board Members receive the information and documentation necessary for a high level of quality in discussions and decision-making, and for verifying that the Board’s decisions are implemented.

The tasks of the Board include, inter alia:

- execute and oversee that the Company delivers on the overall objectives and strategy of the Company;
- approval of material financial and real estate transactions;
- appointing, evaluating and, if necessary, dismissing the CEO;
- defining appropriate internal guidelines in internal steering documents on the Company’s ESG policy, with the aim of ensuring its long-term value creation capability;
- approve sustainability strategy and yearly sustainabil-

ity reporting in accordance with guidelines issued by GRI (Global Reporting Initiative);

- ensuring that there is an effective system for follow-up and control of the Company’s operations and the risks to the Company that are associated with its operations;
- ensuring that there is a satisfactory process for monitor- ing the Company’s compliance with laws and regulations relevant to the Company’s operations, as well as the ap- plication of internal guidelines in internal steering docu- ments; and
- ensuring that the Manager’s execution of the Company’s external communications are characterised by openness, and that they are accurate, reliable, and relevant.

The Board’s work follows a yearly plan. In 2021, the Board held 27 meetings. The relevant Senior Executives at the Man- ager and the Board secretary participate in Board meet- ings. Other executives of the Manager participate whenever required. The Manager’s CEO and other executives present the operational and financial development at ordinary Board meetings. The Board conducts reviews with the auditor, at which reports from the auditor are addressed. The auditor also holds meetings with the Board without management at- tending.

In 2021, Heimstaden Bostad’s Board consisted of 11 mem- bers elected by the receive, and no deputies. For further in- formation regarding Board members, see [pages 35–36](#) and [Note 2.6](#) on [page 56](#).

Highlights of the Board’s agenda in 2021¹

First quarter

- Approving Annual Report 2020
- Approving Q4 report
- Balance sheet, capital, and dividend matters
- Annual Sustainability Report 2020
- Meeting with external auditors
- Market and investment strategy reviewing, incl. approval of market entry UK
- AGM notice and proposal, incl. new BOD members
- Constitutive meeting with new board of directors
- Adopting new Governance model and BOD Rules of Procedure
- Establishment of new Audit and Risk Committee (ARC) and adoption of ARC Charter

Second quarter

- Approval of Q1 report
- Review of updated forecast for FY 2021
- Market update and review of investment strategy
- Benchmark review of operational performance
- Onboarding program for new Board of Directors (BOD)
- Orientation on recruitment of new Chief Risk Officer (resignation to be approved by BOD)
- Introduction to updated climate targets
- Presentation of new robust ESG-framework and climate targets, in line with the Paris Agreement

Third quarter

- Approval of Q2 report
- Review of updated forecast for FY 2021
- Orientation from the Chairman of the ARC Committee
- Corporate strategy session
- Financial strategy review
- Approval of market entry in Finland
- Approval of purchase of Akelius portfolio
- Approval of new ESG-framework and climate targets, in line with the Paris Agreement

Fourth quarter

- Approval of Q3 report
- Review of updated forecast for FY 2021
- Orientation from the Chairman of the ARC Committee, including risk policy and risk manual
- Review of investment strategy and performance
- Approval of new financial policy
- Review financial sensitivities test
- Approval of Joint Venture with Allianz
- Review of financing strategy
- Approval of 2022 budget

¹ In addition, the BOD resolved on numerous financial and real estate transactions as well as matters to be handled by the BOD according to the Shareholders’ Agreement.

Audit and Risk Committee (ARC)

The Board's overarching responsibility cannot be delegated. However, the Board has, as part of its strong commitment on risk management and compliance, established an ARC to deal with Audit and Risk issues and to prepare such issues for decision by the Board.

The Board established the ARC as a preparatory and advisory working committee for the Board of Heimstaden Bostad with regard to risks, financial reporting and external audits, internal control, compliance and risk management processes, and risk management systems. The ARC is appointed by the Board and shall report to it regularly. If necessary, the ARC proposes measures on which the Board decides.

In 2021, the ARC consisted of the following members: John Giverholt (Committee Chairman), Axel Brändström, and Eldbjörg Sture. All members are independent in relation to the Company and its Senior Executives, one member is independent in relation to the larger shareholders, and the Chairman is the ARC's financial expert in accounting.

Evaluation of the Board

The Chairman of the Board is responsible for evaluating the Board's work, including the efforts of its individual members. This is achieved by means of an annual, structured evaluation.

Remuneration to Board Members and Senior Executives

The remuneration to the Board is indirectly regulated by the Shareholders' Agreement, which stipulates that no remuneration shall be paid out to the Board Members, except for the chairman of the Board and Board Members nominated in accordance with the Shareholders' Agreement (and who is not employed by a party to the Shareholders' Agreement).

No remuneration is paid to the senior executives since the Manager function is provided by Heimstaden AB.

The AGM sets the total fees for the directors of the Board and decides how the fees are to be distributed among the directors and the Board's committees. The independent directors are remunerated as follows; Casper von Koskull (Chairman of the Board) SEK 960 000; Eldbjörg Sture and Bente A. Landsnes SEK 300 000, respectively.

Composition and diversity

The Board of Heimstaden Bostad shall comprise a well-balanced mix of individuals holding the required skills, expertise, background, gender, age, as well as independence from Company and main shareholders ensuring the Company delivers on its strategic goals in a responsible and successful manner. Heimstaden Bostad is working to achieve a balanced diversity mix and in 2021, the Board comprised 36% women and 64% men, and professional Board Members Vibeke Krag, Eldbjörg Sture and Bente A. Landsnes were appointed.

Furthermore, the Board is ensuring focus on diversity in its operations via the Manager, which have implemented two policy documents, 'Equal rights and opportunities', and 'Discrimination and offensive treatment', asserting that diversity represents a strength for the Group.

Board independence

Heimstaden Bostad complies with the Code regarding requirements that the majority of the Board Members elected by the AGM must be independent in relation to Heimstaden Bostad and its Senior Executives, and that at least two of these are also independent in relation to Heimstaden Bostad's main shareholders (i.e. shareholders holding more than 10% of the shares and votes in the Company).

Deviations from the Code

Heimstaden Bostad complies with the rules set out in the Code, except as explained below.

The Company deviates from the rules set out in 1.1 and 1.2 in the Code since all general meetings are held per capsulam and no physical meetings are held. Due to the limited shareholder group and the fact that all shareholders consent thereto, there is no need for public disclosures of general meeting dates or for carrying out physical meetings.

The Company deviates from the rules set out in 1.3, 2.1–2.7, 4.6 and 8.1 in the Code since no nomination committee has been established. Due to the limited shareholder base and the fact that the shareholding and appointment of Board Members is regulated by the Shareholders' Agreement, there is no need for a nomination committee. Any responsibility normally vested in a nomination committee is regulated either by the Shareholders' Agreement or handled by the Board as a whole.

The Company deviates from the rules set out in 9.1–9.9 in the Code since no remuneration committee has been established and no formal remuneration guidelines are applied by the Company. In Heimstaden Bostad, Board remuneration is regulated by the Shareholders Agreement. No remuneration is paid to the Senior Executives since the Manager function is provided by Heimstaden.

The Board has made the assessment that the Company currently does not need a formalised internal audit beyond the existing processes and functions for internal governance and control. Follow-up is performed by the Board and Group Management, and the level of control is currently assessed to meet the Company's needs. An annual assessment is made as to whether an internal audit function is considered necessary to maintain good control within the Company.

External auditor

The Auditor is appointed by the AGM on the basis of a proposal from the board. At the 2021 AGM, audit firm EY was elected for the period up to and including the 2022 AGM, with Authorised Public Accountant Peter von Knorring as the principal auditor.

Remuneration to auditor

SEK million	2021	2020
Audit engagement	24	13
Auditing activities beyond the audit engagement	5	2
Tax consultancy	0	0
Other assignments	0	0
Total	29	15

Board of Directors



Casper von Koskull
Chairman of the Board



Christer Franzén
Member



Axel Brändström
Member



Frans Heijbel
Member



Birgitta Stenmark
Member



John Giverholt
Member

Year elected	2020	2019	2020	2019	2019	2019
Born	1960	1961	1968	1977	1960	1952
Nationality	Finnish	Swedish	Swedish	Swedish	Swedish	Norwegian
Education	MSc, Aalto University School of Business, Helsinki	BSc in Business and Economics, Örebro Univeristy	MSc Business, and Economics, Stockholm University, and Chartered Financial Analyst (CFA)	MSc Real Estate Finance and Economics, Royal Institute of Technology, Stockholm	Master of Science, specialization Real Estate Economics	BSc, University of Manchester and MSc Accounting and Auditing, NHH Norwegian School of Economics
Other assignments	Chairman of the Board of European Business Leaders' Convention and of Board Oy Fazer AB. Member of Montrose Associates, Ductor Oy, and Ahlström Capital	Board Member of Nordika Fastigheter AB and Crescit Asset Management AB	Chairman of the Board of Alecta and Board Member of Swedish Airport Infrastructure AB and Skandia Fastigheter	Board Member of SR Energy and member of various international property funds' investment advisory boards	Board member of Tornet Bostadsproduktion AB, Sinoma Fastighets AB, Kvarnholmen Utveckling AB, Sicklaön Bygg Invest AB, and Ellevio AB	Board member of Heimstaden AB and Fredensborg AS
Employment and work experience	Former President and CEO of Nordea, partner and head of Nordic Investment Banking at Goldman Sachs, London, and key positions in the financial sector in Europe and the US	Investment Officer, Ericsson Pension Fund, since 2008. Experience of the financial markets in Sweden and the US since 1986	Head of property investments at Alecta and previously similar positions at Skandia	Head of International Real Assets at Alecta. Previously responsible for transactions at Alecta. More than 20 years of experience in the property and finance industry in Stockholm and London	Head of alternative investments within Folksam Group. Previous experience as, among other things, Portfolio Manager and in Property Valuation	Extensive experience of capital markets as CFO for DNB and CEO of Ferd. Former Board member of Telenor, Kongsberg Gruppen, Gjensidige Forsikring, and Scatec Solar as well as Board assignments in family-owned businesses
Independent of Company	Yes	Yes	Yes	Yes	Yes	Yes.
Independent of Main Shareholder	Yes	Yes	No. Dependent in relation to the Company's main shareholders through his employment with Alecta.	No. Dependent in relation to the Company's main shareholders through his employment with Alecta.	No. Dependent in relation to the Company's main shareholders through her employment with Folksam Group.	No. Dependent in relation to the Company's main shareholders by relationship with ultimate principal shareholder of Heimstaden AB.
Own shareholdings and those of related parties in 2021	–	–	–	–	–	–
Attendance at Board meetings	27 of 27	26 of 27	25 of 27	27 of 27	27 of 27	27 of 27
Attendance at Risk and Audit Committee meetings			4 of 4			Chairman 4 of 4



Stefan Attefall

Member

Year elected	2018
Born	1960
Nationality	Swedish
Education	Bachelor's degree in political science and economics, Umeå University
Other assignments	Strategic advisor to Veidekke Bostad AB. Former member of the Government as Minister of Housing and Social Administration.
Employment and work experience	Former member of the Riksbank's General Council and senior adviser to several companies in the Nordic construction and residential property segment.
Independent of Company	No. Dependent in relation to the Company due to his consultancy assignment with Heimstaden AB.
Independent of Main Shareholder	No. Dependent in relation to the Company due to his consultancy assignment with Heimstaden AB.
Own shareholdings and those of related parties in 2021	–
Attendance at Board meetings	27 of 27
Attendance at Audit and Risk Committee meetings	



Vibeke Krag

Member

2021	2021
1962	1962
Danish	Danish
Master in Law, University of Copenhagen	Master in Law, University of Copenhagen
Board Member of ATP, Gjensidige Forskning ASA, Nykredit A/S, and the Danish Competition and Consumer Authority	Board Member of ATP, Gjensidige Forskning ASA, Nykredit A/S, and the Danish Competition and Consumer Authority
Extensive experience of international leadership, portfolio management, law, and insurance from an operational career in financial services	Extensive experience of international leadership, portfolio management, law, and insurance from an operational career in financial services
Yes	Yes
No. Dependent in relation to the Company due to her board position with Heimstaden AB.	No. Dependent in relation to the Company due to her board position with Heimstaden AB.
–	–
17 of 20 ¹	17 of 20 ¹



Eldbjørg Sture

Member

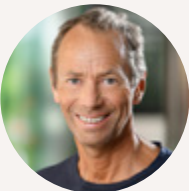
2021	2021
1956	1956
Norwegian	Norwegian
MSc., Norwegian School of Economics	MSc., Norwegian School of Economics
Board member of Livsforsikringsselskapet Nordea Norge AS. Former member of DNB Markets Inc, NYC, DNB Bank Polska SA, Marine Harvest ASA, and Aktiv Kapital ASA	Board member of Livsforsikringsselskapet Nordea Norge AS. Former member of DNB Markets Inc, NYC, DNB Bank Polska SA, Marine Harvest ASA, and Aktiv Kapital ASA
Extensive experience from senior positions within DNB Group and investment banking, large companies, and Group functions	Extensive experience from senior positions within DNB Group and investment banking, large companies, and Group functions
Yes	Yes
Yes	Yes
–	–
20 of 20 ¹	20 of 20 ¹
4 of 4	4 of 4



Bente A Landsnes

Member

2021	2021
1957	1957
Norwegian	Norwegian
Board member of Danske Bank and Norbit ASA. Former Board member of Infront ASA, Oslo Clearing ASA, and Federation of European Exchanges (FESE)	Board member of Danske Bank and Norbit ASA. Former Board member of Infront ASA, Oslo Clearing ASA, and Federation of European Exchanges (FESE)
Extensive experience in financial services and licensed financial activities from, for example, Oslo Børs. Strong relationships with major international investors, and experience in digital transformation, change and reputation management, financial reporting, investor relations, corporate governance, and ESG	Extensive experience in financial services and licensed financial activities from, for example, Oslo Børs. Strong relationships with major international investors, and experience in digital transformation, change and reputation management, financial reporting, investor relations, corporate governance, and ESG
Yes	Yes
Yes	Yes
–	–
20 of 20 ¹	20 of 20 ¹



Ivar Tollefsen

Member

2021	2021
1961	1961
Norwegian	Norwegian
Chairman of the Board of Fredensborg AS and Heimstaden AB	Chairman of the Board of Fredensborg AS and Heimstaden AB
Founder and majority shareholder of Fredensborg AS. Due to his control over Fredensborg AS, Ivar effectively controls over 50.1% of the votes of Heimstaden Bostad. In addition to his controlling shareholding, Ivar is deemed to be of great importance for Heimstaden Bostad due to his vast personal connections and business relationships	Founder and majority shareholder of Fredensborg AS. Due to his control over Fredensborg AS, Ivar effectively controls over 50.1% of the votes of Heimstaden Bostad. In addition to his controlling shareholding, Ivar is deemed to be of great importance for Heimstaden Bostad due to his vast personal connections and business relationships
No	No
No	No
Indirect majority shareholder in Heimstaden Bostad AB.	Indirect majority shareholder in Heimstaden Bostad AB.
20 of 20 ¹	20 of 20 ¹

¹ Elected on the AGM in 2021, thus not participating on the full year Board calendar.

Manager's Senior Executives

Heimstaden Bostad contracts the Manager and Country Managers and thus has no senior executives of its own nor any employees. Current exemption from this is Country Management in Chech Republic, and the management organisations following the Akelius-transaction which are owned by the Company at year-end.

The CEO's responsibilities are governed by the Group Management Agreement and a written instruction defining the division of responsibilities between the Board and the CEO. The CEO reports to the Board and presents a special CEO report at each Board meeting, including information on how the operations are developing based on the decisions made by the Board.

Besides the CEO, the Senior Executives at the Manager comprises 14 individuals, as illustrated on the right.

The Manager has organised its operations with a Group Executive Management to deliver on the scope of services under the Group Management Agreement, ensuring the Company's strategic and operational development and monitoring of performance.

To ensure the continued success of the Company, the Manager has organised its work under different Executive Committees, currently the following:

Executive Investment Committee

This committee consists key Senior Executives of the Manager and is chaired by the Board Member John Giverholt. It is responsible for reviewing and deciding on all real estate transactions, supported by the relevant investment teams, and en-

suring attractive deal structuring and solid underwriting. The committee decides on the following matters:

- discretionary approval of real estate transactions below 500 million SEK
- decisions to recommend transactions above 500 million SEK to the Board of Heimstaden Bostad
- decisions to recommend entries into new markets in line with the Shareholders' Agreement.

Executive Sustainability Committee

The Chief Sustainability Officer chairs this committee and is responsible for developing the corporate sustainability strategy and ensuring implementation in all areas within the Company. The committee decides on the following matters in order to secure the best interest for the Company:

- matters that are to be presented to the Board
- matters of major importance or of importance as to principles
- matters of common concern to several departments
- sustainability-related policies and position statements
- KPIs and targets for the Company.

Executive Risk Committee

This is a group-wide committee that addresses all types of risk, including financial, regulatory, and operational risks in order to evaluate our business from a comprehensive risk perspective. The committee is tasked to:

- evaluate risks inherent in the Company's activities
- support Management in embedding risk considerations into all major decision-making processes
- ensure that the risk management framework is implemented.

Manager's Senior Executives



Patrik Hall
CEO



Magnus Nordholm
Co-Deputy CEO



Arve Regland
CFO



Helge Krogsbøl
Co-Deputy CEO /
Chief Operating Officer



Katarina Skalaré
Chief Sustainability
Officer



Suzanna Malmgren
Chief People
and Culture Officer



Christian Fladeland
Co-Chief Investment
Officer



Søren Vendelbo
Jacobsen
Co-Chief
Investment Officer



Christian
Vammervold Dreyer
Chief Corporate
Communications Officer



Karmen Mandić
Chief Marketing
Communications Officer



Roger Reksten
Stølsnes
Chief Risk Officer



Paul Spina
Chief Asset Management
and Development Officer



Rodin Lie
Chief Technology
Officer



Erik Glæsel
Gullestad
Head of Business
Development



Anders Thorsson
Chief Procurement
Officer

Manager’s Senior Executives

	Patrik Hall CEO	Magnus Nordholm Co-Deputy CEO	Arve Regland CFO	Helge Krogsbøl Co-Deputy CEO / Chief Operating Officer	Katarina Skalare Chief Sustainability Officer
Employed	2001	2008	2019	2018	2018
Born	1965	1974	1972	1968	1963
Nationality	Swedish	Swedish	Norwegian	Norwegian	Swedish
Education	Swedish Military Academy, Skövde and Stockholm	MSc in Economics and Finance, Gothenburg School of Economics and Commercial Law	MSc in Business, BI Norwegian Business School, and MBA/Authorized Public Accountant, NHH – Norwegian School of Economics	The Norwegian School of Marketing, Oslo	Bachelor of Social Science, Malmö University, Sweden
Work experience	Patrik has been CEO in the Manager and Heimstaden Bostad AB since 2003. He started out his career as an Officer in the military, followed by a position as Chief Negotiator with the Swedish National Tenants' Association.	Magnus has been with the Manager since 2008. Previously, he has held positions as Deputy Head of Nordic Real Estate Products, and Head of Structured Real Estate Financing in HSH Nordbank AG, and as Business Manager at HSH N Nordic Finance AB.	Arve has extensive experience within finance, and real estate with a background as CEO and CFO at Entra ASA, Partner Corporate Finance at ABG Sundal Collier, and Manager at EY.	Helge has extensive experience in executive positions as SVP in Pandox AB, GM at Benelux Thon Hotels, MP Room2Room, and as CEO at First Hotels.	Katarina holds considerable experience within sustainability work, and in addition to an entrepreneurial background, has worked as Sustainability Strategist at Kraftringen, Manager of Sustainable Business Solutions at PwC, and Head of Corporate Responsibility at E.ON Nordic
	Suzanna Malmgren Chief People and Culture Officer	Christian Fladeland Co-Chief Investment Officer	Søren Vendelbo Jacobsen Co-Chief Investment Officer	Christian Vammervold Dreyer Chief Corporate Communications Officer	Karmen Mandic Chief Marketing Communications Officer
Employed	2017	2019	2020	2020	2015
Born	1971	1986	1980	1974	1971
Nationality	Swedish	Danish	Danish	Norwegian	Swedish
Education	MSc, Uppsala University	MSc Economics, University of Copenhagen	MSc Economics, University of Copenhagen	Economics and Property, BI Norwegian Business School, Norway	BSc Business Administration, Lund University, Sweden
Work experience	Suzanna has extensive experience from organisational development, HR, and talent acquisition from previous positions in management consulting and as Partner at Alumni and Impact Executives.	Christian has extensive experience within real estate investment management from his position as Partner at Colliers International Denmark.	Søren has extensive experience within real estate investment management as Head of Real Estate and Infrastructure at Sampension.	Christian holds substantial experience in the real estate sector, as previously CEO for Real Estate Norway, CEO of Eie Eiendomsmegling, Chairman of the Board of the Norwegian Realtor Association, and Owner and CEO of In-Vest Eiendomsmegling AS.	Karmen has a substantial background in marketing with experience as Global Director, Marketing and Communications, OctoFrost Group; Head of Global Brand Licensing Partnerships and Global Marketing Activation manager, Sony Mobile; Head of Marketing, Western Union
	Roger Reksten Stølsnes Chief Risk Officer	Paul Spina Chief Asset Management and Development Officer	Rodin Lie Chief Technology Officer	Erik Glæsel Gullestad Head of Business Development	Anders Thorsson Chief Procurement Officer
Employed	2021	2020	2020	2020	2019
Born	1974	1987	1974	1980	1967
Nationality	Norwegian	American	Norwegian	Norwegian	Swedish
Education	Doctoral degree in risk management, Stavanger University and Berkely. Master's degree in Offshore Technology, Stavanger University. Bachelor's degree in building and construction, Bergen University College.	BA Economics, Fordham University, New York	Computer Science and Psychology, Bergen University, and Officers' School, Norwegian Coastal Artillery	Master's degree in Finance, Norwegian School of Management	Master of Civil Engineering, Lund University
Work experience	Roger's background consists of several leadership positions in Telenor, Equinor, Realkapital Partners and Holte Consulting within the areas of risk, investment and project management.	Paul has his real estate experience from WeWork where he held the position as Head of Project Delivery at WeWork International as well as Development Director, Tri-State, at WeWork.	Rodin brings with him a strong background in technology, and innovation, and has previously held the positions as CDO in Selmer, CDO in Innovation Norway and CTO in NOS Clearing.	Erik, previously Managing Director of Fredensborg's Investment Team has previous experience as a Management Consultant at Arkwright, and in the Corporate Finance M&A Department at Arctic Securities.	Anders has vast experience in procurement and has previously held positions as Strategic Sourcing Director, and Commodity Manager Traded Goods at Lindab and Manager of NCC Supply and of NCC Purchasing Group Shanghai.

Risk Management

Heimstaden Bostad’s risk management objective is to maximise returns at acceptable risk levels without compromising its vision, values, or Code of Conduct. Heimstaden Bostad is exposed to a range of risks that may affect the business, therefore it is of key importance to have a comprehensive risk management program to optimise the risk/return balance.

Heimstaden Bostad gives high priority to risk management and it is treated as a continuous process integrated into daily processes. In 2021, Heimstaden hired a Chief Risk Officer tasked with coordinating and developing Heimstaden Bostad’s risk management framework together with the Risk Management function. Key aspects include embedding risk management, designating risk ownership, and implementing risk responses throughout the organisation. The Board also established an Audit & Risk Committee (ARC), see [pages 34](#), that oversees the framework and process.

The Risk Management function aggregates risks from our different countries of operation and analyses other risks across the Heimstaden Bostad portfolio in a Risk Forum. Identified risks, risk responses, and risk processes are presented to Executive Management, the ARC, and the Board. Identified risks and risk responses are presented to Management. During 2022, presentations of top risks will also be given to the ARC and the Board.

A new Risk Policy was adopted in 2021. This sets out key principles related to risk management to ensure that all foreseeable risks that may have an impact on Heimstaden Bostad’s operations and ambitions are evaluated and measured. All managers are required to assume responsibility for risk management within their areas of responsibility and to ensure that risk management is embedded in day-to-day business processes. Risks identified and evaluated by local operations and business areas are continuously tracked and reported in a quarterly review process.

Each country is responsible for developing and maintaining its risk register on a regular basis. The countries provide quarterly updates, including reporting new risks that have emerged and the status of actions to address these risks. Each country is required to align risk management processes closely with their existing business and management operations.

Financial Risks Refinancing

Heimstaden Bostad uses various reliable funding sources with a diversified maturity structure to minimize refinancing risk. The Company’s financial policy stipulates the level of key credit ratios, which include leverage thresholds, average tenor, and minimum metrics. To further manage financial risks, Heimstaden Bostad also maintains ample cash reserves and unutilised sources of liquidity.

Financial obligations

Heimstaden Bostad’s debt agreements include financial covenants, the breach of which could lead to the termination of loans, immediate repayment requirements, or a claim on secured assets. Key credit ratios are monitored to ensure that no covenants are breached. Frequent internal review and external audit assure accurate reporting and information.

Credit

Failure of counterparties to meet their obligations towards Heimstaden Bostad would lead to reduced liquidity and financial losses, likewise if a substantial number of customers failed to pay rent. To counter this, Heimstaden Bostad regularly assesses the creditworthiness of its larger counterparties. Credit risk is further reduced due through our large and diversified base of tenants and that rent is paid in advance for the majority of our rental contracts.

Interest rates

Rising interest rates may increase financing costs for Heimstaden Bostad and negatively impact profitability. According to our financial policy, Heimstaden Bostad shall maintain at least 75% of its loan portfolio at fixed rates, which is managed with loans and bonds at fixed interest rates and interest-rate swaps.

Currency

Heimstaden Bostad owns assets in other currencies than the reporting currency, which leads to a risk of negative impact on cash flows or asset values in the case of fluctuating currency exchange rates. Heimstaden Bostad utilises to a large extent match funding to match cash flows with asset and debt-value fluctuations.

Property value decline

Declining property values in isolation could impact Heimstaden Bostad’s credit metrics, leading to pressure to decrease leverage from the capital markets and credit rating agencies. To manage this risk, the Company has a highly diversified portfolio across many countries and regional locations with strong economies and favourable demographics. The property portfolio is valued by reputable third-party suppliers each quarter.

Heimstaden Bostad continuously monitors market developments for early warning signs and maintains significant headroom towards its bond covenants for Net Debt/Total Assets and interest coverage ratio. In addition, we are in active dialogue with relevant credit rating agencies and actively manage our debt portfolio to ensure credit metrics are in line with our financial policy and rating ambitions.

Operational risks People and organisation

The loss of individuals in management or in other key positions poses a risk to operations and profitability. To manage this risk, Heimstaden takes a structured approach to succession planning for key positions, interim or long-term, as well as continuous monitoring of employee satisfaction. We have an internal training and career development platform in place including a proprietary program for management training.

Heimstaden Bostad is an equal-opportunities employer with zero tolerance for discrimination and harassment, and we offer competitive compensation. To ensure consistency in remuneration, we benchmark fair pay in all markets to help managers gauge appropriate salary levels for all new hires, as well as people moving between roles and countries.

Cyber security

Cyberattacks may lead to data breaches, operational disruption, and ransomware incidents that may negatively impact Heimstaden Bostad’s operations, financial performance, and reputation.

Heimstaden has implemented several levels of protections, such as two-factor authentication, external 24/7 security operation centre, firewalls, antivirus, and backup systems, and we are rolling out a unified platform for managing security on phones, computers, and other hardware. We are implementing a centralized cloud-based policy for data centres, cyber security, and IT infrastructure and during 2022 all local solutions will be turned off.

Privacy/GDPR

There is a risk that we are not able to be compliant with the General Data Protection Regulation (GDPR) and existing requirements on data usage. Non-compliance could potentially lead to significant fines, reputational damage, and damage to customer and employee privacy. To manage this risk, Heimstaden has, among other measures, implemented modern system platforms like Workday, mandatory training for all employees on GDPR matters, and the relevant framework has been strengthened.

Customer relationships

Availability is of key importance in an increasingly digital society. Poor customer service and property and facility man-

agement can potentially result in dissatisfied tenants, reduced occupancy, and/or increased churn. Proactive communication with customers and availability on site has never been more important than during the Covid-19 pandemic and, to remain relevant, it is important for Heimstaden to continue to personalize offers, services, and interactions.

To achieve this, the Company has a fully integrated operational platform with a customer-centric philosophy integrated in our strategy, values, and ambitions. We continuously monitor rental markets, maintain active dialogue with tenant unions, and conduct annual customer surveys in all our markets. We also invest in the continuous development of in-house digital customer-service platforms to engage tenants and ensure efficient communications. Read more about our customer-centric approach on [pages 11–12](#) of this report.

Investment

New property acquisitions may introduce various risks associated with legal, financial, tax, and technical perspectives. Furthermore, M&A involving entire companies could result in additional company-specific risks after closing. Heimstaden has a strong investment team with local presence across all markets who have significant experience within M&A. All acquisitions are subject to customary due diligence (DD) from a legal, financial, tax, and technical perspective. DD processes are also continuously evolving to ensure that all relevant functional lines are informed, coordinated, and involved in the M&A process.

Third-party expertise is frequently utilised to advise on various aspects of transaction processes, including structuring, legal, tax, and technical factors, among others. When necessary and/or possible, a Warranty & Indemnity (W&I) insurance may also be included as part of an acquisition to reduce the risk

of potential breaches in representations and warranties at a later stage.

Regulatory changes

Regulatory changes can and will happen across all our markets as a result of political agendas, or as a natural evolution of residential markets. These changes can be related to a wide range of legislation, including housing laws, tax, and VAT, and may have both a positive and negative long-term impact on property values, operations, or financial performance. Before entering a new market, Heimstaden Bostad evaluates a wide range of aspects, including regulatory and political risks. Our local in-house operations contribute to in-depth knowledge of each of our markets and we continuously monitor changes in the respective regulatory environment. We maintain active dialogue with policy makers and other stakeholders.

Corporate Responsibility

Failing to operate within the norms of corporate responsibility may cause significant damage to Heimstaden Bostad’s reputation and operations, elevating the risk of losing tenants and strategic investors, as well as suffering economic losses in terms of fines or penalties.

We apply high ethical standards and integrity throughout our operations with zero tolerance for any forms of corruption, fraud, bribery, or threats, and have developed a compliance management system involving a Code of Conduct, Goes Without Saying policy, the Sanctions policy, Compliance Guidelines, and a Business Code of Conduct. We have also implemented a group-wide initiative for implementing culture and value workshops to highlight our guidelines pertaining to business ethics, human rights, and working conditions among employees.

Environmental and climate issues

The increasingly complex risk picture related to ESG combined with increasing integration of sustainability into daily operations, makes responsible business challenging to monitor and maintain. Environmental risks also have a potentially wide area of impact, affecting people, properties, and operations, and inadequate management of environmental risks could negatively impact the Company’s reputation and profits. Furthermore, an inability to deliver on investors’ ESG criteria may reduce access to capital.

Among the greatest environmental risks are those related to climate change, including direct risks such as increased energy costs, fines, and other operational implications, and indirect risks such as supply chain interruptions and reputational impact. Longer term, there are also risks of damaged properties and/or emergency measures that may lead to decreased property values and higher property insurance prices, among other factors.

To manage these risks, Heimstaden Bostad has implemented a thorough ESG strategy focused on integrating sustainability into daily operations, and we have set ambitious sustainability targets aligned with the Paris Agreement 1.5°C ambition. ESG matters are followed up at Board level as a key part of Heimstaden Bostad’s overall strategy. Read more about our climate risks on [page 111](#) of this report.

Internal control

Heimstaden Bostad will apply a two-layer internal control framework, by establishing a centralised Compliance function in 2022.

The planning, governance, and control of operations follow the Company’s organisational structure, with a clear delegation of responsibilities and authority. Policies, guidelines, and instructions provide our framework for internal control. We continue our commitment to strong internal control by establishing a new centralised Compliance function, in addition to strengthening our key policies and guidelines.

Internal control over financial reporting

Regular monitoring, combined with a close collaboration with the Company’s auditors, and the control and monitoring conducted through the annual audit and quarterly reviews ensure accurate reporting. The Board has, as part of its strong commitment to internal control, established an Audit and Risk Committee (ARC) to increase quality of financial reporting processes.

To ensure the quality of financial reporting, the Company applies several internal controls, such as a financial policy, attestation and authorisation procedures, and segregation of duties. Regarding financial reporting, the risks are primarily judged to derive from material errors being able to arise in the reporting of the Company’s financial position and profit. The Board is responsible for identifying and managing significant financial risks and risks of errors in the financial reporting.

The Board reviews each interim report and discusses its contents with the Senior Executives and, where applicable, with the Company’s Auditor.

The senior executives hold regular meetings with the

Board’s ARC to discuss ongoing financial performance and issues.

The ARC has established a pre-approval policy governing the engagement of Heimstaden Bostad’s primary external auditors for audit and non-audit services to Heimstaden Bostad or any entity within the group. Under this pre-approval policy, the ARC has defined and pre-approved subcategories of audit and non-audit services. The audit committee’s preapproval policy includes annual monetary frames for each of the following categories of services:

- Audit
- Audit-related
- Tax
- Other – not related to financial audit and tax

Within the scope of the pre-approval policy, all services shall be pre-approved. The reported amounts for audit, audit related, tax and other non-audit-related services are within the monetary frames established by the ARC.

Heimstaden Bostad has established a whistle-blower function that can be accessed anonymously.

Internal control over operations

Heimstaden Bostad performs several control activities to ensure internal control over our operations. Key policies and manuals are established to ensure operation in line with our values and are designed to manage significant risks related to our operations. Control activities exist both at the overall and detailed level within the Group. For example, monthly management reporting is prepared and reviewed by the business unit and function managers and controllers responsible.

The finance function has regular contact with business unit managers to discuss current issues, profit, and financial position and to verify that processes are followed and developed. The Board monitors the operations through regular reporting, in which the CEO comments on the development of operations, profit, and financial position. Necessary measures and activities are implemented with the aim of strengthening and streamlining the internal controls.

The internal control over operations are regularly monitored. This mainly takes the form of reporting deviations in comparison with the budget/forecast, as well as monthly operational reporting and business reviews.

Information and Insider Policy

The Board has adopted an Information and Insider Policy that, among other things, contains guidelines for the handling and communication of insider information as well as other external information obligations. The communication shall be long-term, and compatible with the brand, vision, business concept, strategies, targets, and values of Heimstaden Bostad. In addition, the communication shall be open, factual, well-structured, and well-planned. Heimstaden Bostad shall provide correct, relevant, and clear information in accordance with applicable laws and regulations.

Internal control and governance activities 2022

In 2022, Heimstaden Bostad will continue to develop its internal governance and control processes. The following planned activities are in focus:

- Assessing the expansion of the current ARC’s mandate to include Compliance
- Oversee the Manager’s implementation of a centralized Compliance framework and the continued implementation of the two-layer internal control framework
- Year-end assessment of the Managers formalised self-assessment procedure on internal controls

The following information is available from

www.heimstadenbostad.com:

- Articles of Association
- Code of Conduct
- Annual and Interim Reports from the 2016 financial year and onwards
- Annual and Sustainability reports from the 2019 financial year and onwards
- Information about Heimstaden Bostad’s Board, committees, and auditors



Neighbourhood Heroes

During the pandemic, countless heart-warming and inspiring stories came to our attention of neighbours helping each other with basic needs. In the Netherlands, to make sure these special acts of kindness did not go unnoticed, we introduced the National Neighbourhood Hero of the Year Award, where hundreds of people from all over the country nominated their friendliest neighbour.

Financial Five-Year Summary

SEK million	2021	2020	2019	2018	2017
Comprehensive Income Statement					
Rental income	8,608	6,332	4,135	3,046	1,585
Service income	639	389	–	–	–
Property expenses	-3,861	-2,828	-1,732	-1,295	-781
Net operating income	5,386	3,893	2,403	1,751	804
Corporate administrative expenses	-546	-345	-193	-140	-111
Other operating income and expenses	-2,005	41	53	1	13
Profit before inventory properties and fair value adjustments	2,835	3,589	2,263	1,611	706
Fair value adjustment of investment properties	21,363	7,934	4,834	2,562	1,776
Gains from sale of inventory properties	-2	188	0	0	0
Operating profit	24,195	11,711	7,097	4,173	2,482
Fair value adjustment of derivative financial instruments	819	-178	39	11	4
Financial income	297	737	41	26	4
Financial expenses	-1,288	-1,437	-1,324	-495	-367
Profit before tax	24,024	10,833	5,853	3,716	2,123
Income tax expense	-492	-386	-200	-135	-35
Deferred tax	-4,580	-1,774	-1,193	-557	-511
Profit for the year	18,952	8,673	4,460	3,023	1,577
Other comprehensive income	3,627	-4,479	279	-442	29
Total comprehensive income	22,580	4,194	4,740	2,581	1,606
Property-related key data					
Lettable time-weighted area, sqm thousands	8,365	6,441	3,047	2,345	1,418
Net operating income, %	62.6	61.5	58.1	54.2	49.7

SEK million	2021	2020	2019	2018	2017
Balance Sheet					
Investment properties	300,584	144,404	113,331	72,329	43,689
Other non-current assets	20,183	1,299	1,660	168	210
Current assets	28,299	11,223	6,573	3,786	928
Total assets	349,066	156,926	121,564	76,283	44,827
Equity	160,338	77,741	57,548	31,925	18,066
Deferred tax liabilities	21,904	4,212	2,526	1,356	1,025
Interest-bearing liabilities	158,380	71,390	59,564	41,593	24,828
Derivative financial instruments	6	447	65	0	31
Non-interest-bearing liabilities	8,438	3,136	2,679	1,409	877
Total liabilities	349,066	156,926	121,564	76,283	44,827
Financial key data					
Cash flow	10,503	3,390	2,018	1,535	491
Interest coverage ratio (ICR), multiple	4.1	2.9	2.5	2.6	3.1
Net loan-to-value ratio (LVT), %	46.2	43.9	48.0	54.3	55.1
Average interest rate, %	1.0	1.7	1.9	1.8	1.7
Average loan tenor, number of years	8.9	10.5	10.5	8.1	7.3
Net asset value as of the balance sheet date	169,271	81,953	60,074	33,281	19,091
Data per share					
Profit per ordinary share (basic and diluted), SEK	2,360	318	1,176	795	817
Equity per ordinary share, SEK	5,334	3,229	2,954	4,881	3,419
Equity per preference share A, SEK	2,220,304	1,432,552	972,342	1,365,663	318,444
Equity per preference share B, SEK	2,088	2,077	2,064	103,452	100,989
Number of ordinary shares outstanding	9,725,321	6,578,058	5,315,502	2,429,449	1,796,144
Number of preference shares A outstanding	200	200	200	100	100
Number of preference shares B outstanding	35,205,992	20,317,179	16,027,565	203,360	117,760
Number of preference shares C outstanding	327,379	–	–	–	–

Financial Information

Consolidated Financial Statements and Notes

Consolidated Comprehensive Income Statement	45	3.4 Investments in associated companies and joint ventures	65
Consolidated Balance Sheet	46	3.5 Other non-current financial receivables	66
Consolidated Statement of Changes in Equity	47	4. Current assets	67
Consolidated Cash Flow Statement	48	4.1 Inventory properties	67
Notes to the Consolidated Financial Statements	49	4.2 Rent and trade receivables	67
1. Corporate information and general accounting policies	49	4.3 Other current receivables	68
1.1 Corporate information	49	4.4 Cash and cash equivalents	68
1.2 General accounting policies	49	4.5 Other adjustments in Cash Flow Statement	68
1.3 New accounting standards	51	5. Equity	69
2. Income and expenses	52	6. Capital structure and financial items	70
2.1 Segment reporting	52	6.1 Financial instruments	70
2.2 Rental income and service income	54	6.2 Financial risks	72
2.3 Property expenses	55	6.3 Interest-bearing loans and borrowings	73
2.4 Other operating expenses	55	6.4 Capital management	75
2.5 Audit fee	55	7. Other liabilities	76
2.6 Employee benefit expenses and senior executive compensation	56	7.1 Leases	76
2.7 Fair value adjustment of investment properties	57	7.2 Deferred tax	77
2.8 Fair Value adjustment of derivative financial instruments	57	7.3 Other current liabilities	78
2.9 Financial income and expenses	57	8. Other disclosures	79
2.10 Income tax expenses	58	8.1 Related-party disclosures	79
2.11 Earnings per share	58	8.2 Business combinations	79
3. Non-current assets	59	8.3 Pledged assets	80
3.1 Investment properties	59	8.4 Contingencies and commitments	80
3.2 Intangible assets	64	8.5 Events after the reporting period	81
3.3 Machinery and equipment	65		

Parent Company Financial Statements and Notes

Income Statement	82
Comprehensive Income Statement	82
Balance Sheet	83
Statement of Changes in Equity	84
Cash Flow Statement	85
Notes to the Parent Company Financial Statements	86
1. Accounting policies	86
2. Income and expenses	87
3. Assets	89
4. Equity	90
5. Capital structure and financial items	91
6. Other liabilities	92
7. Other disclosures	93
Proposed appropriation of accumulated profit	95
Signatures	96
Auditor’s Report	97
Alternative Performance Measurements	100
Quarterly financial information	103

Consolidated Comprehensive Income Statement

SEK million	Note	2021	2020
Rental income	2.1 , 2.2	8,608	6,332
Service income	2.1 , 2.2	639	389
Property expenses	2.1 , 2.3 , 2.6	-3,861	-2,828
Net operating income		5,386	3,893
Corporate administrative expenses	2.5 , 2.6	-546	-345
Other operating income		5	48
Other operating expenses	2.4	-2,340	-39
Share of net profits of associates and joint ventures	3.4	329	32
Profit before inventory properties and fair value adjustments		2,834	3,589
Fair value adjustment of investment properties	2.1 , 2.7 , 3.1	21,363	7,934
Gains from sale of inventory properties	2.1 , 4.1	-2	188
Operating profit		24,195	11,711
Interest income	2.9	152	81
Interest expenses on interest-bearing liabilities	2.9	-1,288	-1,269
Net currency translation gains/losses	2.9	76	656
Fair value adjustment of derivative financial instruments	2.8	819	-178
Other financial items		70	-168
Profit before tax		24,024	10,833
Income tax expense	2.10	-492	-385
Deferred tax expense	2.10	-4,580	-1,774
Profit for the period		18,952	8,674
Other comprehensive income that may be reclassified to profit or loss in subsequent periods	5	3,627	-4,480
Total comprehensive income		22,579	4,194
Profit for the period attributable to:			
The Parent Company's shareholders		18,946	8,672
Non-controlling interests		5	1
Total comprehensive income for the period attributable to:			
The Parent Company's shareholders		22,574	4,193
Non-controlling interests		5	1
Average number of shares outstanding	2.11	7,741,760	6,383,342
Earnings per ordinary share (basic and diluted)	2.11	2 360	318

Consolidated Balance Sheet

SEK million	Note	31 December 2021	31 December 2020
ASSETS			
Investment properties	2.1 , 3.1	300,584	144,404
Goodwill	3.2	16,489	–
Intangible assets	3.2	8	7
Machinery and equipment	3.3 , 7.1	76	50
Investments in associated companies and joint ventures	3.4	739	347
Quoted equity investments	6.1	5,765	–
Derivative financial instruments	6.1	440	–
Other non-current financial assets	3.5	2,431	895
Total non-current assets		326,532	145,703
Inventory properties	4.1	846	1,292
Rent and trade receivables	4.2	179	61
Other current financial assets	4.3	1,469	2,045
Prepayments	4.3	532	189
Cash and cash equivalents	4.4	19,508	7,636
Total current assets		22,534	11,223
TOTAL ASSETS		349,066	156,926

SEK million	Note	31 December 2021	31 December 2020
EQUITY AND LIABILITIES			
Share capital		72	42
Other capital contributions		97,626	52,690
Hybrid bonds		33,666	13,635
Currency translation reserve		-2,060	-5,687
Retained earnings		30,969	17,001
Total equity attributable to Parent Company shareholders	5	160,273	77,681
Non-controlling interests	5	65	60
Total equity	5	160,338	77,741
Interest-bearing liabilities	6.1 , 6.2 , 6.3	134,895	64,066
Lease liabilities	7.1	729	606
Derivative financial instruments	6.1	–	433
Deferred tax liabilities	7.2	21,904	4,212
Other non-current financial liabilities		864	824
Total non-current liabilities		158,392	70,141
Interest-bearing liabilities	6.3	23,485	6,713
Lease liabilities	7.1	5	4
Trade payables		566	414
Other current liabilities	7.3	4,411	1,045
Derivative financial instruments	6.1	6	14
Accrued expenses		1,863	854
Total current liabilities		30,336	9,044
TOTAL EQUITY AND LIABILITIES		349,066	156,926

Consolidated Statement of Changes in Equity

SEK million	Share capital	Other capital contributions	Hybrid bonds	Currency translation reserve	Retained earnings	Attributable to Parent Company shareholders	Non-controlling interests	Total equity
Opening balance, 1 January 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	–	–	–	-4,480	–	-4,480	–	-4,480
Total comprehensive income	–	–	69	-4,480	8,604	4,193	1	4,194
New share issue	9	12,843	–	–	–	12,852	–	12,852
Dividends	–	–	-69	–	-1,828	-1,897	–	-1,897
Issue of hybrid bonds	–	–	5,189	–	–	5,189	–	5,189
Costs of issuance	–	–	-68	–	-77	-145	–	-145
Total transactions with the company's shareholders	9	12,843	5,052	–	-1,905	15,999	–	15,999
Equity, 31 December 2020	42	52,690	13,635	-5,687	17,001	77,681	60	77,741
Opening balance, 1 January 2021	42	52,690	13,635	-5,687	17,001	77,681	60	77,741
Profit for the period	–	–	406	–	18,541	18,947	5	18,952
Other comprehensive income	–	–	–	3,627	–	3,627	–	3,627
Total comprehensive income	0	0	406	3,627	18,541	22,574	5	22,579
New share issue	29	44,936	–	–	–	44,965	–	44,965
Dividends	–	–	-406	–	-4,572	-4,978	–	-4,978
Issue of hybrid bonds	–	–	20,235	–	–	20,235	–	20,235
Costs of issuance	–	–	-204	–	–	-204	–	-204
Total transactions with the company's shareholders	29	44,936	19,625	–	-4,572	60,018	–	60,019
Equity, 31 December 2021	72	97,626	33,666	-2,060	30,969	160,273	65	160,338

Consolidated Cash Flow Statement

SEK million	Note	2021	2020
Operating activities			
Profit before income tax		24,024	10,833
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Fair value adjustment of investment properties		-21,217	-8,122
Fair value adjustment of derivative financial instruments		-885	178
Finance expenses – net		1,656	1,351
Other adjustments	4.5	-939	-645
<i>Working capital changes</i>			
Increase/decrease(+) in rent receivables		-480	-277
Increase/decrease(-) in trade and other payables		3,883	-201
Cash generated from operations		6,042	3,117
Interest paid		-1,884	-1,258
Interest received		41	81
Paid income tax		-659	-320
Net cash flows from operating activities		3,540	1,620

Investing activities			
Acquisitions of businesses, net of cash	8.2	-79,449	–
Purchase of investment properties		-19,498	-12,705
Capital expenditure on completed investment properties		-5,428	-2,985
Disposals of investment properties		1,148	–
Deposits paid for signed acquisitions		-506	-1,024
Investments in associates and joint ventures		-262	-398
Settlement of derivative financial instruments		-61	113
Quoted equity investments	6.1	-5,188	-
Other cash flows from investing activities		-93	145
Net cash flows from investing activities		-109,337	-16,854
Financing activities			
Proceeds from interest-bearing liabilities		72,880	8,024
Repayment of interest-bearing liabilities		-16,582	-5,398
Dividends paid		-4,572	-1,828
Proceeds from share issuances		44,965	–
Proceeds from shareholder contributions		–	12,851
Proceeds from issuance of hybrid bonds		20,235	5,121
Repayments on hybrid bonds		-406	-146
Other cash flows from financing activities		-219	–
Net cash flows from financing activities		116,301	18,624
Net change in cash and cash equivalents		10,503	3,390
Cash and cash equivalents at the beginning of the period		7,636	4,345
Net currency exchange effect in cash and cash equivalents		1,369	-98
Cash and cash equivalents at the end of the period		19,508	7,636

Notes to the Consolidated Financial Statements

1. Corporate information and general accounting policies

1.1 Corporate information

Heimstaden Bostad AB (publ), Corp. ID No. 556864-0873, is a Swedish limited liability company with its registered office in Malmö, at Östra promenaden 7A, SE-211 28. Heimstaden Bostad's operations consist of owning, developing, and managing residential properties.

1.2 General accounting policies

Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in accordance with Swedish law by applying the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups. Significant accounting policies are reflected in respective note.

The Consolidated Financial Statements were approved by the Board of Directors on 28 February 2022 and will be laid before the Annual General Meeting for approval on 29 March 2022.

The Financial Statements are presented in SEK and rounded to the nearest million. Numbers and percentages presented in the financial statements may not add up precisely to the totals provided.

The Consolidated Financial Statements have been prepared on a going-concern basis, applying a historical cost convention except for the measurement of investment property and derivative financial instruments at fair value.

Heimstaden Bostad presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Heimstaden Bostad classifies all other liabilities as non-current.

Consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to Heimstaden Bostad and deconsolidated from the date that control ceases. All Heimstaden Bostad's companies are set to have 31 December as their year-end. Newly acquired companies that have a different financial year-end are changed to 31 December at the earliest opportunity. Accounting policies of subsidiaries are changed where necessary to ensure consistency.

Inter-company transactions, balances, and unrealised gains or losses on transactions between Group companies are eliminated.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When Heimstaden Bostad ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if Heimstaden Bostad had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interests of the results and equity of subsidiaries are shown separately in the Consolidated Comprehensive Income Statement, Statement of Changes in Equity and Balance Sheet, respectively.

Service income

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, the service income has been separated from the rental rental income and presented on a separate line item in the Comprehensive Income Statement in accordance with IFRS 15. The main purpose is to increase comparability and provide improved presentation disclosures of revenues earned.

Service income mainly comprises the invoicing of certain operating expenses, mainly utilities, without a margin. Service income is recognised in the period when 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 during 2021 decreased by SEK 639 million and service income correspondingly increased by SEK 639 million. Comparative numbers have been revised to conform to current presentation. As a result, during 2020, SEK 389 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

During 2021, the Company revised its classification of right of use assets related to land leases. These assets are classified as investment properties according to IAS 40. Comparative numbers have been revised to conform to the Group's current presentation. The revised presentation did not have any impact on the Group's profit for the year, the financial position, or equity. As a result, during 2020, SEK 598 million was reclassified from right of use to investment properties.

Forward purchase

Future purchase agreements of investment properties held in limited liability companies are accounted as a financial instrument under IFRS 9 at fair value through profit/loss. A fair value gain of 471 million relating to these derivatives has been included in the Consolidated Financial Statements for 2021, see [note 2.8](#).

Asset acquisitions, business combinations, and goodwill

Where properties are acquired, either through business combinations or otherwise, management considers the

substance of the assets and activities of the acquired entity in determining whether the acquisition represents a business combination or an asset acquisition. Companies may choose to perform a 'concentration test' and, should this prove that the acquisition is an asset acquisition, no further assessment is required. If the fair value of the gross assets acquired can substantially be attributed to an asset or a group of similar assets, the voluntary test shows the acquisition to constitute an asset acquisition. If the test is performed and it is not possible to determine acquisition to be an asset acquisition, further assessment must be made to determine whether or not the acquisition is a business combination.

Business combinations

Heimstaden Bostad determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs. If the acquisition lacks a labour force, it may nonetheless be the case that the acquired process is sufficiently unique or unusual, or costly, to replace to be able to generate returns, that the acquisition nonetheless constitutes a business.

When Heimstaden Bostad acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets

acquired is more than the aggregate consideration transferred, Heimstaden Bostad reassesses whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Heimstaden Bostad's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU.

Asset acquisitions

For acquisition of a subsidiary that is not considered a business combination, Heimstaden Bostad allocates the cost between the individual identifiable assets and liabilities based on their relative fair values as at the date of acquisition. Such transactions or events do not give rise to goodwill.

The cost is allocated between the identifiable assets and liabilities of the entity based on their relative values at the acquisition date.

The Group recognises only the identifiable assets and liabilities. Any deferred tax is subject to the initial recognition exemption in accordance with IAS 12.

Judgements and estimates

Management makes judgements, estimates, and assumptions each reporting period that affect the Statement of Profit or Loss and Balance Sheet. These assumptions and assessments are based on historical experience and other factors that appear reasonable under the existing circumstances.

Estimation of fair value of investment properties and forward purchase contracts

All investment properties and forward purchase contracts to buy investment properties held in limited liability companies are measured at Fair Value with reference to realised transaction prices, adjusted if necessary for any difference in nature, location, or condition of the specific asset.

Current economic developments and uncertainties influence the valuation of our investment properties and our forward purchase contracts to buy investment properties held in limited liability companies. The methods and material assumptions applied in determining the Fair Value of our investment properties are mainly based on realised transaction prices.

The Fair Values are based on valuations by independent external valuation experts. The valuation is based on a market value principle upon which assets can be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of the valuation.

The investment property portfolio is appraised on a quarterly basis by independent external appraisers. See Note [Note 3.1](#) for further information.

Impairment testing of goodwill

Each year, the Group tests goodwill for impairment in accordance with the accounting policy described in [Note 3.2](#). Recoverable amounts for cash-generating units have been determined by calculating value in use. For these calculations certain estimates need to be made, see [Note 3.2](#).

Recognition of property acquisition and business combinations

When determining whether the acquisition represent a business combination or an asset acquisition, management makes judgements with regards to the application of the optional concentration test and the substance of the assets and activities acquired.

If substantially all the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets) the transaction is treated as an asset acquisition.

To determine whether the acquisition is a business combination or an asset acquisition, management makes judgements regarding inputs, processes, and output of the acquired assets, this year's acquisition of Akelius has been assessed according to the criteria above and is considered to meet the criteria for business combination, see [Note 8.2](#).

Purchase price allocation

The Group prepares a purchase price allocation for accounting in accordance with the accounting policy described in [Note 8.2](#). Accounting for an acquisition involves a high degree of judgement and estimation, mainly with regard to the allocation of premiums and discounts to assets and liabilities (net assets) in the purchase price allocation, as well as adjusting entries for adaptation to the Group's accounting policies. Fair value adjustments and resultant goodwill are presented in [Note 3.2](#).

Foreign currencies

The Group's Consolidated Financial Statements are presented in SEK, which is also the Parent Company's functional currency. For each entity, the Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method except when the transactions constitute net investments, in which gains and losses are recognised in other comprehensive income.

Transactions in foreign currencies are converted to the functional currency at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Non-monetary assets and liabilities that are recognised at historical cost are translated at the exchange rate prevailing on the transaction date. Non-monetary assets and liabilities that are recognised at fair value are translated into the functional currency at the rate prevailing on the date of fair value measurement. Income and expenses in a foreign operation are translated into functional currency at an average rate that represents an approximation of the prevailing exchange rates at the date of each transaction.

The currency effect connected to cross currency swaps is recognised under Net currency translation gains. The currency effect on loans in foreign currency and the corresponding economic hedge is reported on the same line in the Statement of Profit and Loss. Translation differences arising on currency translation of foreign operations are recognised in other comprehensive income.

Cash Flow Statement

Cash Flow Statements have been prepared in accordance with the indirect method in accordance with IAS 7, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.

1.3 New accounting standards

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs that address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the Consolidated Financial Statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19-related rent concession in the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment is extended to 30 June 2022 and applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

Amendments to IAS 1: Classification of Liabilities

IASB has issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Further, the amendments clarify that the classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. However, IASB published an exposure draft which included a proposal to defer the effective date to no earlier than 1 January 2024. Heimstaden Bostad is monitoring the developments and is assessing the impact the amendments will have on its current accounting policies.

Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets

IASB has published an amendment to IAS 37, where it is clarified which costs are to be included in assessing whether a contract is onerous or loss-making. IASB has evaluated two options, “Incremental cost approach”, costs that would not occur if one did not have the contract, and “directly related cost approach” which includes both incremental costs and allocation of other costs for activities required to fulfill the contract. While IASB has chosen the latter, the amendment shall apply for financial years beginning on or after 1 January 2022, and is approved by the EU.

Amendments to IFRS 3: Business Combinations – reference to the Conceptual Framework

IASB has implemented three amendments to IFRS 3 that have their basis in the updated “Conceptual Framework”. Furthermore, a supplement is introduced in IFRS 3, meaning that liabilities and contingent liabilities, which are covered by IAS 37 and IFRIC 21, shall be reported in accordance with IAS 37 and IFRIC 21 instead of the “Conceptual Framework”. IFRS 3 does not allow contingent assets to be recognised, which is stated in the Basis for Conclusion to IFRS 3. To avoid confusion related to the “Conceptual Framework”, IFRS 3 is supplemented so that the standard explicitly states that an acquirer is not to recognise contingent assets in a business combination. The changes shall apply for financial years beginning on 1 January 2022 or later, amendments are approved by the EU.

Amendments to IAS 8: Definition of Accounting Estimates

IASB issued an amendment to IAS 8 that clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. IASB also clarifies use of measurement techniques and inputs to develop accounting estimates. The amendment shall apply for financial years beginning on or after 1 January 2023, with earlier adoption permitted. Heimstaden Bostad is currently assessing the impact the amendments will have on its current accounting policies.

IAS 1 Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Since 1 January 2020, Heimstaden Bostad has applied the clarification, in IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, regarding what information is material in the preparation of the financial statements. In February 2021, IASB issued an amendment to IAS 1 that provides guidance to help companies understand what makes an accounting policy disclosure material; information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. As Heimstaden Bostad’s information is considered to be adequate, the changes do not affect the accounting principles.

Amendments to IFRS 9: Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

IASB issued an amendment to IFRS 9 and clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier adoption permitted. The Group must apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not adopted early and are not expected to have a material impact on Heimstaden Bostad.

2. Income and expenses

2.1 Segment reporting

Accounting policies

The Group organises and governs its activities based on geographical areas where the investment properties are located, and these geographical areas form the basis of the definition of segments. Senior management is the chief operating decision maker and 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. Additionally, management monitors the value of investment properties and interest-bearing liabilities in each segment. Other items are not distributed per segment in the segments' profits, assets, and liabilities. The segment statements include only directly attributable items and items that can be allocated to the segments in a reasonable and reliable manner. See also [note 3.1](#) for fair value of investment properties per segment. Heimstaden Bostad identified seven reportable segments: Sweden, Germany, Denmark, Netherlands, Norway, and Czech Republic. Finland, Poland, and United Kingdom are included under Other.

2021

SEK million	Sweden	Germany	Denmark	Netherlands	Norway	Czech Republic	Other	Adjustments	Total
COMPREHENSIVE INCOME STATEMENT									
Rental income	2,784	550	2,523	1,137	677	1,127	17	-207	8,608
Service income	41	176	2	–	17	419	–	-16	639
Property expenses	-1,481	-345	-786	-454	-248	-773	-12	238	-3,861
Net operating income	1,344	380	1,738	683	446	773	5	15	5,386
Net operating margin %	48.3	69.1	68.9	60.1	65.9	68.6	-	-	62.6
Corporate administrative expenses, unallocated	–	–	–	–	–	–	–	–	-546
Other income and expenses, unallocated	–	–	–	–	–	–	–	–	-2,005
Profit before inventory properties and fair value adjustments	1,344	380	1,738	683	446	773	5	15	2,834
Fair value adjustment of investment properties	8,068	1,754	6,033	2,831	408	2,182	87	–	21,363
Gains from sale of inventory properties	–	–	–	–	-2	–	–	–	-2
Operating profit	9,412	2,134	7,772	3,514	853	2,955	92	15	24,195
Financial income and expenses	-589	39	-474	-171	-232	392	45	–	-991
Fair value adjustment of derivative financial instruments	582	–	112	47	78	–	–	–	819
Profit before tax	9,405	2,173	7,409	3,390	698	3,348	137	15	24,024
BALANCE SHEET									
Investment properties	97,056	70,651	66,636	27,324	18,951	17,932	2,033	0	300,584
Inventory properties	–	–	–	–	846	–	–	–	846
Assets, unallocated	–	–	–	–	–	–	–	–	47,636
Total assets	97,056	70,651	66,636	27,324	19,797	17,932	2,033	0	349,066
Equity, unallocated	–	–	–	–	–	–	–	–	160,338
Interest-bearing liabilities	102,679	16,660	31,766	6,766	508	–	0	0	158,380
Other liabilities, unallocated	–	–	–	–	–	–	–	–	30,348
Total equity and liabilities	102,679	16,660	31,766	6,766	508	0	0	0	349,066
Capital expenditures in investment properties	2,528	188	917	644	315	503	261	–	5,356

2020

SEK million	Sweden	Germany	Denmark	Netherlands	Norway	Czech Republic	Other	Adjustments	Total
COMPREHENSIVE INCOME STATEMENT									
Rental income	2,429	74	1,485	1,029	649	876	–	-210	6,332
Service income	14	27	–	0	16	333	–	–	389
Property expenses	-1,190	-69	-523	-460	-233	-563	–	210	-2,828
Net operating income	1,254	32	962	569	432	645	–	0	3,893
Net operating margin %	51.6	42.9	64.8	55.3	66.5	73.7	–	-	61.3
Corporate administrative expenses, unallocated	–	–	–	–	–	–	–	–	-345
Other income and expenses, unallocated	–	–	–	–	–	–	–	–	76
Profit before inventory properties and fair value adjustments	1,254	32	962	569	432	645	–	–	3,624
Fair value adjustment of investment properties	2,368	265	1,092	1,044	1,299	1,866	–	–	7,934
Gains from sale of inventory properties	–	–	–	–	188	–	–	–	188
Operating profit	3,622	297	2,054	1,613	1,919	2,511	–	–	11,746
Financial income and expenses	785	-129	-246	-335	-38	-773	–	–	-735
Fair value adjustment of derivative financial instruments	-74	–	21	-44	-81	–	–	–	-178
Profit before tax	4,333	168	1,829	1,233	1,799	1,738	–	–	10,833
BALANCE SHEET									
Investment properties	49,757	3,716	36,199	23,366	17,538	13,827	–	–	144,404
Inventory properties	–	–	-8	–	1,164	–	–	127	1,283
Assets, unallocated	–	–	–	–	–	–	–	–	11,239
Total assets	49,757	3,716	36,191	23,366	18,702	13,827	–	127	156,926
Equity, unallocated	–	–	–	–	–	–	–	–	77,741
Interest-bearing liabilities	34,470	580	19,015	16,237	479	–	–	–	70,780
Other liabilities, unallocated	–	–	–	–	–	–	–	–	8,405
Total equity and liabilities	34,470	580	19,015	16,237	479	–	–	–	156,926
Capital expenditures in investment properties	1,651	27	538	199	20	309	–	-	2,743

2.2 Rental income and service income

Accounting policies

Heimstaden Bostad leases out its investment properties to third parties with contracted non-cancellable lease terms and a normal term of notice for the customer of three months. The Group classifies these leases as operating because they do not transfer substantially all the risks and rewards, or control, incidental to ownership of the properties to the counterparties. For investment property leases the rental income is largely fixed under the contracts, however, it is subject to an annual index adjustment. To mitigate any risks regarding the leased properties, Heimstaden Bostad assesses the creditworthiness of its counterparties, receives rent deposits, and receives guaranties from its lessees.

The rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the Statement of Profit and Loss due to its operating nature, except for contingent rental income, which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, ten-

ant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The initial direct costs and tenant lease incentives are presented as current assets in the line item 'Prepayments' in the Balance Sheet. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Statement of Profit or Loss when the right to receive them arises.

Service charges to tenants mainly comprise utility cost and other operating costs that can be recharged. The services charged are separately invoiced to tenants and includes fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred. The Group arranges for third parties to provide certain of these services to its tenants. The Group acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

No single customer accounts for more than 1% of total revenues. For rental income and service income by geographic market, see [Note 2.1](#).

Rental income and service income

SEK million	2021	2020
Rental income	8,673	6,362
Straight-lining of lease	-65	-31
Rental income	8,608	6,332
Services to tenants	639	389
Service income	639	389
Total revenues	9,247	6,721

Rental income distributed by property category

SEK million	2021	2020
Residential	7,991	5,930
Commercial premises	520	326
Garages and parking spaces	98	76
Total rental income	8,608	6,332

Service income distributed by property category

SEK million	2021	2020
Residential	600	370
Commercial premises	38	20
Total service income	639	389

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

2021 Maturity on lease contracts

SEK million	Residential	Commercial premises	Garages and parking spaces
Within one year	5,339	292	86
1–5 years	25	31	0
> 5 years	2,627	197	12
Total lease contracts	7,991	520	98

2020 Maturity on lease contracts

SEK million	Residential	Commercial premises	Garages and parking spaces
Within one year	3,725	326	76
1–5 years	630	-	-
> 5 years	1,575	-	-
Total lease contracts	5,930	326	76

2.3 Property expenses

Accounting policies

Property expenses include costs for electricity, heating, water, property management, cleaning, and insurance. Maintenance costs consist of both periodic and ongoing measures to maintain the properties' standard. Property management refers to rental costs, financial services, and certain overarching property management services. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. The group has no operating expenses that do not generate rental income.

Property expenses

SEK million	2021	2020
Utilities	1,113	764
Repairs and maintenance	673	519
Property tax	346	278
Property management	1,315	298
Other	414	969
Total property expenses	3,861	2,828

2.4 Other operating expenses

Other operating expenses include SEK 2,202 million in Real Estate Transfer Tax (RETT) in Germany from the acquisition of the Akelius' property portfolio.

During 2021, SEK 49 million were expensed as donations to SOS Children's Villages. See [page 19](#) for more information regarding the partnership A Home for a Home.

2.5 Audit fee

The audit engagement refers to the audit of the Consolidated Financial Statements, the annual financial statements for the Group companies. Other assurance services provided by the auditors include services related to reivew procedures on interim reports and other attestation services. The fees are summarised in the table below:

EY

SEK million	2021	2020
Audit assignment	21	11
Other assurance services	5	2
Tax advisory services	–	0
Other services	–	0
Total	26	13

Moore

SEK million	2021	2020
Audit assignment	3	2
Other assurance services	0	0
Tax advisory services	–	0
Other services	–	0
Total	3	2

Total

SEK million	2021	2020
Audit assignment	24	13
Other assurance services	5	2
Tax advisory services	–	0
Other services	–	0
Total	29	15



2.6 Employee benefit expenses and senior executive compensation

Accounting policies

Employee benefits in the form of salaries, paid vacation, paid absence due to illness, etc., are recognised as employees perform services in exchange for compensation. Pensions and other post-employment benefits may be classified as defined contribution plans or defined benefit plans. All Heimstaden Bostad’s pension obligations consist of defined contribution plans, which are met through ongoing pay-ments to the independent authorities or organisations that administer the plans. Obligations regarding defined contribution plans are ex-pensed in profit or loss as they are incurred.

Average number of employees	2021			2020		
	Women	Men	Total	Women	Men	Total
Sweden	4	4	8	–	–	–
Germany	8	5	13	–	–	–
Denmark	1	1	2	–	–	–
Czech Republic	331	379	710	277	299	576
Totalt	343	390	733	277	299	576

Remunerations

No other remuneration was paid to the members of the Board except decided Board fees below. The CEO, Deputy CEO and senior executives receives remuneration from Heimstaden AB and these costs are included in the administrative services from Heimstaden AB. For other employees in Czech Republic, the customary pension commitments within the framework of general pension plans apply.

The Board of Directors and company management are presented on [pages 35–38](#).

Board Member remunerations SEK	2021	2020
	Board fees	Board fees
Casper von Koskull	960,000	500,000
Ivar Tollefsen	–	–
Stefan Attefall	–	–
Vibeke Krag	–	–
John Giverholt	–	–
Eldbjørg Sture	300,000	–
Frans Højibel	–	–
Birgitta Stenmark	–	–
Axel Brändström	–	–
Christer Franzén	–	–
Bente A Landsnes	300,000	–
Total Board remunerations	1,560,000	500,000

Salaries, remuneration, social security, and pension cost

2021

Position	Board Members	Other employees	Total
SEK million			
Base salary	–	145	145
Benefits	–	7	7
Social security costs	–	46	46
Pension costs	–	1	1
Board remunerations	2	–	2
Total salaries, remuneration, social security, and pension costs	2	198	200
Women in %	36	47	

2020

Position	Board Members	Other employees	Total
SEK million			
Base salary	–	106	106
Benefits	–	6	6
Social security costs	–	34	34
Pension costs	–	0	0
Board remunerations	1	–	1
Total salaries, remuneration, social security, and pension costs	1	146	147
Women in %	36	48	

2.7 Fair value adjustment of investment properties

Investment properties are measured at fair value. Gains and losses arising from changes in the Fair Value of the investment property are included in Comprehensive Income Statement in the period in which they arise. The corresponding tax effect is included in the gain(s) or loss(es). For more information regarding Fair Value assessments see [Note 3.1](#).

Fair Value adjustment of investment properties

	2021		2020	
	%	SEK million	%	SEK million
Sweden	9.0	8,038	4.8	2,368
Germany	2.5	1,754	5.0	265
Denmark	10.0	6,033	3.0	1,092
Netherlands	11.6	2,831	4.5	1,044
Norway	2.3	438	7.6	1,299
Czech Republic	13.9	2,182	15.6	1,866
Finland	7.6	72	–	–
United Kingdom	1.5	15	–	–
Total / Average in %	7.6	21,363	5.5	7,934

2.8 Fair Value adjustment of derivative financial instruments

Derivative financial instruments includes interest rate derivatives and forward purchase contracts and are measured at Fair Value. Gains and losses arising from changes in the Fair Value of the derivative financial instruments are included in Comprehensive Income Statement in the period in which they arise. The corresponding tax effect is included in the gain(s) or loss(es). For more information regarding fair value assessments see [Note 6.1](#).

SEK million	2021	2020
Value change	819	-278
Currency translation	–	100
Total Fair Value adjustment of derivative financial instruments	819	-178

2.9 Financial income and expenses

Accounting policies

Interest income on bank balances, and interest and other borrowing costs, are recognised as income and expenses, respectively. Payments in accordance with interest-rate derivative agreements are included in this item and are expensed in the period to which they relate. Changes in the Fair Value of interest-rate derivatives

are presented in a separate line in the Statement of Profit and Loss. Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalised to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period they incur.

Financial income and expenses reported in Comprehensive Income Statement

SEK million	2021	2020
<i>Assets and liabilities measured at amortised cost:</i>		
Interest income, promissory notes	116	48
Interest income, other financial assets	36	33
Total interest income in accordance with the effective interest method	152	81
Interest expenses, loans	-1,340	-1,269
Total interest expenses in accordance with the effective interest method	-1,340	-1,269
Finance expenses capitalised within investment property	52	26
Total finance cost capitalised	52	26
Currency translation losses	-1,368	–
Currency translation gain	1,444	656
Total currency gains/losses	76	656
Net financial items	-1,060	-506



2.10 Income tax expenses

Accounting policies

Tax is recognised in profit or loss except where the underlying transaction is recognised directly in equity, upon which the associated tax effect is recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the date of the Consolidated Balance Sheet in the countries where Heimstaden Bostad operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities

Comprehensive Income Statement

SEK million	2021	2020
Income tax expense	-492	-386
Deferred tax	-4,580	-1,774
Income tax expenses reported in the Comprehensive Income Statement	-5,072	-2,160

Reconciliation of effective tax rate

SEK million	2021	2020
Reported profit before tax	24,024	10,833
Tax according to current rate	-5,491	-2,280
Tax effect of:		
Non-taxable income	18	15
Non-deductible costs	-20	-15
Non-taxable profit on disposal of participations	10	–
Non-deductible interest net	-274	-306
Tax effect of Hybrid bonds	137	-79
Transactions in Other Comprehensive Income	–	417
Tax on share in earnings from associated companies	–	6
Negative value change in properties acquired during the year	115	–
Revaluations, deferred tax	326	–
Tax attributable to previous years	73	-44
Other	34	126
Income tax expenses reported in the Comprehensive Income Statement	-5,072	-2,160

2.11 Earnings per share

Basic and diluted earnings per share are calculated by dividing earnings attributable to shareholders of the Parent Company by an average number of outstanding ordinary shares during the period.

SEK million	2021	2020
Average number of ordinary shares outstanding	7,741,760	6,383,342
Profit for the period attributable to ordinary shareholders	18,267	2,030
Earnings per ordinary share (basic and diluted)	2,360	318

3. Non-current assets

3.1 Investment properties

Total property value per segment

The total property value, measured at Fair Value, was SEK 300,584 million (144,404). This value included value increase for 2021 of SEK 21,219 million (7,934). In percentage, the increase in value was 7.6% (5.8) of the total property value before changes in value. The total property value per operating segment is shown below.

Valuation gain or loss investment properties

SEK million	Total	Sweden	Germany	Denmark	Netherlands	Norway	Czech Republic	Finland	United Kingdom
Fair value of investment properties, 31 December 2019	113,331	41,241	2,292	34,645	17,781	17,372	–	–	–
Acquisitions during the period	25,445	4,430	1,272	1,278	5,480	–	12,985	–	–
Disposals	-65	–	–	–	-65	–	–	–	–
Land leases	598	67	–	–	–	531	–	–	–
Capital expenditure on completed investment properties	1,656	935	27	256	199	20	219	–	–
Capital expenditure on investment properties under construction	1,088	716	–	282	–	–	90	–	–
Currency translation	-5,583	–	-140	-1,354	-1,073	-1,684	-1,333	–	–
Fair Value after transactions	136,469	47,389	3,451	35,107	22,322	16,239	11,961	–	–
Value change	7,934	2,368	265	1,092	1,044	1,299	1,866	–	–
Fair Value of investment properties, 31 December 2020	144,404	49,757	3,716	36,200	23,366	17,538	13,827	–	–
Acquisitions during the period	36,119	3,523	12,473	18,272	0	0	213	918	721
Business combinations	89,534	33,139	52,232	4,163	–	–	–	–	–
Disposals	-683	0	-114	-63	-55	-451	0	0	0
Land leases	117	71	4	–	–	42	–	–	–
Capital expenditure on completed investment properties	2,836	881	146	563	644	295	296	10	–
Capital expenditure on investment properties under construction	2,520	1,647	42	354	–	20	207	–	251
Currency translation	4,518	0	399	1,113	539	1,211	1,208	15	33
Fair Value after transactions	279,365	89,018	68,898	60,601	24,494	18,657	15,750	942	1,005
Value change ¹	21,219	8,038	1,754	6,033	2,831	294	2,182	72	15
Fair Value of investment properties, 31 December 2021	300,584	97,057	70,651	66,635	27,324	18,951	17,932	1,014	1,019

¹ Fair value adjustment of investment properties in the income statement also includes realised change and is not reflected in the table above, see [note 2.1](#) and [note 2.7](#).

Breakdown by category, 31 December 2021

SEK million	Total	Sweden	Germany	Denmark	Netherlands	Norway	Czech Republic	Finland	United Kingdom
Completed investment properties	292,673	91,788	70,647	65,600	27,324	18,378	17,750	1,014	172
Investment properties under construction	6,848	5,106	0	895	0	0	0	0	847
Land and building rights	347	25	0	141	0	0	181	0	0
Land leases	716	137	4	–	–	574	–	–	–
Total	300,584	97,057	70,651	66,635	27,324	18,951	17,932	1,014	1,019

The Company's contracts in Poland are structured as forward purchases (contracts under the condition precedent of the completion of the works) and the transfer of ownership occurs only after provisional acceptance. A parallel financing agreement has been entered with the developers. The outstanding balances, SEK 1,776 million, with the developers are recognised as other non-current financial assets.

Breakdown by category, 31 December 2020

SEK million	Total	Sweden	Germany	Denmark	Netherlands	Norway	Czech Republic	Finland	United Kingdom
Completed investment properties	140,917	47,233	3,716	35,938	23,366	17,007	13,658	–	–
Investment properties under construction	2,680	2,457	–	223	–	–	–	–	–
Land and building rights	209	–	–	40	–	–	169	–	–
Land leases	598	67	–	–	–	531	–	–	–
Total	144,404	49,757	3,716	36,200	23,366	17,538	13,827	–	–

The Company's contracts in Poland summarises to SEK 127 million.

Accounting policies

Investment properties comprise completed properties, properties under construction, and land and building rights that are held, or to be held, to earn rentals or for capital appreciation or both. A property held under a lease is classified as investment property when it is held to earn rental income or for capital appreciation, or both, and land leases. Contracts related to land leases are accounted for as perpetual contracts.

Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes, brokers' fees, and professional fees for legal services. Borrowing costs that are directly attributable to the construction or re-development of assets that take a substantial period of time to get ready for their intended use are capitalised.

Subsequent recognitions are at Fair Value, which reflects market conditions at the reporting date. Gains or losses are recognised in profit or loss in the period in which they arise, including the corresponding tax effect. Subsequent expenditure is capitalised when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the Fair Value is reassessed. Investment property under construction is measured at Fair Value if the Fair Value is reliably determinable. Investment properties under construction for which the Fair Value cannot be determined reliably, but for which the Company expects the Fair Value to be reliably determinable when construction is completed, are measured at cost less impairment until the Fair Value becomes reliably determinable or construction is completed.

Management considers the following factors when evaluating whether the Fair Value of property under construction can be measured reliably:

- Provisions of the construction contract.
- Stage of construction.
- Custom or standard project/property.
- Reliability of cash inflows after completion.
- Risks specific to the property.
- Experience with similar construction.
- Status of construction permits.

Management has determined that investment properties under construction are eligible for Fair Value measurements once all three following criteria are fulfilled:

- Administrative authorisations are obtained.
- Ongoing construction and costs are committed toward the constructor.
- Uncertainty in future rental income has been assumed low.

Transfers are made to (or from) investment property when there is evidence of a change in use. For a transfer from investment property to inventories, the deemed cost for subsequent accounting is the Fair Value at the date of change in use. If an inventory property becomes an investment property, the difference between the Fair Value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

An investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal or use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

External valuation

All investment properties are valued quarterly by external acknowledged real-estate advisory companies, whose employees are professionally qualified, and have the appropriate competence to carry out the valuation in accordance with the required international valuation standards. The Company has a dedicated in-house valuation team ensuring quality assurance of all external valuations.

Country	Valuer
Sweden	CBRE
Germany	CBRE
Denmark	CBRE
Netherlands	Cushman Wakefield
Norway	Cushman Wakefield, Nyverdi, Eie, Aktiv
Czech Republic	JLL
Finland	CBRE
United Kingdom	Savills
Poland	CBRE

Valuation assumptions

The valuation methodology follows market practice in each respective country and is in general based on ‘highest-and-best use’ meaning both a reletting and a divestment scenario. The market value in the two scenarios is based on cash flow generated by:

- Reletting scenario: Reletting the units at market rent upon tenant fluctuation.
- Divestment scenario: Successively divesting the units as owner-occupied units upon tenant fluctuation.
- There were no material changes to the valuation techniques during the year.

In most markets, properties are valued according to the discounted cash flow (DCF) method using operating and market inputs.

- Estimated rental income based on the location, type, and quality of the properties and supported by any existing leases, other contracts or external evidence such as current market rents for similar units;
- Estimated sales prices of vacant units (only divestment scenario): income based on sales prices supported by external evidence such as sales prices for similar units;
- Estimated vacancy rates based on current and expected future market conditions after expiry of any current leases;
- Property costs and capital expenditures including maintenance and necessary investments to maintain functionality of the property for expected useful life as well as fixed cost like property taxes, insurance etc.;
- Capitalisation rates based on location and quality of the properties and taking into account market data at the valuation date; and
- Terminal value taking into account assumptions regarding maintenance costs, vacancy rates, and market rents on a stabilised basis.

For Norwegian residential assets with a total carrying amount of SEK 18,378 million (17,007), the valuation is determined using the sales comparison approach by consider similar comparable properties adjusted for differences in key attributes such as unit size and quality of interior fittings.

For properties under construction or re-development, the DCF model also take into account cost to complete including developers margin and completion date based on internal forecasts and management’s experience and knowledge of market conditions.

Additionally, properties under construction require approval or permits from regulatory bodies at various points in the development process. Based on management’s experience with similar developments, all relevant permits and approvals are expected to be obtained.

Valuation hierarchy

The majority of the property portfolio is deemed to be at Level 3 in the Fair Value hierarchy according to IFRS 13 Fair Value Measurement, with the exception of the Norwegian residential assets which are based on Level 2. For Level 3, the estimated future cash flows are based on existing rental income and operating and maintenance costs, adjusted for expected changes herein. The Fair Value of the properties is the sum of the discounted cash flows during the calculation period and the terminal value.

Valuation process

Valuations are based on appraisals from independent external valuers.

The policies and procedures for property valuations are assessed by the Company’s in-house valuation team, which has aligned methods with the external valuers. The valuation team holds relevant professional qualifications and are experienced in valuing the types of property in the applicable locations.

At each reporting date, the valuation team analyses the development in property value including verifying major inputs applied and agreeing the information in the valuation computation to rent rolls, market reports, and other relevant documents. The internal team also compares each property’s change in Fair Value with relevant external benchmarks to determine whether the change in Fair Value is reasonable.

A quantitative sensitivity analysis regarding return requirements and net operating income in accordance with the present value method is shown in the below table.

Property valuations are estimates that build on accepted policies and assumptions. The actual Fair Value of a property can only be determined when it is sold. Accordingly, the valuation, uncertainty intervals, and sensitivity analysis, include unobservable inputs and a degree of uncertainty in the inputs and assumptions made. However, uncertainty related to the valuation and its assumptions are reduced by obtaining external assurance from independent third parties in addition to management’s internal review, which amongst other includes evaluating values to recent comparable transactions in the market.

The table on the next page presents the following information for investment properties in each of our markets:

1. The Fair Value measurements at the end of the reporting period.
2. The level of the Fair Value hierarchy (e.g., Level 2 or Level 3) within which the fair value measurements are categorised in their entirety.
3. Valuation technique applied.
4. The inputs used in the Fair Value measurement.
5. Quantitative information about the significant unobservable inputs used in the Fair Value measurement.
6. Uncertainty interval and sensitivity analysis.



2021																					
Markets	Valuation	Valuation technique	Fair Value hierarchy level	Net operating income	Of which regulated, %	Running yield, %	Sensitivity	Lower impact	Higher impact	Sensitivities in running yield, change in percentage point						Sensitivities in NOI					
										0,75%	0,50%	0,25%	-0,25%	-0,50%	-0,75%	-2,00%	-1,50%	-1,00%	1,00%	1,50%	2,00%
Sweden	97,056	DCF	Level 3	2,792	100	2.88	–	–	–	-20,069	-14,370	-7,759	9,236	20,415	34,221	-1,941	-1,456	-971	971	1,456	1,941
Germany	70,651	DCF	Level 3	1,877	100	2.66	–	–	–	-15,554	-11,191	-6,077	7,339	16,379	27,790	-1,413	-1,060	-707	707	1,060	1,413
Denmark	66,636	DCF	Level 3	2,326	12	3.49	–	–	–	-11,787	-8,350	-4,454	5,141	11,143	18,239	-1,333	-1,000	-666	666	1,000	1,333
Netherlands	27,324	DCF	Level 3	789	67	2.89	–	–	–	-5,633	-4,032	-2,177	2,589	5,721	9,585	-546	-410	-273	273	410	546
Norway	18,952	Sale comparison	Level 2	537	0	2.84	Sales price pr. sqm +/- 10%	-1,895.2	1,895.2	-3,964	-2,841	-1,535	1,832	4,057	6,814	-379	-284	-190	190	284	379
Czech Republic	17,931	DCF	Level 3	871	34	4.86		–	–	-2,397	-1,673	-877	972	2,056	3,272	-359	-269	-179	179	269	359
Finland	1,014	DCF	Level 3	59	0	5.80		–	–	-116	-80	-42	46	96	150	-20	-15	-10	10	15	20
United Kingdom	1,019	DCF	Level 3	46	0	4.48		–	–	-146	-102	-54	60	128	205	-20	-15	-10	10	15	20
	300,583			9,298	62	3.09															

2020																					
Markets	Valuation	Valuation technique	Fair Value hierarchy level	Net operating income	Of which regulated, %	Running yield, %	Sensitivity	Lower impact	Higher impact	Sensitivities in running yield, change in percentage point						Sensitivities in NOI					
										0.75%	0.50%	0.25%	-0.25%	-0.50%	-0.75%	-2.00%	-1.50%	-1.00%	1.00%	1.50%	2.00%
Sweden	49,757	DCF	Level 3	1,786	100	3.59	–	–	–	-8,579	-6,068	-3,231	3,715	8,029	13,103	-994	-745	-497	497	745	994
Germany	3,716	DCF	Level 3	70	100	1.90	–	–	–	-1,053	-775	-433	564	1,331	2,431	-74	-56	-37	37	56	74
Denmark	36,200	DCF	Level 3	1,317	16	3.64	–	–	–	-6,185	-4,373	-2,327	2,670	5,765	9,396	-724	-543	-362	362	543	724
Netherlands	23,366	DCF	Level 3	831	60	3.56	–	–	–	-4,070	-2,881	-1,535	1,767	3,823	6,246	-467	-350	-234	234	350	467
Norway	17,538	Sale comparison	Level 2	517	0	3.04	Sales price pr. sqm +/-10%	-1,701	1,701	–	–	–	–	–	–	–	–	–	–	–	–
Czech Republic	13,827	DCF	Level 3	731	38	5.29		–	–	-1,718	-1,195	-624	686	1,444	2,286	-277	-207	-138	138	207	277
	144,404			5,252	82	3.65															

Acquisitions after the Balance Sheet date

Heimstaden Bostad has agreed to acquire properties with closing dates after the Balance Sheet date.

Segments

SEK million	Anticipated date of acquisition	Agreed purchase price
Sweden	Q1,2022	1,743
Germany	Q1,2022	784
Denmark	Q1,2022	197
Netherlands	Q2,2022	176
Total		2,900

3.2 Intangible assets

Goodwill is mainly derived from the business combination of Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS, and Akelius GmbH, which was completed in December 2021.

SEK million	Goodwill	Licences	Total
Opening balance, 1 January 2020	–	–	–
Investments for the year	–	39	39
Changes in value from foreign currency	–	-1	-1
Closing balance, 31 December 2020	–	38	38
Opening balance accumulated depreciation, 1 January 2020	–	–	–
Depreciation for the year	–	-33	-33
Disposals	–	1	1
Closing balance accumulated depreciation, 31 December 2020	–	-31	-31
Carrying amount, 31 December 2020	–	7	7
Opening balance, 1 January 2021	–	38	38
Business combinations	16,466	–	16,466
Investments for the year	–	-5	-5
Changes in value from foreign currency	22	3	25
Closing balance, 31 December 2021	16,489	35	16,524
Opening balance accumulated depreciation, 1 January 2021	–	-31	-31
Business combinations	–	–	–
Depreciation for the year	–	6	6
Disposals	–	-2	-2
Closing balance accumulated depreciation, 31 December 2021	–	-28	-28
Carrying amount, 31 December 2021	16,489	8	16,497

Accounting policies

Goodwill

Goodwill acquired in a business combination is recognised at Fair Value at the acquisition date. Goodwill has an infinite useful life and is subsequently carried at cost less accumulated impairment.

Impairment

Goodwill identified in a business combination is allocated to the groups cash generating units (CGU's) and tested for impairment. Heimstaden Bostad's operating segments are expected to benefit from the synergies derived by combining the Akelius and Heimstaden Bostad asset base. The operating segments is the lowest level where cash flows are identified and is therefore identified as the group's CGU's. To identify the CGU's recoverable amount, the management calculated the CGU's "value in use" by discounting the estimated future cash flows of the operating segment. The economic benefits derived from the combined asset base is higher than the operating segments carrying amount. This means that no impairment is necessary.

Assumptions

The value in use was calculated based on discounted cash flows, which are based on assumptions regarding sales growth and the cost trend. Cash flows have been determined using a growth rate corresponding to 2%. This growth is based on reasonable prudence and does not exceed long-term growth for the industry. An average discount rate of 4.3% before tax was applied when calculating the value in use of our eighth CGU's. With the assumptions described above, recoverable amount exceeds the carrying amount for all CGU's.

Sensitivity analysis

In connection with the impairment test, sensitivity analyses have been performed on changes in growth and discount rates. The sensitivity analyses indicated that an increase in the average discount rate before tax of 0.5% or a decrease in the growth rate of 0.5% would lead to an impairment of the core goodwill.



3.3 Machinery and equipment

Accounting policies

Machinery and equipment mainly comprises machinery, office and computer equipment. Machinery and equipment is recognised at cost less accumulated depreciation and impairment. Cost includes expenses directly attributable to the acquisition of the asset. Additional expenses are capitalised to the asset's carrying amount or recognised as a separate asset only if it is likely that future economic benefits associated with the asset will be received by the Group and when the cost of the asset can be reliably calculated.

The useful life of computer equipment and of other machinery and equipment has been calculated at three years and five years, respectively. Depreciation is applied on a straight-line basis over the useful life and is recognised in profit or loss. The residual value of the assets and their useful life is reviewed at every closing and adjusted when necessary.

SEK million	Equipment
Opening balance, 1 January 2020	–
Investments for the year	42
Closing balance, 31 December 2020	42
Opening balance accumulated depreciation, 1 January 2020	–
Depreciation for the year	-23
Closing balance accumulated depreciation, 31 December 2020	-23
Carrying amount, 31 December 2020	19
Opening balance, 1 January 2021	42
Business combinations	53
Investments for the year	20
Changes in value from foregin currency	5
Closing balance, 31 December 2021	120
Opening balance accumulated depreciation, 1 January 2021	-23
Business combinations	-38
Depreciation for the year	-4
Disposals	6
Change in value from foregin currency	-2
Closing balance accumulated depreciation, 31 December 2021	-61
Carrying amount, 31 December 2021	59

3.4 Investments in associated companies and joint ventures

Accounting policies

Associated companies and joint ventures are all entities over which Heimstaden Bostad has significant influence but not control or joint control. This is generally the case where Heimstaden Bostad holds between 20% and 50% of the voting rights. Investments in associated companies and joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost. The carrying amount of the investment is adjusted to recognise changes in Heimstaden Bostad's share of net assets of the joint venture since the acquisition date. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

The Statement of Profit and Loss reflects Heimstaden Bostad's share of the results of operations of the joint ventures. Any change in other comprehensive income (OCI) of those investees is presented as part of Heimstaden Bostad's OCI. In addition, when there has been a change recognised directly in the equity of the joint ventures, Heimstaden Bostad recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between Heimstaden Bostad and the joint ventures are eliminated to the extent of the interest in the joint ventures.

Where Heimstaden Bostad's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, Heimstaden Bostad does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between Heimstaden Bostad and its associates and joint ventures are eliminated to the extent of Heimstaden Bostad's interest in these entities.

At each reporting date, Heimstaden Bostad determines whether there is objective evidence that the investment in each joint venture and associated companies is impaired. If there is such evidence, Heimstaden Bostad calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of joint ventures' in the Statement of Profit or Loss.

When Heimstaden Bostad ceases equity accounting for an investment because of a loss of joint control or significant influence, any retained interest in the entity is remeasured to its Fair Value, with the change in carrying amount recognised in profit or loss. This Fair Value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset.

Investments in associated companies

SEK million	31 December 2021	31 December 2020
Opening balance	347	301
Investment for the year	63	14
Share of profit	329	32
Closing balance	739	347

Investments are reported in accordance with the equity method.

Specifications of the Group's investments in associated companies

Company	Corp. ID No	Reg. office	No. of shares	Share in %	Share of equity
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	279
Byggrätt Norr AB	559207-4859	Skellefteå	94	19	0
Total					279

Specifications of the Group's investments in joint ventures

Company	Corp. ID No	Reg. office	No. of shares	Share in %	Share of equity
A Place To A/S	39754134	Charlottenlund	5,000	50	0
Gamlebro AB	556791-3990	Norrköping	500	50	13
Upplands Bro Brogårds Etapp 2 AB	559175-4915	Stockholm	500	50	117
Magnolia Projekt 5222 AB	559175-4907	Stockholm	500	50	236
Kiinteistö Oy Hiihtomäentie 14	0819867-2	Helsingfors	13,327	53	46
Total					410

2021 Financial Statements

SEK million	A Place To A/S	Gamlebro AB	Upplands Bro Brogårds Etapp 2 AB	Magnolia Projekt 5222 AB	Kiinteistö OY Hiihtomäentie 14	Rosengård Fastighets AB	Byggrätt Norr AB
Rental income	7	17	0	0	3	150	–
Property expenses	-7	-16	-1	0	-1	-108	–
Net operating income	0	0	-1	0	1	43	–
Corporate administrative ex- penses	0	0	-2	0	0	0	–
Financial items, net	-2	-5	-25	0	0	-10	–
Unrealised value change	0	0	44	471	23	385	–
Tax expenses	0	0	-8	0	-6	-87	–
Profit for the year	-1	-4	10	471	19	330	–
Group's share of profit	-1	-2	5	236	9	83	–
Balance Sheet							
Investment properties	–	470	748	471	99	2,086	–
Assets except investment properties	819	63	106	0	0	44	–
Equity	-1	25	234	471	86	1,117	–
Liabilities	819	507	620	0	13	1,012	–
Carrying amount of the invest- ment as of 31 December 2021	0	13	117	236	46	279	–

2020 Financial Statements

SEK million	A Place To A/S	Gamlebro AB	Upplands Bro Brogårds Etapp 2 AB	Magnolia Projekt 5222 AB	Kiinteistö OY Hiihtomäentie 14	Rosengård Fastighets AB	Byggrätt Norr AB
Rental income	0	16	0	–	–	147	–
Property expenses	0	-6	0	–	–	-78	–
Net operating income	0	10	0	–	–	69	–
Corporate administrative expenses	-1	-9	-2	–	–	-20	–
Finacial items, net	-1	-5	-22	–	–	-11	–
Unrealised value change	0	0	25	–	–	148	–
Tax expenses	0	-1	-5	–	–	-40	–
Profit for the year	-2	-5	-4	–	–	146	–
Group's share of profit	-1	-3	-2	–	–	37	–
Balance Sheet							
Investment properties	–	396	563	–	–	1,439	–
Assets except investment properties	347	31	43	–	–	36	–
Equity	2	25	194	–	–	671	–
Liabilities	345	402	412	–	–	804	–
Carrying amount of the investment as of 31 December 2020	1	12	97	–	–	168	–

3.5 Other non-current financial receivables

SEK million	31 December 2021	31 December 2020
Opening balance	895	542
Loans granted	1,403	–
Loans granted to associated companies and joint ventures	132	423
Repayment on loans	–	-70
Closing balance	2,430	895

The balance mainly relates to loans in connection with new production.

4. Current assets

4.1 Inventory properties

Accounting policies

Property acquired or being constructed or re-developed for sale, rather than to be held for rental or capital appreciation, is held as inventory property and measured at the lower of cost and net realisable value. Principally, this is residential property that Heimstaden Bostad develops and intends to sell before, or on completion of, development. Inventory property is stated at the lower of cost and net realisable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date, and is determined by the

Group based on comparable transactions identified by the Group for property in the same geographical market serving the same segment. NRV in respect of inventory property under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, considering the time value of money, if material. Inventory properties are primarily related to certain projects in Oslo, Norway.

SEK million	31 December 2021	31 December 2020
Opening balance	1,292	865
Capital expenditures	62	325
Currency translation	85	-86
Reclassification to non-current assets	-127	–
Disposals of inventory properties	-464	–
Reversed impairment / Impairment	-2	188
Closing balance	846	1,292

4.2 Rent and trade receivables

Accounting policies

Heimstaden Bostad holds trade receivables with the objective to collect contractual cash flows. Trade receivables are recognised initially at transaction price and subsequently at amortised cost using the effective interest method, a provision for expected credit losses.

Heimstaden Bostad applies the simplified method for reserving expected loan losses for leases and trade receivables. This means that expected credit losses are reserved for the remaining term, which is expected to be less than one year for all receivables. Rent is invoiced in advance, meaning that all reported rent

receivables and trade receivables have fallen due for payment. Heimstaden Bostad makes provisions for expected credit losses based on historical credit losses and forward-looking information. Heimstaden Bostad's customers have similar risk profiles, which is why the credit risk is initially assessed collectively. Any major individual receivables are assessed per counterparty. Heimstaden Bostad writes off a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have been discontinued.

SEK million	31 December 2021	31 December 2020
Rent receivables	179	61
Total rent and trade receivables	179	61

Age distribution of rent and trade receivables

SEK million	31 December 2021	31 December 2020
–30 days	137	36
31–60 days	9	12
61–90 days	5	29
91 days +	75	0
Total	226	77
Credit loss provision	-47	-16
Rent and trade receivables, net	179	61



4.3 Other current receivables

SEK million	31 December 2021	31 December 2020
Prepaid tax	131	17
Deposits related to acquisitions	313	1,506
Prepaid insurance premium	45	42
Prepaid interest	311	19
Other receivables	1,202	650
Total	2,002	2,234

4.4 Cash and cash equivalents

Cash and cash equivalents mainly include bank deposits. There are unutilised credit commitments of SEK 24,474 million (14,627), which are not included in cash and cash equivalents.

4.5 Other adjustments in Cash Flow Statement

SEK million	2021	2020
Depreciation	4	14
Rental losses	38	28
Exchange rate difference	-76	-655
Share of profit of an associate and a joint venture	-905	-32
Total	-939	-645

5. Equity

At the end of the financial year there were 9,725,321 (6,578,058) ordinary shares, 200 (200) Series A preference shares, 35,205,992 (20,317,179) Series B preference shares and, 327,379 (0) Series C preference shares. The voting value of an ordinary share is one half vote per share and the voting value for Series A and B preference shares is one tenth of a vote per share and the voting value for Series C preference shares is one vote per share.

Event	Type	Date of registration	Change in number of shares	Total number of shares	Change in share capital	Total share capital	Par value
Opening balance, 1 January 2020							
New share issue	Ordinary, Pref B	07.01.2020	3,103,013	24,446,280	4,908,650	38,672,150	1.58
New share issue	Ordinary, Pref B	13.05.2020	2,449,157	26,895,437	3,874,316	42,546,466	1.58
Closing balance, 31 December 2020				26,895,437		42,546,466	
Opening balance, 1 January 2021							
New share issue	Ordinary, Pref B	12.01.2021	1,671,996	28,567,433	2,644,927	45,191,393	1.58
New share issue	Ordinary, Pref B	18.03.2021	3,721,074	32,288,507	5,886,359	51,077,753	1.58
New share issue	Ordinary, Pref B, Pref C	17.11.2021	12,637,892	44,926,399	19,991,855	71,069,608	1.58
New share issue	Ordinary, Pref B, Pref C	15.12.2021	332,493	45,258,892	525,970	71,595,578	1.58
Closing balance, 31 December 2021				45,258,892		71,595,578	

Other capital contributions

Other contributed capital refers to equity contributed by the owners, as well as share premiums for issues of ordinary shares and preference shares.

Hybrid bonds

Heimstaden Bostad has issued hybrid bonds amounting to SEK 33.7 (13.6) billion. These have a perpetual maturity with a variable coupon rate. Heimstaden has the opportunity to redeem outstanding hybrid bonds as of first possible redemption day, which is 5–7 years from the issue date.

At the first reporting date, the hybrid bonds are classified as an equity instrument. The classification is based on non-explicit contractual obligation to settle the agreement by paying cash or another financial asset. Nor are there any other circumstances indicating the agreement will be settled in cash or other financial assets. Heimstaden Bostad is entitled to postpone interest payments for an indefinite period in so far as hybrid bond holders are notified within the agreed period and the hybrid bond is subordinated to all other creditors.

Currency translation difference

Currency translation differences arise as a result of translation of foreign operations that have prepared their financial statements in a currency other than the currency in which the Group’s financial statements are presented.

Loans to subsidiaries that comply with IAS 21 paragraphs 15 and 32 for increased net investment in foreign subsidiaries, the translation effect for lending in foreign currencies has affected other comprehensive income by SEK 1,328 million as December 31, 2021.

Retained earnings

Retained earnings refer to earned profits in the Group. This item also includes previous allocations to the reserve fund.

Non-controlling interests

Non-controlling interests consist of external ownership interests in subsidiaries and their subsidiaries. The majority of the Group’s businesses are wholly owned.

Non-controlling interests’ share of comprehensive income for the period

SEK million	2021	2020
Comprehensive income for the period	5	1

Specification of other comprehensive income

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

SEK million Country	Currency code	2021	2020
Czech Republic	CZK	1,179	-1,343
Denmark	DKK	506	-594
Netherlands, Germany, and Finland	EUR	660	-790
Norway	NOK	1,264	-1,746
Poland	PLN	6	-6
United Kingdom	GBP	14	–
Total		3,627	-4,479

6. Capital structure and financial items

6.1 Financial instruments

Accounting policies

Financial assets

The Group's financial assets include trade receivables, other receivables, publicly traded shares, derivative financial instruments, and cash and cash equivalents.

Classification at initial recognition depends on the financial asset's contractual cash flow characteristics and Heimstaden Bostad's business model for managing them. Except for trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value.

For a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of a principal and interest (SPPI) on the principal amount outstanding'. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that do not qualify as SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Heimstaden Bostad's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets to collect contractual cash flows.

For purposes of subsequent measurement, Heimstaden Bostad's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss (derivative financial instruments, publicly traded shares etc.)
- Financial assets at amortised cost (rent and other trade receivables, other receivables, cash, and short-term deposits)

Financial assets at fair value through profit or loss are carried in the

Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Profit and Loss. This category includes publicly quoted shares and derivative instruments, which are further described below.

For purposes of subsequent measurement, Heimstaden Bostad measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets, except for financial assets that do not contain a significant financing component, at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired. Rent and other trade receivables, other receivables, cash, and short-term deposits, meet these conditions and are subsequently measured at amortised cost. A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or when Heimstaden Bostad has transferred its rights to receive cash flows from the asset and either transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of financial assets

Heimstaden Bostad recognises an allowance for expected credit losses for all debt instruments except those held at fair value through profit or loss.

Expected credit losses are based on the difference between the

contractual cash flows due in accordance with the contract and all the cash flows that Heimstaden Bostad expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The valuation of expected credit losses is based on various methods. Other receivables and assets that are not under the scope of the simplified method (see [Note 4.2](#) Rent and trade receivables), are impaired in accordance with a rating-based method using external credit rating. In accordance with the general method, the financial assets covered by provisions for expected credit losses are cash and cash equivalents, other non-current receivables, and other receivables.

Expected credit losses are valued at the product of probability of default, loss given default, and the exposure in the event of default. Heimstaden Bostad has defined default as when payment of the claim is overdue by 90 days or more, or if other factors indicate that payment is in default. For assets and receivables with deteriorated credit exposure, an individual assessment is made, considering historical, current, and forward-looking data. The assessment of whether there is a significant increase in credit risk at the balance sheet date for a receivable or asset is based on whether payment is overdue by 30 days or more, or if significant deterioration of rating occurs, entailing a rating below investment grade. In cases where the amounts are not deemed insignificant, a provision is made for expected credit losses for these financial instruments as well. The valuation of expected credit losses considers any collateral and other credit enhancements in the form of guarantees.

Heimstaden Bostad considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Heimstaden Bostad may also consider a financial asset to be in default when internal or external information indicates that Heimstaden Bostad is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements

held by Heimstaden Bostad. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Heimstaden Bostad's financial liabilities comprise interest-bearing loans and borrowings, corporate bonds, lease liabilities, derivative financial instruments, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. All financial liabilities are recognised initially at fair value and, except for derivative financial instruments, net of directly attributable transaction costs. For the purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the effective interest rate amortisation process. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the Statement of Profit and Loss.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative financial instruments

Heimstaden Bostad does not apply hedge accounting in accordance with IFRS 9. Derivative financial assets and liabilities are classified as financial assets or liabilities at fair value through profit and loss. Derivative financial assets and liabilities comprise mainly interest rate swaps, forward foreign exchange contracts

for economic hedging purposes, and forward purchase contracts for investment properties held in limited liability companies. Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs. Gains or losses on derivatives are recognised in profit or loss in net valuation gain or loss financial instruments at fair value through profit and loss. When forward contracts for investment properties held in limited liability companies are settled and the Company takes control of the new sub-

sidiary, the fair value of the forward contract is transferred to the fair value of the investment property.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair Value Measurements of Financial Instruments

Below is a comparison of the carrying amounts and fair values of financial assets and financial liabilities:

SEK million	31 December 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Derivative financial instruments	440	440	–	–
Quoted equity investments	5,765	5,765	-	-
Other financial non-current assets	2,431	2,431	896	896
Trade receivables	179	179	61	61
Other financial receivables	1,469	1,469	2,045	2,045
Cash and cash equivalents	19,508	19,508	7,636	7,636
Total	29,791	29,791	10,638	10,638
Financial liabilities				
Derivative financial instruments	6	6	447	447
Long-term interest-bearing liabilities	134,895	135,229	64,066	65,387
Current interest-bearing liabilities	23,485	23,485	6,713	6,713
Lease liabilities	734	734	531	531
Trade payables	566	566	414	414
Other liabilities	4,411	4,411	1,045	1,045
Total	164,096	163,838	73,216	74,537

The following tables provide the fair value measurement hierarchy of the Group's financial assets and financial liabilities:

As at 31 December 2021

SEK million	Total	Fair value measurement using:		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:	6,401	5,765	165	471
Derivative financial assets				
Cross currency swaps – NOK	165	-	165	-
Forward purchase contracts	471	-	-	471
Quoted equity investments	5,765	5,765	-	-
Financial liabilities measured at fair value:	-202	-	-202	-
Derivative financial liabilities				
Cross currency swaps – SEK	-173	-	-173	-
Interest rate swaps	-28	-	-28	-

There were no changes in the Group's valuation processes, valuation techniques, or 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 12 months after the reporting period. All other liabilities are classified as non-current. There were no transfers between Level 1 and Level 2 fair value measurements during 2021, and no transfers into or out of Level 3 fair value measurements during 2021.

As at 31 December 2020

SEK million	Total	Fair value measurement using:		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:	261	–	261	–
Derivative financial assets				
Cross currency swaps – NOK	261	-	261	-
Financial liabilities measured at fair value:	-708	–	-708	–
Derivative financial liabilities				
Cross currency swaps – SEK	-328	-	-328	-
Interest rate swaps	-380	-	-380	-

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest-level input that is significant to the fair value measurement as a whole, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period. 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. For more information regarding fair value hierarchy see [Note 3.1](#).

Maturity, interest rate derivatives

SEK million	Type	31 December 2021			31 December 2020		
		Nominal amount	Share, %	Average interest, % ¹	Nominal amount	Share, %	Average interest, % ¹
Maturity, year							
Within 1 year of the Balance Sheet date	Paying fixed	5,314	15	0.15	5,733	16	0.10
Within 1–5 years of the Balance Sheet date	Paying fixed	28,845	81	0.12	24,934	71	0.18
Later than 5 years from the Balance Sheet date	Paying fixed	1,542	4	0.10	4,646	13	0.22
Total interest rate derivatives		35,701	100	0.12	35,313	100	0.17

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

Maturity, cross currency swaps

SEK million	Type	31 December 2021			31 December 2020		
		Nominal amount	Share, %	Average interest, % ¹	Nominal amount	Share, %	Average interest, % ¹
Within 1 year of the Balance Sheett date	Receives variable	–	–	–	5,167	51	1.90
Within 1–5 years of the Balance Sheet date	Receives variable	5,624	100	2.36	5,017	49	2.13
Later than 5 years from the Balance Sheet date	Receives variable	–	–	–	–	–	–
Total cross currency swaps		5,624	100	2.36	10,184	100	2.01

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

6.2 Financial risks

Refinancing risk

To minimise refinancing risk, the Company uses various reliable funding sources with a diversified maturity structure. The Company's financial policy stipulates the level of key credit ratios, as well as a minimum average loan tenor in the debt portfolio of 8.9 years. To mitigate refinancing risk, The Company also maintains ample liquidity reserves and unutilised sources of credit.

Liquidity risk

Liquidity risk is the risk that Heimstaden Bostad cannot fulfil its financial or operational obligations due to surplus liquidity, or that the Group cannot pay for acquisitions, capital expenditures, or other signed obligations. To mitigate this risk, Heimstaden Bostad has unutilised credit facilities of 24,474 SEK million, a financial policy stating that there can never be more than 25% of debt maturing in a single year, as well as a policy stipulating that the estimated liquidity ratio always has to exceed 125%.

Maturity 31 December, 2021, SEK million	0–1 years	1–5 years	>5 years
Interest-bearing liabilities	22,772	53,910	82,251
Leasing liabilities	62	100	476
Financial derivative instruments	5,314	28,845	1,542
Trade payables	566	–	–
Other liabilities	6,274	–	–
Total	34,988	82,855	84,269

See [Note 8.5](#) for repayment of the bridge facility of SEK 17,714 million in January 2022.

Maturity 31 December, 2020, SEK million	0–1 years	1–5 years	>5 years
Interest-bearing liabilities	6,321	24,244	40,485
Leasing liabilities	21	58	436
Financial derivative instruments	5,733	24,934	4,646
Trade payables	414	0	0
Other liabilities	1,19	0	0
Total	13,679	49,237	45,567

Financial obligations

The Company's debt agreements include financial covenants, the breach of which could lead to the termination of loans, immediate repayment requirements, or a claim on secured assets. The Company's financial policy stipulates levels of key credit ratios to ensure that no covenants are breached. Continuous internal and external auditing assures accurate reporting and information.

Credit risk

If counterparties cannot meet their obligations towards the Company or if a substantial number of customers fail to pay rent, it would lead to reduced liquidity and losses. To counter this, the Company regularly assesses the creditworthiness of its counterparties. For the majority of rental contracts rent is paid in advance and risk is further reduced through a large and diversified customer base.

Interest rate risk

Rising interest rates may increase the financing cost for the Company and negatively impact profitability. According to the financial policy, the Company shall maintain at least 75% of its loan portfolio at a fixed rate, which is managed with loans and bonds with fixed interest rates and interest rate swaps.

Currency risk

The Company owns assets in other currencies than the reporting currency, which leads to a risk of negative impact on cash flows or asset values in the case of fluctuating currency exchange rates.

The Company to a large extent utilises match funding to match cash flows with asset and debt value fluctuations.

Changes in values of derivatives

The value of currency derivatives may be affected by changes in base rates or foreign currency exchange rates. The Company's financial policy dictates which derivative instruments may be used for hedging strategies, stating that only marketable instruments for which prices can be obtained may be utilised. The Company also continuously monitors market movements and obtains external and internal derivative valuations.

Interest rate sensitivity

The following table include the sensitivity of a change in interest rates on loans and borrowings, possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

2021	Increase/decrease in basis points	Effect on profit before tax (+)	Effect on profit before tax (-)
Interest expenses	1%	427	-526
2020	Increase/decrease in basis points	Effect on profit before tax (+)	Effect on profit before tax (-)
Interest expenses	1%	41	-148

Sensitivity analysis for exchange rate fluctuation

2021		Effect on net assets of a 10% stronger SEK	Effect on net assets of a 10% weaker SEK
SEK million	Net assets		
CZK	17,401	-1,740	1,740
DKK	32,271	-3,227	3,227
EUR	23,565	-2,356	2,356
NOK	19,339	-1,934	1,934
GBP	1,083	-108	108
PLN	2,103	-210	210
Total	95,761	-9,576	9,576
10%	-9,576		
-10%	9,576		

2020		Effect on net assets of a 10% stronger SEK	Effect on net assets of a 10% weaker SEK
SEK million	Net assets		
CZK	9,131	-913	913
DKK	5,622	-562	562
EUR	10,951	-1,095	1,095
NOK	7,555	-756	756
Total	33,259	-3,326	3,326
10%	-3,326		
-10%	3,326		

6.3 Interest-bearing loans and borrowings

SEK million	2021				2020			
	Interest-bearing liabilities	Secured loans, %	Share, %	Unutilised credit commitment	Interest-bearing liabilities	Secured loans, %	Share, %	Unutilised credit commitment
Corporate bonds	75,282	0	47	–	30,317	0	43	–
Mortgages	34,599	100	22	–	21,359	100	30	–
Bank loans	49,052	62	31	24,474	19,375	100	27	14,744
Total	158,933	41	100	24,474	71,051	57	100	14,744
Deferred charges	-553				-271			
Total incl. deferred charges	158,380				70,780			

Interest-bearing liabilities per currency

Currency	2021		2020	
	SEK million	Local currencies	SEK million	Local currencies
SEK	22,143	–	17,037	–
NOK	3,694	3,600	1,725	1,800
EUR	101,254	9,878	33,274	3,316
DKK	31,842	23,103	19,015	14,101
Total	158,933		71,051	
Deferred charges	-553		-271	
Total incl. deferred charges	158,380		70,780	

Quoted bonds

Nominal value (millions)	Currency	Fair value ²	Maturity	Rating	Annual coupon	Identification number	Exchange
Interest-bearing liabilities							
1,000	SEK	313	2022-09-07	BBB	FLOATING 1.902%	XS1918010833	Euronext Dublin
500	NOK	520	2024-06-07	BBB	FLOATING 3.190%	NO0010838899	Oslo börs
700	EUR	465	2023-09-05	BBB	FIXED 2.125%	XS1958655745	Euronext Dublin
500	EUR	510	2026-01-21	BBB	FIXED 1.125%	XS2105772201	Euronext Dublin
50	EUR	56	2035-05-04	BBB	FIXED 2.800%	XS2168047087	Euronext Dublin
50	EUR	59	2035-05-04	N/A	FIXED 2.800%	XS2161838276	Euronext Dublin
500	SEK	310	2022-12-29	N/A	FLOATING 1.207%	XS2194280736	Euronext Dublin
700	EUR	718	2027-03-03	BBB	FIXED 1.375%	XS2225207468	Euronext Dublin
800	SEK	812	2025-02-25	N/A	FLOATING 1.180%	XS2259800121	Euronext Dublin
400	SEK	401	2025-02-25	N/A	FIXED 1.368%	XS2259781230	Euronext Dublin
400	NOK	394	2025-02-25	N/A	FIXED 2.019%	NO0010906951	Oslo börs
400	NOK	406	2025-02-25	N/A	FLOATING 0%	NO0010906944	Oslo börs
500	EUR	501	2023-01-12	N/A	FLOATING 0.052%	XS2284258345	Euronext Dublin
750	SEK	750	2025-04-07	N/A	FLOATING 0.764%	XS2327990649	Euronext Dublin
500	SEK	500	2024-04-08	N/A	FLOATING 0.640%	XS2327839580	Euronext Dublin
200	NOK	200	2024-04-22	N/A	FLOATING 1.490%	NO0010976319	Oslo börs
1,250	NOK	1,247	2026-04-22	N/A	FLOATING 1.690%	NO0010976327	Oslo börs
350	NOK	349	2028-04-24	N/A	FLOATING 1.880%	NO0010976335	Oslo börs
750	EUR	718	2029-09-06	BBB	FIXED 0.750%	XS2384269366	Euronext Dublin
1,250	EUR	1,253	2024-10-13	BBB	FIXED 0.250%	XS2397239000	Euronext Dublin
750	EUR	747	2028-04-13	BBB	FIXED 0.750%	XS2397252102	Euronext Dublin
750	EUR	752	2031-10-13	BBB	FIXED 1.625%	XS2397252011	Euronext Dublin
1,050	SEK	1,050	2023-11-23	N/A	FLOATING 0.495%	XS2412109105	Euronext Dublin
2,800	SEK	2,803	2023-11-23	N/A	FIXED 0.933%	XS2412106002	Euronext Dublin
650	SEK	651	2026-11-23	N/A	FLOATING 0.995%	XS2412106853	Euronext Dublin
850	SEK	849	2024-01-22	N/A	FIXED 0.875%	XS2420346517	Euronext Dublin
Hybrid bonds ¹							
800	EUR	807	2025-02-19	BB+	VARIABLE 3.248%	XS2010037765	Euronext Dublin
500	EUR	499	2026-04-15	BB+	VARIABLE 3.375%	XS2125121769	Euronext Dublin
800	EUR	760	2027-05-01	BB+	VARIABLE 2.625%	XS2294155739	Euronext Dublin
600	EUR	577	2028-01-29	BB+	VARIABLE 3.000%	XS2357357768	Euronext Dublin
600	EUR	600	2027-01-13	BB+	VARIABLE 3.265%	XS2397251807	Euronext Dublin

¹ Hybrid bonds are classified as equity in the statement of balance sheet.

² Based on quoted market prices as of the balance sheet date.

Maturity structure interest-bearing liabilities

SEK million	Average loan tenor 31 December 2021					
	Loans and borrowings, secured	Corporate bonds, unsecured	Total loans and borrowings	Share, %	Lines of credit	Share, %
Loan maturity						
Within 1 year of the Balance Sheet date	131	22,641	22,772	14	1,400	6
Within 1–5 years of the Balance Sheet date	15,612	38,298	53,910	34	22,971	94
Later than 5 years from the Balance Sheet date	49,329	32,922	82,251	52	102	0
Total	65,072	93,861	158,933	100	24,474	100

SEK million	Average loan tenor, 31 December 2020					
	Loans and borrowings, secured	Corporate bonds, unsecured	Total loans and borrowings	Share, %	Lines of credit	Share, %
Loan maturity						
Within 1 year of the Balance Sheet date	1,218	5,104	6,321	9	0	0
Within 1–5 years of the Balance Sheet date	12,075	12,169	24,244	34	14,744	100
Later than 5 years from the Balance Sheet date	27,441	13,044	40,485	57	0	0
Total	40,734	30,317	71,051	100	14,744	100

SEK million	Fixed interest rates 31 December 2021				
	Secured borrowing	Unsecured borrowing	Total borrowing	Average interest rate, % incl. margin	Share, %
Interest maturity					
Within 1 year of the Balance Sheetdate	43,189	60,250	103,438	0.91	65
Within 1–5 years of the Balance Sheet date	11,877	18,236	30,113	0.91	19
Later than 5 years from the Balance Sheet date	10,007	15,375	25,382	1.14	16
Total	65,072	93,861	158,933	0.95	100

SEK million	Fixed interest rates, 31 December 2020				Share, %
	Secured borrowing	Unsecured borrowing	Total borrowing	Average interest rate,% incl. margin	
Interest maturity					
Within 1 year of the Balance Sheet date	35,189	14,985	50,174	1.22	71
Within 1–5 years of the Balance Sheet date	3,367	7,807	11,174	2.25	16
Later than 5 years from the Balance Sheet date	2,178	7,525	9,704	1.49	14
Total	40,734	30,317	71,051	1.42	100

Average remaining term of fixed interest in the loan portfolio as of 31 December 2021 was: 1.83 years (1.80)

Average remaining term of fixed interest in the loan portfolio, including derivatives, as of 31 December 2021 was: 2.19 years (3.06)

Average remaining loan tenor as of 31 December 2021 was: 8.86 years (10.54)

Reconciliation of liabilities attributable to financing activities

SEK million	Corporate bonds	Mortgages/ bank loans	Deferred charges	Lease liabilities	Total
Opening balance, 1 January 2020	18,066	40,951	-271	818	59,564
Loan repayments	–	–	–	-3	-3
New borrowings/assumed debt in connection with acquisitions	13,374	974	–	–	14,348
Currency exchange effect on loans	-1,123	-1,191	–	-55	-2,369
Other changes	–	–	–	-229	-229
Closing balance, 31 December 2020	30,317	40,734	-271	531	71,311
Opening balance, 1 January 2021	30,317	40,734	-271	531	71,311
Loan repayments	-8,070	-8,512	–	-12	-16,594
New borrowings/assumed debt in connection with acquisitions	52,016	50,328	–	86	102,430
Currency exchange effect on loans	1,019	1,102	–	40	2,160
Capitalisation of debt issuance cost, net of amortisation	–	–	-282	9	-273
Closing balance, 31 December 2021	75,282	83,652	-553	733	159,114

6.4 Capital management

The access to long-term capital is important for Heimstaden Bostad to acquire, develop, and manage our property portfolio. Changes in the capital structure affect the operations' financial risk and earnings capacity and we are monitoring the capital structure to ensure it is aligned with the Company's financial policy.

Financial Policy

Policy			2021	2020
Interest coverage ratio, rolling 12 months, S&P	Multiple	≥ 2.4	2.9	2.5
Net debt / net debt + equity, S&P method	%	<55	52.2	49.8
Average loan tenor	Years	≥ 4	8.9	10.5
Loan maturity in individual year	%	≤ 25	14 (2022)	13
Loans from individual lender	%	≤ 20	11	12
Interest rate hedge ratio	%	≥ 75	77	80
Quick ratio	%	≥ 1.25	2.90	1.49

7. Other liabilities

7.1 Leases

Accounting policies

Heimstaden Bostad has a lease commitment for leasehold rights, premises, and vehicles. The commitment is classified as a lease liability in the Balance Sheet and the right to use the underlying asset during the lease term is classified as an asset. Amortisation of the asset is reported in profit or loss. Lease payments are reported partly as payment of interest and partly as amortisation of the lease liability. Lease payments are renegotiated at the end of the agreements to reflect market rents. The agreements mainly

fall due for renegotiation in more than 5 years. Premises and vehicles are reported at discounted values in the Balance Sheet as a right-of-use asset and a lease liability. In profit or loss, the right-of-use asset is depreciated over the term of the agreement and payment made to the landlord / lessor is reported partly as amortisation of the lease liability and partly as interest expense in profit or loss.

The table below shows the rights of use per category:

SEK million	Premises	Vehicles	Other	Total
Opening balance, 1 January 2020	184	3	1	188
Changes to contracts	17	2	–	19
Reclassifications	-169	-1	–	-170
Depreciation	-2	-1	-1	-4
Currency translation	-1	-1	–	-2
Closing balance, 31 December 2020	29	2	–	31
Changes to contracts	-13	2	–	-11
Depreciation	-3	-2	–	-5
Currency translation	2	–	–	2
Closing balance, 31 December 2021	15	2	–	17

Below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

SEK million	2021	2020
As at 1 January	610	818
Additions	86	–
Accretions of interest	5	1
Payments	-12	-1
Reclassification	4	-174
Currency translation	40	-34
As at 31 December	733	610
Current	5	4
Non-current	728	606

The following amounts are recognised in profit or loss:

SEK million	2021	2020
Depreciation expense of right-of-use assets	-5	-5
Interest expense on lease liabilities	-5	-5
Expense relating to short-term leases (included in cost of sales)	-2	–
Expense relating to leases of low-value assets (included in administrative expenses)	-2	–
Variable lease payments (included in cost of sales)	0	–
Total amount recognised in profit or loss	-14	-9

Breakdown of undiscounted lease debt:

SEK million	2021	2020
Within one year	62	21
1–5 years	100	58
> 5 years	476	436
Total	638	515

The Group's lease income from operating leases is presented in rental income in profit or loss. For more information see [Note 2.2](#).

7.2 Deferred tax

Accounting policies

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the date of the Consolidated Balance Sheet and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying value of Heimstaden Bostad’s investment property is assumed to be realised by sale at the end of use.

The capital gains tax rate is based on the applicable rate of a direct sale of the property recorded in the Balance Sheet regardless of whether Heimstaden Bostad would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Heimstaden Bostad and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax

SEK million	2021		2020	
	Basis	Tax	Basis	Tax
Deferred tax asset loss carryforwards				
Opening balance	-667	-147	-896	-197
Change for the year	-418	-89	228	50
Closing balance	-1,085	-236	-667	-147
Deferred tax liabilities investment properties				
Opening balance	20,923	4,453	12,865	2,738
Business combinations	48,916	12,877	–	–
Depreciation for the year	187	39	139	31
Value change for investment properties	21,217	4,528	8,122	1,713
Reversal for the year due to sale	-79	-17	–	–
Changed tax rate	–	–	-203	-29
Closing balance	91,163	21,880	20,923	4,453
Derivative financial instruments				
Opening balance	-447	-95	-65	-15
Change for the year	881	186	-382	-80
Closing balance	434	91	-447	-95
Temporary differences	629	169	–	–
Net deferred tax				
Opening balance	19,809	4,212	11,904	2,526
Business combinations	48,916	12,877	–	–
Exchange rate difference	–	235	–	-87
Change for the year	22,416	4,580	7,905	1,774
Closing balance	91,141	21,904	19,809	4,212

Capitalised tax loss carryforward relates to tax loss of SEK 1,085 million (667).

7.3 Other current liabilities

SEK million	31 December 2021	31 December 2020
Current tax liabilities	450	291
Real-estate transfer tax	2,414	26
Liabilities related to real estate transactions	645	524
VAT construction project	-	105
Other liabilities	902	99
Total	4,411	1,045

8. Other disclosures

8.1 Related-party disclosures

Transactions with related parties carried out at arm’s length terms.

The following are defined as related parties:

- All companies within the Heimstaden Group
- Board Members and Company management
- Close family Members of Board Members or Company management
- Companies controlled by Board Members or Company management
- Shareholders in control of more than 10% of the shares or votes in the company

Summary of transactions with related parties

In addition to the related-party relationships specified for the Group, the Parent Company has a controlling influence over sub-sidiaries in accordance with [Note 7](#).

Transactions with associated companies and joint ventures

SEK million	2021	2020
Interest revenue from investments in associated companies and joint ventures	22	63
Receivables from investments in associated companies and joint ventures	161	82
Liabilities to investments in associated companies and joint ventures	-	284
Capital contributions to investments in associated companies and joint ventures	-	25

In addition to the related parties presented above see also [Note 3.4](#), Associated companies and joint ventures.

In 2021, Heimstaden Bostad acquired administrative services from Heimstaden AB and its subsidiaries for SEK 1,437 million (964).

In 2021, Heimstaden Bostad AB acquired properties from Group companies for SEK 0 million (0).

In 2021, Ivar Tollefsen and his family received SEK 15 million in total fees for ground rent (SEK 13 million).

Transactions with key individuals in leading positions

The CEO and Deputy CEO hold shares in Heimstaden Bostad AB, and accordingly received dividends in 2021 and 2020 and participated in the new share issue.

8.2 Business combinations

On 1 December 2021, Heimstaden Bostad acquired 100% of the voting shares in Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS, and Akelius GmbH for SEK 92.5 billion. The portfolio comprised 28,776 homes across Sweden, Germany, and Denmark.

As a result of the business combination and the preliminary analysis of the purchase price allocation, SEK 16,466 million in goodwill was recognised. The goodwill arose from the purchase price exceeding the fair value of acquired net assets. The goodwill amount is related to deferred tax liabilities of SEK 12,949 million and SEK 3,518 million from synergies attributable to economies of scale (core goodwill). The acquisition has been analysed in accordance with IFRS3 and is deemed to meet criteria for business combinations, see also [Note 3.2](#) for additional information.

The acquired businesses have from the date of acquisition to 31 December 2021 contributed to the Group’s revenues and profit before taxes with SEK 244 million. If the acquisition had occurred at the beginning of 2021, revenues and profit before taxes for 2021 would have increased by SEK 2,442 million and SEK 16,413 million, respectively.

Acquisition of Akelius properties in Germany, Sweden, and Denmark

Balance Sheet, 1 December 2021

SEK million	Fair value recognised on acquisition
NET ASSETS	
Investment properties	89,069
Machinery and equipment	10
Other non-current financial assets	68
Inventory properties	467
Other current assets	246
Cash and cash equivalents	288
Long-term interest-bearing liabilities	-13,067
Non-current liabilities, financial leasing	-68
Deferred tax liability	-12,949
Other long-term liabilities	-70
Other current liabilities	-723
Net identifiable assets at fair value	63,271
Goodwill	16,466
Total net assets	79,737
CASH FLOW EFFECT	
Consideration paid	79,737
- cash and cash equivalents in acquired companies	288
Total cash flow effect	79,449

8.3 Pledged assets

SEK million	31 December 2021	31 December 2020
Mortgages ¹	62,526	52,386
Pledged shares in subsidiaries ¹	7,622	7,790
Total	70,148	60,176

¹ The collateral has been pledged with regard to interest-bearing loans from credit institutions.

8.4 Contingencies and commitments

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 favour of the municipality. Subsequently, the parties entered into a settlement agreement, and the five properties were sold to the municipality on 31 December 2021. Fredensborg AS has guaranteed for the difference of sales price and fair value of the properties as of the date of the sale. Therefore no losses were recognised from the sale.

Investment obligations

Heimstaden Bostad has entered into contracts with sellers of investment property placed in a corporate wrapper. The corporate wrapper holds an existing investment property and rental agreements with tenants. Heimstaden Bostad will acquire 100% of the outstanding shares in the corporate wrapper at a future date. The contract is either for a fixed price or at a variable price based on the equity in the corporate wrapper, where the investment property is measured at fair value. The arrangements are recognised as financial instruments under IFRS 9 at fair value through profit/loss. For more information see [Note 6.1](#).

Heimstaden Bostad has signed agreements to buy turnkey investment properties under construction after the balance sheet date. As at 31 December 2021, Heimstaden Bostad had total investment obligations of SEK 12 069 billion between 2022 and 2027, see table below.



2021

SEK million	2022	2023	2024	2025	2026	2027	2028	Total
Investment obligations	3,871	1,643	3,303	2,273	378	601	-	12,069

2020

SEK million	2021	2022	2023	2024	2025	2026	2027	Total
Investment obligations	26,968	392	4,783	5,604	758	319	872	39,696

Capital expenditures

As at 31 December, 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 5,040 million.

Disputes

As of the balance sheet date, Heimstaden Bostad is not a part in any ongoing process which is expected to have a significant impact on the financial statement.

8.5 Events after the reporting period

On January 19, 2022, Allianz Real Estate, on behalf of Allianz companies, invested SEK 7.9 billion in Heimstaden Bostad's portfolio in Sweden with properties recently bought from Akelius, forming a joint venture (JV) on the SEK 30.4 billion portfolio centrally located in Malmö and Stockholm. The 99 properties are part of the portfolio acquired by Heimstaden Bostad from Akelius with 3,377 homes in Malmö and 5,932 in Stockholm, making the JV one of the largest private residential owners in the Swedish capital. The JV was funded with equity, including Allianz' SEK 7.9 billion investment, as well as a debt facility from Heimstaden Bostad. The shareholders hold a combination of preference and common shares with different rights to dividends and voting. Heimstaden Bostad holds a higher ratio of common shares, and the JV will be fully consolidated into Heimstaden Bostad.

On 5 January 2022, Heimstaden Bostad priced EUR 500 million floating rate notes under its EMTN programme. The notes have a maturity of two years with a call option at par after approximately 1 year and carry a floating rate to maturity of 3 months EURIBOR plus 55 bps. The issuance was completed through a club deal with European money market funds. The proceeds were used to refinance the EUR 500 million floating rate notes due January 2023, which were redeemed on 21 January 2022 in accordance with the notice given by Heimstaden Bostad on 21 December 2021.

On 17 January 2022, Heimstaden Bostad priced EUR 1,200 million senior unsecured fixed rate notes with 3.5- and 6.5- year tenors under its EMTN programme. The EUR 700 million 3.5 years note, and EUR 500 million 6.5 years note carries an annual coupon of 0.625% and 1.375%, respectively. The notes were rated `BBB` by S&P. The net proceeds, together with cash at hand, was used to repay the entirety of the loan outstanding under Heimstaden Bostad's bridge financing facility related to the acquisition of Akelius's portfolios in Sweden, Denmark, and Germany, and for general corporate purposes.

On the 25 January 2022. Heimstaden Bostad priced EUR 200 million in a tap issue of our existing floating rate note issued on the 5 of January 2022. Bringing the total outstanding amount of the floating rate note to EUR 700 million. The tap issue was done at the same exact terms as the original trade, carrying a floating rate coupon of 3 months Euribor plus 55 bps to maturity and the same call option date.

On February 2022, Heimstaden Bostad strengthened its presence in Sweden through the SEK 1.7 billion acquisition of Vätterbygdens Byggnads AB. The portfolio consists of 806 residential units, and 21 new attic apartments under construction, mainly located in attractive micro locations in the central parts of Jönköping.

The financial statements form part of the Annual Report and were approved by the Board of Directors and the CEO on 28 February 2022.

Parent Company Financial Statements and Notes

Income Statement

SEK million	Note	YTD 2021	YTD 2020
Management service revenues		1	4
Other operating expenses		-15	–
Administrative expenses	2.1 , 2.2 , 7.2	-603	-385
Operating profit/loss		-617	-381
Interest income	2.3	655	543
Interest expenses	2.3	-668	-680
Other financial items	2.3	331	-245
Fair value adjustment of derivative financial instruments	5.2	306	-260
Profit/loss after financial items		7	-1,022
Appropriations	2.4	–	716
Profit/loss before tax		7	-306
Income tax expense	2.5	-104	50
Profit for the period		-97	-256

Comprehensive Income Statement

SEK million	Note	YTD 2021	YTD 2020
Profit for the year according to the Income Statement		-97	-256
Other comprehensive income		–	–
Total comprehensive income		-97	-256

Balance Sheet

SEK million	Note	31 December 2021	31 December 2020
ASSETS			
Shares and participations	7.4	62,021	38,867
Quoted equity investments		5,188	–
Deferred tax assets	3.1	41	93
Non-current receivables, subsidiaries	3.2 , 7.2	100,209	19,343
Total non-current assets		167,459	58,304
Current receivables, subsidiaries	3.3 , 7.2	40,369	33,721
Other financial assets		86	100
Cash and cash equivalents	3.4	16,555	5,916
Total current assets		57,010	39,737
TOTAL ASSETS		224,469	98,041

SEK million	Note	31 December 2021	31 December 2020
EQUITY AND LIABILITIES			
Share capital		71	43
Restricted equity		71	43
Share premium reserve		95,176	50,240
Hybrid bonds		33,652	13,621
Retained earnings		-4,625	450
Unrestricted equity		124,203	64,310
Total equity	4.1	124,274	64,353
Interest-bearing liabilities	5.1	45,303	23,210
Derivative financial instruments	5.2	198	453
Non-current liabilities, subsidiaries	6.1 , 7.2	54,242	9,729
Total non-current liabilities		99,743	33,392
Trade payables		3	8
Current tax liabilities		51	26
Accrued expenses and prepaid income	6.2	398	260
Total current liabilities		452	295
TOTAL EQUITY AND LIABILITIES		224,469	98,041

Statement of Changes in Equity

SEK million	Share capital	Share premium reserve	Hybrid bonds	Retained earnings	Total equity
Equity, 31 December 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 shareholders	9	12,843	5,038	-1,891	15,998
Equity, 31 December 2020	43	50,240	13,621	450	64,353
Opening balance, 1 January 2021	43	50,240	13,621	450	64,353
Profit for the period	–	–	406	-502	-97
Total profit	0	0	406	-502	-97
Share issue	29	44,936	–	–	44,965
Dividends	–	–	-406	-4,572	-4,978
Hybrid bonds issue	–	–	20,235	–	20,235
Costs of issuance	–	–	-204	–	-204
Total transactions with the Company's shareholders	29	44,936	19,625	-4,572	60,018
Equity, 31 December 2021	71	95,176	33,652	-4,625	124,274

Cash Flow Statement

SEK million	Note	2021	2020
Cash flows from operating activities			
Profit before income tax		7	-1,023
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Other adjustments	7.3	-995	448
<i>Working capital changes</i>			
Increase/decrease(+) in trade receivables		-57	678
Increase/decrease(-) in trade and other payables		158	174
Cash generated from operations		-887	277
Paid income tax		-26	–
Net cash generated from operating activities		-913	277

SEK million	Note	2021	2020
Cash flows from investing activities			
Acquisitions of businesses, net of cash	8.2	-2,347	–
Acquisition of other long-term securities		-5,118	–
Settlement of derivative financial instruments		51	113
Net cash used in investing activities		-7,414	113
Cash flows from financing activities			
Proceeds from loan and borrowings	5.1	29,838	8,709
Repayment of loan and borrowings	5.1	-8,070	-2,757
Dividends paid		-4,572	-1,897
Proceeds from share issuances		44,965	12,851
Proceeds to subsidiaries		-64,095	-19,579
Proceeds from issuance of hybrid bonds		20,235	5,189
Coupon payments on hybrid bonds		-610	-145
Net cash used in financing activities		17,691	2,371
Cash and cash equivalents at the beginning of the period		5,916	2,811
Net change in cash and cash equivalents		9,364	2,761
Change rate adjustments of cash and cash equivalents		1 275	344
Cash and cash equivalents at the end of the period		16,555	5,916

Notes to the Parent Company Financial Statements

1. Accounting policies

1.1 Accounting Policies

The Parent Company applies the same accounting policies as the Group (see [Note 1.2](#), Significant accounting policies), with the following differences:

Investments in subsidiaries

Investments in subsidiaries are recognised at historical cost less deductions for any impairments. Acquisition-related costs and any contingent consideration are capitalised if there are indications that participations in Group companies have decreased in value. The recoverable amount is calculated and if this is lower than the carrying amount, the investment is impaired. Impairment is recognised under the item 'Impairment of investments in subsidiaries'.

Financial instruments

The guidance for financial instruments under IFRS 9 is not applied by the Parent Company. The Parent Company applies the lower of cost or market method in accordance with the Swedish Annual Accounts Act. Accordingly, financial non-current assets

are valued at cost and financial current assets at the lower of cost or market. The Parent Company applies the expected credit loss method under IFRS 9 for assets that are debt instruments. For other financial assets, impairment is based on market value.

The Parent Company applies the exemption not to value financial guarantee agreements benefiting subsidiaries, associated companies, and joint ventures in accordance with IFRS 9, applying instead the valuation policies under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Impairment of financial assets

The Parent Company applies the same impairment method as the Group for expected credit losses. The Parent Company considers the subsidiaries to have similar risk profiles and assessments are performed on a collective basis for similar transactions. At the Balance Sheet date, no material increase in credit risk has been deemed to prevail for any intra-Group receivables. The Parent Company's receivables from its subsidiaries are subordinated

external lenders' claims. The Parent Company's expected loss in the event of default takes into account the average of the subsidiaries' loan-to-value ratios and their expected market value in the event of a forced sale. Based on the Parent Company's assessments, it is estimated that expected loan losses will not be significant and no provision has been reported.

Group contributions and shareholder contributions

Group contributions are deductible, unlike shareholder contributions. Group contributions paid and received are reported in the Comprehensive Income Statement. Shareholder contributions are reported as an increase of participations in Group companies and tested for impairment.

Credit risk

The Parent Company's maximum credit risk is the net amount of the financial assets. The Parent Company has no collateral for its net financial assets.

Based on our assessment there has been no significant increase in credit risk of the Parent Company's financial assets.

Leases as a lessee

When the Parent Company is the lessee, lease payments are expensed on a straight-line basis over the term of the lease. The cost of leases attributable to leaseholds and the cost for other leases are recognised in operating profit. The right-of-use asset and the lease liability are therefore not recognised in the Balance Sheet.

Presentation

For the Parent Company, the Income Statement and other comprehensive Income are presented in two reports. For the Parent Company, the Statement of Comprehensive Income and Balance Sheet are prepared in accordance with the Annual Accounts Act's schedule while the Statement of Changes in Equity and the Cash Flow Statement are based on IAS 1, Presentation of Financial Statements, and IAS 7 Statement of Cash Flows.

2. Income and expenses

2.1 Audit fee

The audit engagement refers to the audit of the financial statements. Other assurance services provided by the auditors include services related to review procedures on interim reports and other attestation services. The fees are summarised in the table below:

EY

SEK million	2021	2020
Audit assignment	3	2
Other assurance services	2	1
Tax advisory services	-	-
Other services	-	-
Total	5	3

Moore

SEK million	2021	2020
Audit assignment	2	2
Other assurance services	0	0
Tax advisory services	-	-
Other services	-	-
Total	2	2

Total

SEK million	2021	2020
Audit assignment	5	4
Other assurance services	2	1
Tax advisory services	-	-
Other services	-	-
Total	7	5

2.2 Personnel and senior executives

The remuneration to the Chairman of the Board amounts to SEK 0.96 million (0.5). No other remuneration was paid to the Members of the Board except board fees presented in Group [Note 2.6](#). The CEO receives remuneration from Heimstaden AB and these costs are included in the administrative services from Heimstaden AB.

During the year, the Board of Directors consisted of 11 (11) Members, of whom 7 (8) were men. There was 1 (1) other senior executive, of whom 1 (1) are men.

2.3 Financial income and expenses

SEK million	2021	2020
Assets and liabilities measured at amortised cost:		
Interest income, subsidiaries	649	535
Interest income, other financial assets	7	8
Total interest income in accordance with the effective interest method	656	543
Interest costs, loans	-481	-633
Interest costs Group companies	-187	-31
Interest costs, other financial liabilities	-	-16
Total interest costs in accordance with the effective interest method	-668	-680
Other financial items, net	2021	2020
Foregin currency, financial items	740	-188
Other financial expenses	-409	-57
Total	331	-245
Total income/loss from financial items	318	-382

2.4 Appropriations

SEK million	2021	2020
Group contributions received	-	716
Total	-	716

2.5 Income tax expense

SEK million	2021	2020
Income tax expense	-51	-26
Deferred tax	-53	77
Total income tax expense reported in Comprehensive Income Statement	-104	51
Profit before tax	7	-307
Tax according to current rate	-1	68
Tax effect of:		
Non-taxable income	-	9
Non-deductible costs	-	-6
Non-deductible interest, net	-189	-26
Tax effects hybrid bonds	137	32
Tax attributable to previous years	-51	-26
Total from Comprehensive Income Statement	-104	51

3. Assets

3.1 Deferred tax assets

SEK million	31 December 2021	31 December 2020
Opening balance	93	16
Change for the year	-52	77
Closing balance	41	93

3.2 Non-current receivables, subsidiaries

SEK million	31 December 2021	31 December 2020
Opening balance	19,343	20,308
Change for the year	80,866	-965
Closing balance	100,209	19,343

Receivables from Group companies are attributable to transactions between the Parent Company and the subsidiaries. Intragroup loans are subject to market terms and are without collateral.

3.3 Current receivables, subsidiaries

SEK million	31 December 2021	31 December 2020
Opening balance	33,721	12,849
Change for the year	6,648	20,872
Closing balance	40,369	33,721

Receivables from Group companies are attributable to transactions between the Parent Company and the subsidiaries. Intragroup loans are subject to market terms and are without collateral.

3.4 Cash and cash equivalents

Cash and cash equivalents mainly include bank deposits. The change in cash and cash equivalents is shown in the Consolidated Statement of Cash Flows.

4. Equity

4.1 Equity

Event	Type	Date of registration	Change in number of shares	Total number of shares	Change in share capital	Total share capital	Quota value
Opening balance at 1 January 2020							
New share issue	Ordinary, Pref B	07.01.2020	3,103,013	24,446,280	4,908,650	38,672,150	1.58
New share issue	Ordinary, Pref B	13.05.2020	2,449,157	26,895,437	3,874,316	42,546,466	1.58
Closing balance at 31 December 2020				26,895,437		42,546,466	
Opening balance at 1 January 2021							
New share issue	Ordinary, Pref B	2021-01-12	1,671,996	28,567,433	2,644,927	45,191,393	1.58
New share issue	Ordinary, Pref B	2021-03-18	3,721,074	32,288,507	5,886,359	51,077,752	1.58
New share issue	Ordinary, Pref B, Pref C	2021-11-17	12,637,892	44,926,399	19,991,855	71,069,607	1.58
New share issue	Ordinary, Pref B, Pref C	2021-11-17	332,493	45,258,892	525,970	71,595,577	1.58
Closing balance at 31 December 2021				45,258,892		71,595,577	

At 31 December 2021, there were 9,725,321 (6,578,058) ordinary shares, 200 (200) Series A preference shares, 35,205,992 (20,317,179) Series B preference shares, and 327,379 (0) Series C preference shares. The voting value of an ordinary share is one-half vote per share and the voting value for Series A and B preference shares is one-tenth of a vote per share and the voting value for Series C preference shares is one vote per share..

Proposed appropriation of accumulated profit, SEK

Share premium reserve	95,176,170,400	Dividend to shareholders	6,621,384,882
Hybrid bonds	33,652,042,962	Share premium reserve	95,176,170,400
Retained earnings	-4,528,478,211	Hybrid bonds	33,652,042,962
Profit/loss for the year	-96,675,144	Retained earnings	-11,246,538,237
Total	124,203,060,007	Total	124,203,060,007

It is proposed that the funds at the disposal of the Annual General Meeting, SEK 124,203,060,007 be appropriated such that, a dividend amounting to SEK 318.103844592893 per ordinary share, totalling SEK 3,093,662,000. The Board further proposes distribution of a dividend to the holders of Series A preference shares in accordance with the Company's Articles of Association in the amount of SEK 2,170,304.40878072 per Series A preference share, totaling SEK 434,060,881.756143. The Board further proposes distribution of a dividend to the holders of Series B1, B2, B3 and B4 preference shares in accordance with the Company's Articles of Association in the amount of SEK 122.431059573938 per Series B1, B2, B3 and B4 preference shares, totaling SEK 2,487,453,752.52336 for Series B1, B2, B3 and B4 shares. The Board further proposes distribution of a dividend to the holders of Series B5 preference shares in accordance with the Company's Articles of Association in the amount of SEK 118.751152486954 per Series B5 preference share, totaling SEK 154,376,260.730735 for Series B5 shares. The Board further proposes distribution of a dividend to the holders of Series B6 preference

shares in accordance with the Company's Articles of Association, that is, in the amount of SEK 97.0062469729574 per Series B6 preference share, totaling SEK 293,571,460.307966 for Series B6 shares. The Board further proposes distribution of a dividend to the holders of Series B7 preference shares in accordance with the Company's Articles of Association, that is, in the amount of SEK 15.2079480117159 per Series B7 preference share, totaling SEK 156,927,013.545894 for Series B7 shares. The Board further proposes distribution of a dividend to the holders of Series B8 preference shares in accordance with the Company's Articles of Association, that is, in the amount of SEK 5.4708221212137 per Series B8 preference share, totaling SEK 1,333,512.89204584 for Series B8 share. Accordingly, a total of SEK 6,621,384,881.75615 is to be paid out in dividends. The remaining amount, SEK 117,581,675,125 is to be carried forward to a new account. The dividend shall be paid in immediate connection with the resolution of the Annual General Meeting on 29 March 2022. No dividend shall, in accordance with the Company's articles of Association, be paid on the Series C preference shares.

5. Capital structure and financial items

5.1 Interest-bearing liabilities

SEK million	31 December 2021	31 December 2020
Loan maturity, year		
Within 1 year of the Balance Sheet date	22,641	5,104
Within 2–5 years of the Balance Sheet date	20,360	12,169
Later than 5 years from the Balance Sheet date	2,684	6,020
Total	45,685	23,293
Deferred charges	-381	-83
Total	45,303	23,210

SEK million	2021		2020	
	Loan amount	Average interest, % incl. margin	Loan amount	Average interest, % incl. margin
Interest maturity, year				
Within 1 year of the Balance Sheet date	39,749	0.7	14,984	1.4
Within 2–5 years of the Balance Sheet date	5,423	2.1	7,807	2.1
Later than 5 years from the Balance Sheet date	513	2.8	502	1.5
Total	45,685	0.9	23,293	1.6
Deferred charges	-381	-	-83	-
Total	45,303	–	23,210	–

Reconciliation of liabilities attributable to financing activities

SEK million	Corporate bonds	Mortgages/ bank loans	Deferred charges	Total
Opening balance, 1 January 2020	18,066	–	–	18,066
New borrowings/assumed debt in connection with acquisitions	4,262	1,690	–	5,952
Currency exchange effect on loans	-808	–	–	-808
Closing balance, 31 December 2020	21,520	1,690	–	23,210
Opening balance, 1 January 2021	21,520	1,690	–	23,210
Loan repayments	-5,870	-2,200	–	-8,070
New borrowings/assumed debt in connection with acquisitions	24,377	5,460	-302	29,535
Currency exchange effect on loans	628	–	–	628
Closing balance, 31 December 2021	40,655	4,950	-302	45,303

5.2 Interest-rate derivatives

SEK million	2021	2020
Gains or losses on disposal of hedge instruments	51	113
Value change	255	-373
Total	306	-260

SEK million	Type	2021			2020		
		Nominal amount	Share, %	Average interest, %	Nominal amount	Share, %	Average interest, %
Interest maturity, year							
Within 1 year of the Balance Sheet date	Paying fixed	3,470	17	0.1	2,091	10	0.1
Within 1–5 years of the Balance Sheet date	Paying fixed	16,639	80	0.0	15,638	77	0.0
Later than 5 years from the Balance Sheet date	Paying fixed	750	4	0.3	2,600	13	0.5
Total purchased swaps		20,859	100	0.0	20,328	100	0.0
Within 1 year of the Balance Sheet date	Paying variable	3,610	100	0.8	5,167	51	1.9
Within 1–5 years of the Balance Sheet date	Paying variable	–	–	–	5,017	49	2.1
Later than 5 years from the Balance Sheet date	Paying variable	–	–	–	–	–	–
Total sold swaps		3,610	100%	0.8	10,184	100	2.0

6. Other liabilities

6.1 Non-current liabilities, subsidiaries

SEK million	31 December 2021	31 December 2020
Opening balance	9,729	2,358
Change for the year	44,513	7,371
Closing balance	54,242	9,729

6.2 Accrued expenses and prepaid income

SEK million	31 December 2021	31 December 2020
Accrued interest expenses	203	163
Other accrued expenses	195	97
Total	398	260

7. Other disclosures

7.1 Contingencies and commitments

SEK million	31 December 2021	31 December 2020
Issued financial guarantees for the benefit of subsidiaries	83,585	51,250
Total	83,585	51,250

There are no pledged assets as of 31 December 2021 (0).

7.2 Related-party disclosures

Heimstaden Bostad has bought asset management services from Heimstaden AB of SEK 545 million in 2021 (385).

Transactions with subsidiaries

SEK million	2021	2020
Interest income to subsidiaries	649	535
Interest costs to subsidiaries	-187	-31
Receivables from subsidiaries	140,578	53,064
Liabilities to subsidiaries	54,242	9,729
Capital contributions to subsidiaries	21,598	6,109
Issued financial guarantees for the benefit of subsidiaries	83,585	51,250

Executive management

For information of remuneration to the Board of Directors and the CEO, see Note PC 2.2.

7.3 Other adjustments in Cash Flow Statement

SEK million	2021	2020
Fair value adjustment of derivative financial instruments	-255	-260
Exchange rate difference	-740	-188
Total	-995	-448

7.4 Group companies

Shareholdings in subsidiaries

Company	Corp.ID.nr	Registrered office	Number of shares	Share in % ^{1,2}	Recognised value in Parent Company, SEK million	
					2021	2020
Heimstaden Bostad Invest 1 AB	556867-8444	Malmö	1000	100	1,039	1,039
Heimstaden Bostad Invest 2 AB	556867-8451	Malmö	1000	100	249	249
Heimstaden Bostad Invest 3 AB	556871-1153	Malmö	1000	100	608	608
Heimstaden Bostad Invest 4 AB	556871-1104	Malmö	1000	100	889	889
Heimstaden Bostad Invest 5 AB	556910-3467	Malmö	500	100	1,086	1,086
Heimstaden Bostad Invest 6 AB	556989-5690	Malmö	500	100	427	427
Heimstaden Bostad Invest 7 AB	559106-1584	Malmö	500	100	917	917
Heimstaden Bostad Invest 8 AB	559106-1550	Malmö	500	100	2,329	74
Heimstaden Bostad Invest 9 A/S	38714953	Köpenhamn	500	100	10,356	10,356
Heimstaden Bostad Invest 10 AS	819330492	Oslo	500	100	10,095	10,095
Heimstaden Kronan AB	559111-6107	Malmö	500	100	0	791
Heimstaden Bostad Invest 12 AB	559228-4433	Malmö	500	100	4,592	4,500
Heimstaden Bostad Invest 13 AB	559276-3345	Malmö	500	100	1,303	152
Heimstaden Bostad Invest 14 AB	559295-8168	Malmö	500	100	0	–
Heimstaden Bostad Invest 15 AB	559298-5260	Malmö	500	100	312	–
Heimstaden Bostad Invest 16 AB	559326-5225	Malmö	500	100	0	–
Heimstaden Eagle AB	559326-5233	Malmö	500	100	17,445	–
Heimstaden Bostad Invest AB	559190-1607	Malmö	500	100	0	0
Heimstaden Bostad Bostadsfinansiering AB	559112-2105	Malmö	500	100	0	0
Heimstaden Bostads Portalen AB	559085-2264	Malmö	500	100	0	0
Heimstaden Satelliten AB	559163-3457	Malmö	500	100	66	0
Heimstaden Bostad Skrinet AB	559177-3436	Malmö	500	100	0	0
Heimstaden Bostad Skrinet 2 AB	559322-6771	Malmö	500	100	0	–
Heimstaden Bostad Portalen 2 AB	559177-3451	Malmö	500	100	0	0
Heimstaden Bostad Parkering AB	559001-2414	Malmö	500	100	0	–
Heimstaden Burlöv AB	559147-4076	Malmö	500	100	0	0
Heimstaden Castor AB	559101-4963	Malmö	500	100	7,919	7,662
Heimstaden A Kronprinsen 1 AB	556954-1369	Malmö	1000	100	2,312	–
Heimstaden A Sweden AB	559160-4334	Malmö	1000	100	35	–
Heimstaden Berlin Residential 001 GmbH	HRB200836	Berlin	25000	100	0	0
Heimstaden Bostad Treasury B.V.	78619610	Amsterdam	100	100	41	21
Total					62,021	38,867

¹ The share of capital corresponds to the share of votes.

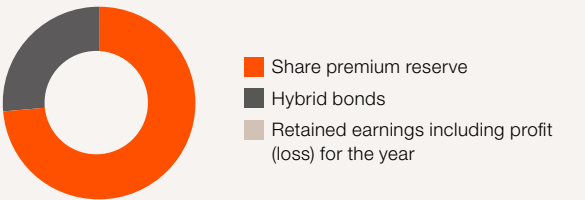
² Except for the Group companies acquired in 2021 the share of capital in 2021 corresponds to the share of capital in 2020.

SEK million	31 December 2021	31 December 2020
Opening balance	38,867	32,758
Acquisitions	2,347	–
Disposal	-791	–
Shareholder contributions	21,598	6,109
Closing balance	62,021	38,867

Proposed Appropriation of Accumulated Profit

According to the Parent Company’s Balance Sheet, the following earnings are at the disposal of the Annual General Meeting:

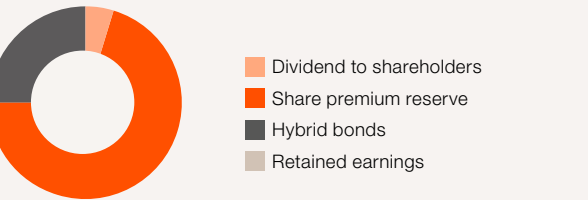
SEK	
Share premium reserve	95,176,170,400
Hybrid bonds	33,652,042,962
Retained earnings	-4,528,478,211
Profit (loss) for the year	-96,675,144
Total	124,203,060,007



It is proposed that the funds at the disposal of the Annual General Meeting, SEK 124,203,060,007 be appropriated such that, a dividend amounting to SEK 318.103844592893 per ordinary share, totalling SEK 3,093,662,000. The Board further proposes distribution of a dividend to the holders of Series A preference shares in accordance with the Company’s Articles of Association in the amount of SEK 2,170,304.40878072 per Series A preference share, totaling SEK 434,060,881.756143. The Board further proposes distribution of a dividend to the holders of Series B1, B2, B3 and B4 preference shares in accordance with the Company’s Articles of Association in the amount of SEK 122.431059573938 per Series B1, B2, B3 and B4 preference shares, totaling SEK 2,487,453,752.52336 for Series B1, B2, B3 and B4 shares. The Board further proposes distribution of a dividend to the holders of Series B5 preference shares in accordance with the Company’s Articles of Association in the amount of SEK 118.751152486954 per Series B5 preference share, totaling SEK 154,376,260.730735 for Series B5 shares. The Board further proposes distribution of a dividend to the holders of Series B6 preference shares in accordance with the Company’s Articles of Association, that is, in the amount of SEK 97.0062469729574 per Series B6 preference share, totaling SEK 293,571,460.307966 for Series B6 shares. The Board further proposes distribution of a dividend to the holders of Series B7 preference shares in accordance with the Company’s Articles of Association, that is, in the amount of SEK 15.2079480117159 per Series B7 preference share, totaling SEK 156,927,013.545894 for Series B7 shares. The Board further proposes distribution of a dividend to the holders of Series B8 preference shares in accordance with the Company’s Articles of Association, that is, in the amount of SEK 5.4708221212137 per Series B8 preference share, totaling SEK 1,333,512.89204584 for Series B8 share. Accordingly, a total of SEK 6,621,384,881.75615 is to be paid out in dividends. The remaining amount, SEK 117,581,675,125 is to be carried forward to a new account. The dividend shall be paid in immediate connection with the resolution of the Annual General Meeting on 29 March 2022. No dividend shall, in accordance with the Company’s articles of Association, be paid on the Series C preference shares.

The Board of Directors proposes that dividends be paid to shareholders as follows:

SEK	
Dividens to shareholders	6,621,384,882
Share premium reserve	95,176,170,400
Hybrid bonds	33,652,042,962
Retained earnings	-11,246,538,237
Total	124,203,060,007



The Board of Directors’ statement in accordance with Chapter 18, Section 4, of the Swedish Companies Act.

This statement has been prepared in accordance with Chapter 18, Section 4, of the Swedish Companies Act and constitutes the Board of Directors’ assessment of whether the proposed dividend is justified according to Chapter 17, Section 3, second and third paragraph, of the Swedish Companies Act.

The Board of Directors proposes distribution of a dividend amounting to SEK 318.103844592893 per ordinary share, totalling SEK 3,093,662,000. The Board further proposes distribution of a dividend to the holders of Series A preference shares in accordance with the Company’s Articles of Association in the amount of SEK 2,170,304.40878072 per preference share, totalling SEK 434,060,881.756143. The Board further proposes distribution of a dividend to the holders of Series B1, B2, B3 and B4 preference shares in accordance with the Company’s Articles of Association in the amount of SEK 122.431059573938 per Series B1, B2, B3 and B4 preference shares, totalling SEK 2,487,453,752.52336 for Series B1, B2, B3 and B4 shares. The Board further proposes distribution of a dividend to the holders of Series B5 preference shares in accordance with the Company’s Articles of Association in the amount of SEK 118.751152486954 per Series B5 preference share, totalling SEK 154,376,260.730735 for Series B5 shares. The Board further proposes distribution of a dividend to the holders of Series B6 preference shares in accordance with the Company’s Articles of Association, that is, in the amount of SEK 97.0062469729574 per Series B6 preference share, totaling SEK 293,571,460.307966 for Series B6 shares. The Board further proposes distribution of a dividend to the holders of Series B7 preference shares in accordance with the Company’s Articles of Association, that is, in the amount of SEK 15.2079480117159 per Series B7 preference share, totaling SEK 156,927,013.545894 for Series B7 shares. The Board further proposes distribution of a dividend to the holders of Series B8 preference shares in accordance with the Company’s Articles of Association, that is, in the amount of SEK 5.4708221212137 per Series B8 preference share, totaling SEK 1,333,512.89204584 for Series B8 shares.

The dividend in total amounts to SEK 6,621,384,881.75615, which is circa 34.9% of the Group’s result for the financial year of 2021. The proposed dividend reduces the company’s equity ratio from circa 55.4% to circa 54% and the group’s equity ratio from circa 45.9% to circa 44.9%. The equity ratio is satisfactory both in short and long term.

The Company’s and the Group’s financial positions as of 31 December 2021 are stated in the 2021 annual report. As of 31 December 2021 the unrestricted equity of the Company amounted to SEK 124,203,060,007. No assets or liabilities have been valued at fair value in accordance with Chapter 4: Section 14 a, of the Swedish Annual Accounts Act (1995:1554).

The operations conducted by the Company and the Group do not pose any risks beyond what is occurring or what can be presumed to occur in the industry or the risks associated with the course of business operations. The Board of Directors has taken into account the Company’s and the Group’s need for consolidation through a comprehensive assessment of the Company’s and Group’s financial position, as well as the Company’s and the Group’s capability to comply with its undertakings in the long run. The Company’s and Group’s financial position does not indicate anything other than that the Company and the Group will be able to continue their operations and are expected to be able to comply with all of their obligations in the short and long term and to be able to make necessary investments. The Board assessment is that the amount of the Company’s equity, even after the proposed dividends, is in a reasonable proportion to the extent of the operations conducted by the Company and the Group, as well as the risks associated with the course of the business’ operations.

In light of, and taking the above into account, it is the Board assessment that the proposed dividends are justified according to Chapter 17, Section 3, second and third paragraph, of the Swedish Companies Act regarding the requirements on the Company’s equity, the company’s and Group’s need for consolidation, liquidity, and position in general as determined by the nature of business, scope, and risk.

Signatures

The undersigned provide their assurance that the Consolidated Financial Statements have been prepared in accordance with the International Accounting Standards (IFRS), as adopted by the EU, as well as the Swedish Financial Reporting Board's recommendation RFR 1, and that the Annual Report has been prepared in accordance with the Annual Accounts Act and the recommendation RFR2 of the Swedish Financial Reporting Board. The Consolidated and Annual Financial Statements have been prepared in accordance with good accounting practices, and provide a fair view of the Group's and the Parent Company's financial position and profit, and that the Administration Report provides a fair overview of the development of the operations, position, and results of the Group and the Company, as well as describing significant risks and uncertainty factors facing the companies within the Group.

Malmö, 28 February 2022

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

Our Audit Report was submitted on 28 February 2022
Ernst & Young AB

Peter von Knorring
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of Heimstaden Bostad AB (publ), corporate identity number 556864-0873

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Heimstaden Bostad AB (publ) except for the corporate governance statement on [pages 30–38](#) and [41](#) and the statutory sustainability report on [pages 107–143](#) for the year 2021. The annual accounts and consolidated accounts of the company are included on [pages 1–2, 6, 22–26, 39–40, 43–102](#) in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31st of December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31st of December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on [pages 30–38](#) and [41](#) and the statutory sustainability report on [pages 107–143](#). The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the consolidated comprehensive income statement and the consolidated balance sheet for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Property Valuations

Description

The fair value of the Group's investment properties reported in the Statement of Financial Position at 31 December 2021 amount to SEK 300 584 million. The valuations are made through a combination of local price analyses and market simulations of future cash flows. The properties were valued externally at year-end. The properties' direct return requirements are assessed on the basis of each property's unique risk and transactions made in the market for objects of a similar nature.

In view of the many assumptions and assessments made in connection with the valuation of investment properties, we believe that this area is to be considered of particular importance in our audit. A description of the valuation of the property holdings is shown in the Annual Report under [Note 3.1](#).

How our audit addressed this key audit matter

In our audit of the fair value of the Group's investment properties we have evaluated and examined the external property valuation process by, among other things, evaluating the valuation method. With the support of our internal property valuation specialists, we have examined a sample of the external property valuations and assessed the reasonableness of assumptions made, such as direct return requirements, vacancy rates, rental income and operating costs. We have made comparisons with available market data. For a selection of investment properties, we have examined inputs on revenue and operating expenses and calculations in the external valuations at the property level. We have evaluated the external valuers' competence and objectivity.

We have reviewed supplementary disclosures made in the Annual Report.

Goodwill

Description

At 31 December 2021 the Group's consolidated statements of financial position includes goodwill amounting to SEK 16 489 million. Break-down of goodwill is found in [note 8.2](#) in the Annual Report.

The Group has assessed goodwill for impairment at 31 December 2021. As disclosed within [Note 3.2](#) of the Annual Report, the assessment of the impairment of the Group's goodwill and other intangible assets incorporated significant judgments and estimates, specifically concerning factors such as forecast cashflows, discounts rates and terminal growth rates.

These estimates and assumptions incorporate future performance, market and economic conditions. Minor changes in certain assumptions can lead to significant changes in the recoverable amount of these assets.

Accordingly, we considered this to be a key audit matter due to the judgements required in the impairment testing of goodwill.

How our audit addressed this key audit matter

Our audit procedures included the following:

- Assessed the cash flow forecasts, assumptions and estimates used by the Group, by considering the reliability of the Group's historical cash flow forecasts, our knowledge of the business and corroborating data with external information and other internal data sources where possible;
- Involved our valuation specialists to assess whether the methodology applied was in accordance with International Financial Reporting Standards and to evaluate the key assumptions applied in the impairment models. These included the discount rates, growth rates and terminal value assumptions;
- Tested the mathematical accuracy of the impairment testing models including the consistency of relevant data with latest approved forecasts;
- Performed sensitivity analysis on key assumptions including discount rates, terminal growth rates and forecast cashflows; and
- Assessed the adequacy of the disclosure in the financial report.

Business Combinations

Description

The Group acquired properties in Sweden, Germany and Denmark from Akelius Residential Property AB for a total purchase consideration of SEK 79 737 million as disclosed in [Note 8.2](#) of the Annual Report.

Accounting for this transaction involves a series of complex judgements requiring the Group to:

- determine if the transaction meet the criteria to be accounted for as a business combination, as described on [page 50](#).
- determine the fair value of the acquired assets and liabilities; and
- allocate the purchase consideration to goodwill and separately identifiable intangible assets.

This was considered a key audit matter due to the size of the acquisition and the judgment involved in accounting for this transaction.

How our audit addressed this key audit matter

Our audit procedures included among others the following:

- We read the underlying contract.
- We assessed whether the transaction meet the criteria to be accounted for as a business combination.
- We assessed the Group's accounting for the transaction including:
- Assessed the determination of fair values of identifiable assets and liabilities acquired;
- Assessed the identification of intangible assets acquired as part of the transaction as performed by management ;
- Assessed the allocation of the purchase price to all assets and liabilities including the calculation of the resulting goodwill.

We have considered the financial report disclosures in relation to the business combination on [page 50](#) and in [Note 8.2](#).

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on [pages 3–5, 7–21, 27–38, 41–42](#) samt [103–143](#) . The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Heimstaden Bostad AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act..

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on [pages 30–38](#) and [41](#) has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points

2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on [pages 107–143](#), and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, P.O Box 7850, 103 99 Stockholm, was appointed auditor of Heimstaden Bostad AB (publ) by the general meeting of the shareholders on the 18th of March 2021 has been the company's auditor since the 16th of April 2018.

Norrköping the 28th of February 2022

Ernst & Young AB

Peter von Knorring
Authorized Public Accountant

Alternative Performance Measures

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

Net Loan-to-Value (LTV)

SEK million	2021	2020
Interest-bearing secured liabilities	65,072	40,463
Interest-bearing unsecured liabilities	93,307	30,317
Cash and cash equivalents	19,508	7,636
Net interest-bearing liabilities	138,872	63,143
Fair value of investment properties	300,584	144,404
Net LTV, %	46.2	43.7

Net Debt / Total Assets

SEK million	2021	2020
Net interest-bearing liabilities	138,872	63,143
Total assets	349,066	156,926
Net Debt / Total Assets, %	39.8	40.2

Interest Coverage Ratio (ICR)

SEK million	2021	2020
Profit before financial items	2,834	3,589
Transaction costs from business combination	2,232	-
Financial income	152	81
Profit before financial items plus financial income	5,219	3,670
Financial costs - interest-bearing liabilities	1,288	1,269
ICR	4.1	2.9

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

SEK million	2021	2020
Equity	160,338	77,741
50% hybrid	16,833	6,818
Equity adjusted	143,505	70,923
Total interest-bearing liabilities	158,380	70,780
Right-of-use-liabilities	734	531
Less: Cash and cash equivalents	-19,508	-7,636
50% of hybrid bonds as debt (S&P adjusted)	16,833	6,818
Net interest-bearing liabilities, adjusted (Net debt)	156,439	70,492
Net debt + Equity	299,944	141,415
Net debt / (Net debt + Equity), %	52.2	49.8

ICR (S&P method)

SEK million	2021	2020
Operating profit before inventory properties and fair value adjustments	2,834	3,589
Depreciation and amortisation	2	11
SOS Partnership	49	-
Transaction costs from business combination	2,232	-
Share of net profits of associates and joint ventures	-329	-32
EBITDA, adjusted	4,789	3,567
Interest expenses	1,288	1,269
50% of hybrid bonds dividend (S&P adjusted)	389	157
Interest expense, adjusted	1,677	1,425
ICR incl. hybrid bonds as 50% debt	2.9	2.5

Regulated income

SEK million	2021	2020
Regulated residential income	4,271	3,202
Residential income	8,120	6,053
Regulated income, %	52.6	52.9

Residential

SEK million	2021	2020
Fair value residential properties	270,589	131,053
Fair value investment properties	292,673	140,917
Residential, %	92.5	93.0

Like-for-like rental income growth

SEK million	2021	2020
Rental income current year	5,553	3,865
Rental income last year	5,417	3,732
Like-for-like rental income growth, %	2.5	3.6

¹ 2021: only properties owned as of 2019-12-31 are included.

² 2020: only properties owned as of 2018-12-31 are included.

Net operating income margin

SEK million	2021	2020
Rental income	8,608	6,332
Net operating income	5,386	3,893
Net operating income, %	62.6	61.5

Economic occupancy, residential

SEK million	2021	2020
Theoretical rental income on residential units	8,425	6,322
Economic vacancy	-305	-269
Rental income on residential units	8,120	6,053
Economic occupancy, %	96.4	95.8

Real economic occupancy, residential

SEK million	2021	2020
Theoretical rental income on residential units	8,425	6,322
Adjusted for non-market vacancy	-175	-161
Adjusted theoretical rental income	8,250	6,161
Real economic occupancy, %	97.9	97.5

Equity ratio

SEK million	2021	2020
Equity	160,338	77,741
Assets	349,066	156,926
Equity ratio, %	45.9	49.5

Solvency

SEK million	2021	2020
Equity	160,338	77,741
Liabilities	188,728	79,185
Solvency ratio, %	45.9	49.5

Net Asset Value (NAV)

SEK million	2021	2020
Equity	160,338	77,741
Deferred tax liability not attributable to goodwill	8,934	4,212
NAV	169,271	81,953

EBITDA

SEK million	2021	2020
Profit before inventory properties and fair value adjustments	2,834	3,589
Transaction costs from business combination	2,232	0
Amortisation and depreciation	2	11
EBITDA	5,068	3,599

Debt/EBITDA

SEK million, rolling 12 months	2021	2020
Interest-bearing liabilities	106,976	69,954
EBITDA adj	5,068	3,599
Debt/EBITDA just	21.1	19.4

NAV per ordinary share

SEK million, rolling 12 months	2021	2020
Equity	160,338	77,741
Preference capital A	444	287
Preference capital B	73,506	42,208
Hybrid bonds & minority	34,510	14,008
Deferred tax not attributable to goodwill	8,934	4,212
Equity excluding preference capital	60,811	25,450
Number of ordinary shares	9,725,321	6,578,058
NAV per ordinary share	6,253	3,869

Secured loan-to-value

SEK million	2021	2020
Interest-bearing secured liabilities	65,072	40,463
Total assets	349,066	156,926
Net Loan-to-Value, %	18.6	25.8

Quarterly Financial Information

Consolidated Key figures

SEK million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Financials					
Rental income	2,391	2,150	2,053	2,014	1,679
Growth year-on-year, %	42.4	32.3	28.4	40.9	35.0
Net operating income	1,397	1,428	1,328	1,232	958
Net operating income margin, %	58.4	66.4	64.7	61.2	57.1
Profit for the period	5,861	4,757	4,642	3,691	2,648
Capital expenditures	1,594	1,373	1,407	981	1,062
Portfolio Metrics					
Fair value of investment properties	300,584	198,543	186,068	179,558	144,404
Homes	148,295	118,614	116,083	114,041	103,345
Real economic occupancy, residential	98.3	97.6	97.6	97.6	97.3
Like-for-like rental income growth, year-on-year	3.3	3.0	2.1	1.6	2.2
Credit metrics					
Net Loan-to-Value (LTV)	46.2	42.9	39.6	41.1	43.9
Net debt / (Net debt + Equity), (S&P method)	52.2	49.8	48.1	48.9	49.8
Net debt / Total assets	39.8	37.7	36.4	37.3	40.2
Interest Coverage Ratio (ICR)	4.1	3.9	3.5	3.2	2.9
Interest Coverage Ratio, S&P method	2.9	3.0	2.8	2.7	2.5

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 31 December 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.

Key figures per market

SEK million	Denmark	Sweden	Netherlands	Norway	Germany	Czech Republic	Finland	United Kingdom	Group in total
Q4									
Like-for-like rental income growth	4.9	2.2	3.0	3.7	18.8 ¹	N/A	N/A	N/A	3.3
Real Economic occupancy	99.2	99.4	99.6	96.6	98.1	95.5	98.2	N/A	98.3
Economic occupancy	98.2	98.2	97.3	94.7	96.3	93.3	98.1	N/A	97.1
Full year 2021									
Like-for-like rental income growth	2.6	2.5	3.2	1.3	3.2	N/A	N/A	N/A	2.5
Real Economic occupancy	98.2	99.2	99.6	94.5	98.2	95.3	97.7	N/A	97.9
Economic occupancy	96.9	98.0	97.2	93.1	96.8	92.6	97.5	N/A	96.4
Expenses for repair and maintenance ²	116	301	119	99	61	129	1	0	828
Capitalised repair and maintenance	469	529	386	145	142	142	10	–	1,823
Tenant improvements	94	352	258	150	5	154	–	–	1,013
Investment properties under construction	354	1 647	0	20	42	207	0	251	2,520

¹ The like-for-like rental income growth in Germany was positively impacted by removal of the temporary rent freeze in Berlin in 2021. The comparable portfolio comprised only 2% of total rental income.

² Excluding group adjustments, see [Note 2.1](#)

Earnings capacity per Q4 2021

SEK million	
Rental income	11,876
Service income	1,041
Property expenses	-5,079
Net operating income	7,838
Corporate administrative expenses	-751
Profit before financial items	7,086
Financial costs - interest-bearing liabilities	-1,688
Profit	5,399
Net operating income margin, %	66.0
Interest cover ratio	4.2

Consolidated Comprehensive Income Statement

SEK million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Rental income	2,391	2,150	2,053	2,014	1,679
Service income	229	104	120	185	155
Property expenses	-1,224	-826	-844	-967	-875
Net operating income	1,397	1,428	1,328	1,232	958
Corporate administrative expenses	-190	-125	-118	-113	-85
Other operating income	1	1	2	1	21
Other operating expenses	-2,268	-40	-11	-21	-13
Share of net profits of associates and joint ventures	330	1	0	-3	53
Profit before inventory properties and fair value adjustments	-729	1,265	1,202	1,096	934
Fair value adjustment of investment properties	7,034	5,330	4,609	4,389	2,015
Gains/losses from sale of inventory properties	-23	-19	-8	48	64
Operating profit	6,281	6,576	5,803	5,534	3,012
Interest income	107	17	10	18	23
Interest expenses on interest-bearing liabilities	-401	-292	-289	-306	-275
Net currency translation gains/losses	515	-75	225	-590	184
Fair value adjustment of derivative financial instruments	518	37	142	123	157
Other financial items	503	-210	-161	-64	-39
Profit before tax	7,522	6,054	5,732	4,716	3,062
Income tax expense	-47	-143	-154	-148	34
Deferred tax expense	-1,614	-1,153	-936	-877	-447
Profit for the period	5,861	4,757	4,642	3,691	2,648
Other comprehensive income	1,652	488	-1,024	2,511	-1,814
Total comprehensive income	7,513	5,245	3,618	6,202	834
Profit for the period attributable to:					
The Parent Company's shareholders	5,860	4,756	4,641	3,690	2,647
Non-controlling interests	1	1	1	1	1
Comprehensive income for the period attributable to:					
The Parent Company's shareholders	7,512	5,245	3,617	6,201	833
Non-controlling interests	1	1	1	2	1
Average number of shares outstanding	8,647,842	7,644,815	7,330,485	7,012,663	6,383,342
Earnings per ordinary share (basic and diluted)	688	547	370	735	39

Consolidated Balance Sheet

SEK million	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020
ASSETS					
Investment properties	300,584	198,543	186,068	178,897	144,404
Intangible assets	16,497	7	6	6	7
Machinery and equipment	76	61	102	727	50
Other non-current financial assets	3,610	3,025	2,798	1,238	1,243
Total non-current assets	320,767	201,636	188,974	180,868	145,703
Inventory properties	846	786	1,054	1,344	1,292
Rent and trade receivables	179	164	98	98	61
Other current financial assets	7,233	8,354	2,853	586	2,045
Prepayments	533	395	195	258	188
Cash and cash equivalents	19,508	14,276	9,244	13,702	7,636
Total current assets	28,299	23,975	13,444	15,989	11,223
TOTAL ASSETS	349,066	225,611	202,417	196,857	156,926

SEK million	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020
EQUITY AND LIABILITIES					
Equity	160,338	114,325	109,084	99,597	77,741
Interest-bearing liabilities	134,895	90,459	78,754	80,364	64,066
Lease liabilities	729	649	637	594	527
Derivative financial instruments	0	204	268	343	433
Deferred tax liabilities	21,904	7,238	6,078	5,163	4,212
Other non-current financial liabilities	865	883	842	834	903
Total non-current liabilities	158,392	99,433	86,580	87,297	70,141
Interest-bearing liabilities	23,485	8,934	4,195	6,819	6,713
Lease liabilities	5	5	9	9	4
Trade payables	566	430	384	499	414
Other current payables	4,411	1,372	1,484	1,813	1,045
Derivative financial instruments	6	6	9	10	14
Accrued expenses	1,863	1,106	671	812	853
Total current liabilities	30,336	11,853	6,753	9,963	9,044
TOTAL EQUITY AND LIABILITIES	349,066	225,611	202,417	196,857	156,926

Consolidated Cash Flow Statement

SEK million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Operating activities					
Profit before income tax	7,522	6,054	5,731	4,716	3,061
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Value adjustment on investment properties	-6,867	-5,311	-4,605	-4,434	-2,078
Net valuation gain or loss derivative financial instruments	-517	-102	-142	-123	-157
Finance expenses, net	381	390	533	352	293
Other adjustments	-1,472	217	-293	730	-211
<i>Working capital changes</i>					
Increase/decrease(+) in rent receivables	-159	79	-182	-218	-171
Increase/decrease(-) in trade and other payables	3,862	-418	-26	345	-170
Cash generated from operations	2,750	909	1,016	1,368	567
Interest paid	-507	-389	-546	-442	-330
Interest received	34	7	0	0	45
Paid income tax	-226	-134	-170	-130	-75
Net cash flows from operating activities	2,051	393	300	796	-360

SEK million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Investing activities					
Acquisitions of businesses, net of cash	-79,449	–	–	–	–
Purchase of investment properties	-2,210	-2,854	-781	-13,653	-3,775
Capital expenditure on completed investment properties	-1,610	-1,471	-992	-1,355	-1,204
Disposals of investment properties	417	423	308	0	–
Deposits paid for signed acquisitions	5,205	-5,402	-1,804	1,495	-468
Investments in associates and joint ventures	-132	-85	-69	24	-56
Settlement of derivative financial instruments	4	0	-65	0	113
Other cash flows from investing activities	-3,216	-154	-1,788	-123	150
Net cash flows from investing activities	-80,991	-9,544	-5,191	-13,612	-5,240
Financing activities					
Proceeds from interest-bearing liabilities	49,649	14,308	5,019	4,734	1,982
Repayment of interest-bearing liabilities	-5,230	-184	-10,165	-1,834	-1,866
Dividends paid	–	0	-276	-4,296	–
Proceeds from share issuances	32,500	0	0	12,465	–
Proceeds from issuance of hybrid bonds	6,072	0	6,090	8,073	5,121
Repayments on hybrid bonds	-8	0	-137	-261	-77
Other cash flows from financing activities	-82	-3	-84	-50	77
Redemption of interest rate derivatives	–	–	–	–	-44
Net cash flows from financing activities	82,902	14,120	448	18,831	5,193
Cash and cash equivalents at the beginning of the period	14,276	9,245	13,702	7,636	7,524
Net change in cash and cash equivalents	3,961	4,970	-4,443	6,015	160
Net currency exchange effect in cash and cash equivalents	1,271	61	-14	51	-47
Cash and cash equivalents at the end of the period	19,508	14,276	9,245	13,702	7,637

Sustainability Report 2021

At Heimstaden Bostad, we report our sustainability work in accordance with the Global Reporting Initiative (GRI) Standards Core and the Swedish Annual Accounts Act Chapter 6 Section 11 on an annual basis. We have identified the topics that are material for our company, stakeholders, and the planet, and report on at least one indicator per topic. The GRI Content Index can be found on [pages 117](#) and [118](#) in this report and the statutory sustainability report index can be found on [page 119](#). Omitted information is reported in the GRI Content Index.

This is Heimstaden Bostad's fifth sustainability report, and the third sustainability report in accordance with GRI reporting principles. The report covers the fiscal year 2021 and is published in Swedish and English, also available at HeimstadenBostad.com. The last report was published in March 2021 and covered the fiscal year 2020. The data has not been reviewed by an external auditor, we will, however, complete a first pre-assurance of the 2021 report, which is a step towards preparing for a limited review of the 2022 sustainability report. Contact point for the sustainability report is Katarina Skalare, Chief Sustainability Officer.

During the year, we have updated our materiality assessment and continued our stakeholder engagement. The material topics are decided based on the GRI reporting principles, evaluating how Heimstaden Bostad's performance affects our stakeholders and the planet.

Changes in the report

This year, we will start disclosing on the new GRI Standard 207 Tax and also disclose our first data on EU Taxonomy eligibility.

During 2021, Heimstaden Bostad entered three new markets: Poland, the United Kingdom, and Finland, thus increasing the scope of the report.

Climate-related disclosures

The report includes climate-related disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which can be found on [page 119](#). Each year, a detailed report of Heimstaden Bostad's climate-related work is also provided through CDP.

Heimstaden Bostad's latest CDP report covers fiscal year 2020 and the report earned a score of B.

EU Taxonomy

Heimstaden Bostad's reporting on its EU Taxonomy eligibility may be found in [Section EU Taxonomy](#).

UN Global Compact

In 2019, Heimstaden AB signed the UN Global Compact and committed to following the Compact's 10 principles in the areas of human rights, labour practice, environment, and anti-corruption. The commitment includes Heimstaden AB and its subsidiaries. This sustainability report represents our Communication on Progress report to the UN and the GRI Content Index includes references to where the data is presented in the report.





Reporting Principles

Scope and boundaries

Details regarding materiality and boundaries, management approach, and evaluation for each material area of sustainability can be found for each topic in the sustainability notes on [pages 120–135](#).

Information and data given in the report pertain to the entire group, unless otherwise stated. Data regarding employees pertain to employees of both Heimstaden AB and Heimstaden Bostad AB. Since we have acquired properties in 2021 in both existing markets and new markets, the scope of the report has increased to also include Poland, and United Kingdom. In these countries, no environmental data are included in the report, as the properties are currently under construction. Heimstaden Bostad entered Finland during Q3 2021 through the acquisition of standing assets. Data from Finland is not included in the report for 2021, but will be included in the future.

This report only covers energy and water purchased by Heimstaden Bostad; we are unable to access energy and water data in cases where our customers have their own contract with the energy or water supplier.

Data collection and consolidation

Data provided in the report has been compiled from various systems for all countries since the base year 2019.

Employee data

During 2021, Heimstaden Bostad launched a new group-wide system, which all employee data presented in this report, is collected from. The employee KPIs presented in the report are reported in accordance with GRI and based on the head

count principle. Unless otherwise stated, figures represent the last day of the reporting period.

Health and safety data cover Heimstaden employees. Heimstaden is currently investigating different options to be able to collect health and safety data for contractors, sub-contractors, and consultants who work on our sites. The report covers actual figures and does not include frequency KPIs on health and safety.

Heimstaden has no employees in Finland yet, therefore Finland is not included in employee data.

Energy data

Energy data is collected locally in each country in different systems and consolidated in a group-wide system for the annual and sustainability report. The contracting parties responsible for providing energy for the tenant space vary from country to country. This affects the amount of energy Heimstaden Bostad uses in each country.

In general, this report covers electricity used in common areas and only to a minor extent electricity used in apartments. Energy use for heating is often procured by Heimstaden Bostad and is therefore included in the reporting for Sweden, Germany, Norway, the Czech Republic, and the majority of our properties in Denmark. In the Netherlands, our customers usually have their own energy contracts, therefore we lack access to such data for most of the properties. For this reason, our reporting includes heating data for a limited subset of our properties in the Netherlands.

We use energy factors from our local energy suppliers to convert litres of oil and cubic meters of natural gas to MWh. Likewise for the fuel mix of district heating, emission factors are obtained from local energy suppliers.

Emissions data

Data on greenhouse gases (GHG) included in this report are collected and reported in accordance with the methodology of the GHG Protocol, applying the financial control approach. Our reported Scope 1 emissions derive from fuel combustion where Heimstaden Bostad has contracted the energy

supplier for property heating and from fuel used in company-owned service cars and service cars with a financial lease. Our reported Scope 2 emissions derive from the heating and electricity in our properties, where Heimstaden Bostad is on the energy contract. Our reported Scope 3 emissions cover all categories applicable to Heimstaden Bostad’s organisation. For more information on the Scope 1–3 emissions, see the [sustainability notes 305-1 to 305-3](#). No offsets or climate compensation is made to meet our climate targets. Instead, Heimstaden Bostad focuses on investing in measures that will reduce our own emissions.

Gases included in our calculations are mainly CO₂ and CH₄, but can also include refrigerants or CH₂ and N₂O used in the production of district heating. We obtain the emission factor for electricity (market-based) and district heating (both market-based and location-based) from our energy suppliers. The source for the emission factors for location-based electricity is the International Energy Agency (IEA), for natural gas, and for oil, we use factors from Energiföretagen and Hagainativet. The global warming potential (GWP) rates from the IPCC’s Fifth Assessment Report are used for refrigerants.

Supplier data

There are no significant changes in the structure of the supply chain or relationship with suppliers, including selection and termination of suppliers. While we build our own organisation in our new country markets, we will naturally gain more suppliers.

Tax data

This report contains our first country-by-country reporting on tax. The reporting is based on 2020 figures.

Waste data

Waste generated by tenants is calculated based on the number of tenants and the reporting is based on 2020 figures.

Comparability

Heimstaden Bostad’s energy, emission, and water intensity KPIs are based on data from comparable properties, requiring a full year of reported energy consumption during the reporting year. Energy and emissions from new property acquisitions and divestments during the reporting year will be included in the absolute figures when data is available.

Recalculations

For each acquisition and divestment, Heimstaden Bostad’s total GHG emissions may change significantly. Heimstaden Bostad has set 2019 as base year and developed a policy for the base-year recalculations in line with the GHG Protocol. Recalculations of the base year are necessary to enable comparison of emissions and track development on a like-for-like basis over a longer period. To be transparent, Heimstaden Bostad will, in reporting year 2022, report both the original figures and the recalculated figures.

Definitions

Comparable properties – properties with the full year’s energy data, where Heimstaden Bostad is on energy contract for those properties.

High-consequence work-related injuries – Accidents at work resulting in sick leave. Fatalities are not included in this consolidation.

Recordable work-related injuries – Incidents at work resulting in an injury, but no sick leave.

Young adult jobs – Jobs for employees who are 25 years or younger.

Social lease contract – Leases under which local authorities or non-governmental organisations lease apartments from Heimstaden Bostad to rent them, in turn, to socio-economically challenged people, for example homeless people, recently arrived migrants, people with various disabilities, etc.



Climate Road Map

Climate strategy

Climate research has shown that Central Europe will have more frequent heat waves, forest fires, and droughts, while Northern Europe will get significantly wetter, and winter floods could become common. In addition, urban areas will be exposed to heat waves, flooding, or rising sea levels. This will, in a medium and long-term perspective, have an impact in markets and cities where Heimstaden Bostad owns properties.

Heimstaden Bostad supports climate research and its sense of urgency and has committed to group-wide climate targets in line with the Paris Agreement’s ambition to limit global warming to 1.5°C. As a European residential company, Heimstaden Bostad supports the EU target of being climate neutral in 2050. To ensure that efforts to reduce our climate impact are sufficient, the company has committed to the Science-Based Targets initiative (SBTi) and plans to start the validation process at the beginning of 2022. To reach our climate targets, we will invest SEK 5 billion over the next nine years, which will increase as we grow. The investment will result in annual savings of about SEK 290 million, generating a potential yield on investment of 5.7%. Measures that cost the most generate the most emissions reduction potential, but we will work on smaller steps as well, as every effort counts. Heimstaden Bostad has established local carbon emission pathways in all countries where it operates. The climate impact and carbon emission pathways in local markets vary due to differences in national climate policies, energy mix, and EPC scheme implementation, but also due to differences in properties’ energy performance.

Heimstaden Bostad will reduce its GHG emissions, and in many cases operating costs, while at the same time increas-

ing the number of energy-efficient buildings and adapting to climate change. The company has a technical organisation with the necessary tools and processes to follow up the energy area across our local markets, and aims to share best practices between countries regarding technical investments and local solutions to optimise energy use and reduce carbon emissions. This approach is optimal for achieving the best possible results, combining local experience and day-to-day operational know-how with group-wide specialist competence.

Heimstaden Bostad has an evergreen philosophy. Therefore, it is important that the company monitors areas that have a significant long-term impact, such as sustainable choices of materials and products, and climate-related risks and opportunities. A Sustainable Mindset is one of the company’s four strategic pillars, supported by a comprehensive, long-term sustainability strategy. The strategy is reviewed annually and includes the monitoring and management of environmental factors that have most impact on the company and

an assessment of appropriate strategies for new and evolving conditions. Climate-related projects are a central part of Heimstaden Bostad’s sustainability focus in areas such as investments in climate change mitigation and adaptation measures, supply chain, ESG in acquisitions, and access to capital. The current and future property portfolio and investments will be continuously monitored and assessed in terms of climate impact. See [pages 30–40](#) for further details on Sustainability Corporate Governance.



Climate Risk Management

Heimstaden Bostad’s climate-related risk management process is integrated into the company’s overall cross-disciplinary risk management process. The climate risk process covers all stages of the value chain: direct operations, upstream and downstream, with a short-term, medium-term, and long-term time horizon.

Time horizon for Heimstaden Bostad's climate-related risk management process

- Short term: 0–5 years
- Medium term: 6–20 years
- Long term: 21–80 years

Heimstaden Bostad follows TCFD’s recommendations and divides climate-related risks into two main categories: Transition risks and Physical risks.

Transition risks refer to the political, regulatory, and technological risks that a transition to a society with lower carbon emissions may entail.

Physical risks can be acute or chronic and can include direct damage to assets or indirect damage, such as interruptions to the supply chain.

The risks have been identified and analysed by using different climate scenarios. See [Section Initial Scenario Analysis](#) for a full table of Physical and Transitional risk (long term and short term).

Heimstaden Bostad ensures a relevant risk management process by concretising certain risk sub-categories, which visualise both risks and opportunities for all stakeholders. The risks have been processed by a related risk team that includes experts from all business functions. Heimstaden Bostad has an ongoing risk management improvement project covering all relevant risk areas. Part of the process is to develop financial key metrics that will be used to measure and manage climate-related risks and opportunities.

The Chief Sustainability Officer (CSO) is chairing the Executive Sustainability Committee and is responsible for developing the sustainability strategy and ensuring implementation in all areas of the Company. The CSO is a member of the

Heimstaden Group Risk Forum and a key stakeholder regarding climate-related and other ESG-related risks and opportunities. The Board of Directors is ultimately responsible for

Heimstaden Bostad’s risk management, which also includes climate-related risks. The Group Risk Forum is a cross-disciplinary advisory forum, chaired by the Chief Risk Officer (CRO), that meets on a regular basis. Read more in the [Corporate Governance section](#).

A crucial part of a rapidly growing business is the ability to identify, assess, and manage the impact of various risks on earnings performance and financial position. Heimstaden Bostad’s process for risk management has the objective of proactively working with the company’s risk exposure, helping to create a solid balance between managing identified threats and enhancing opportunities. For the risks that have been identified, the Board of Directors and Group Management team have prepared risk responses such as guidelines, instructions, and allocated responsibilities that are followed up on an ongoing basis. Heimstaden Bostad assesses risks based on likelihood and impact. Material risks are then presented to the Board of Directors.

Heimstaden Bostad’s material climate-related risks are presented in [Section Risk Management](#).

Opportunities

Transition to a low-carbon society also means opportunities for Heimstaden Bostad. By switching to renewable energy sources, investing in renewable electricity generation, and con-

tinuing to work on energy efficiency and biodiversity measures, we will reduce our GHG emissions and, in many cases, operating costs, while at the same time increasing the number of energy-efficient buildings and adapting to climate change. Such results are key to achieving our goals and attracting investors. In property development projects, an increased focus on materials used, recycling of building materials, and waste management will lead to emissions reduction, positive financial effects, and reduced water use.

There will be opportunities to seek public funding to meet climate and energy objectives and support the transition to clean energy given various EU support schemes and initiatives to accelerate energy efficiency investments. Heimstaden Bostad will assess funding opportunities for transition projects, such as testing new technologies and the development of new products and customer services through innovation.

Challenges on our path

Heimstaden Bostad is transparent about its status and we acknowledge that there is a lot to do to fully address and manage climate challenges, not least in view of our rapid growth in European countries with a high proportion of fossil fuel in the energy mix.

Climate actions

Our Climate target is in line with the Paris Agreement ambition to limit global warming to 1.5°C, meaning that we commit to reducing Scope 1 and 2 GHG emissions by at least 46% by 2030, with 2019 as base year.

Heimstaden Bostad calculates its Scope 1, Scope 2, and Scope 3 GHG emissions in line with the GHG Protocol methodology. A compilation of Heimstaden Bostad’s GHG emissions in Scope 1, Scope 2, and Scope 3 can be found in the [sustainability notes 305-1 to 305-3](#).

A description of environmental and climate-related projects for 2021 is presented in [Section Energy](#) and [Section Green-house Gas emissions](#).

Heimstaden Bostad's focus:

- Improve Energy Performance Certificates (EPC)
- Energy-efficiency measures
- Optimisation, fuel shifts and technical investments
- Transition to fossil-free energy solutions
- Investments in photovoltaics and e-mobility
- Biodiversity measures
- Various partnerships
- Customer nudging projects

Scenario planning

Heimstaden Bostad’s strategy to identify relevant climate-related risks and opportunities is based on data from the UN’s Intergovernmental Panel on Climate Change (IPCC)’s scenario RCP 2.6 and RCP 8.5, both in a short-term (2040) and long-term (2100) perspective. An RCP of 2.6 represents a strong climate policy with reduced emissions, negative emissions by 2100 and a global temperature increase of 0.5–1.5°C. An RCP of 8.5 represents instead a weak climate policy, continued high emissions and a global temperature increase of 3.5–5.0°C. The analysis also included other factors, such as rainfall patterns and rising sea levels. Results of the study will be integrated into Heimstaden Bostad’s various operations and management processes, projects, and portfolio planning.

Long-term potential climate effects in markets where Heimstaden Bostad owns properties:

- Central Europe – more frequent heat waves, forest fires, and droughts.
- Northern Europe – getting significantly wetter, and winter floods could become common.
- Urban areas – exposed to heat waves, flooding, and rising sea levels

Source: <https://ec.europa.eu/clima/change/consequencesentail>.

To support the risk management process, Heimstaden Bostad has used data from the European Commission and European Summary Data from the Swedish Meteorological and Hydrological Institute covering elevated average temperatures, rising sea levels, extreme heat, and heavy rains with both RCP scenarios in Heimstaden Bostad’s overall portfolio.

Focus going forward

During 2022, Heimstaden Bostad plans to further assess climate-related physical risks and financial effects at local level in all our markets.

Scenario Analysis

In 2020, Heimstaden Bostad conducted a first desk-top analysis of the effects of climate change on our property portfolio. The analysis is based on the IPCC’s RPC 2.6 and RPC 8.5 scenario and has been mapped against the results of regional climate modelling system RCA3¹ and RCA4¹, both in IPCC short-term (2040) and long-term (2100) time perspectives. During 2021, we started to enhance the analysis and its results by analysing our portfolio locally with a climate risk and vulnerability assessment at property level in the different countries. The result of the analysis led to concrete measures at property level.

	Short-term 2040	Short-term 2040	Long-term 2100	Long-term 2100
RPC	2.6	8.5	2.6	8.5

	Regulatory	Technological	Market	Reputation	Acute	Systemic
Elevated average temperature	the value of financial assets is affected	energy efficiency technical solutions	changed market price for services and goods due to increased cost for CO ₂ emissions	energy requirements in environmental certifications	deteriorating human health	increased demand for property maintenance
	increased tax and insurance costs	fossil-free heating systems	emission reduction requirements in new builds	poorer housing	threatened ecosystems and biodiversity loss	deteriorating water quality
	increased costs for CO ₂ emissions				less products and timber from forestry	
Rising sea level	difficulties in insuring affected properties	increased demand for damage control systems	some properties might be unable to rent out	pricing of land and properties affected	property-related damage	some locations become uninhabitable
Extreme heat	legislation on heat control in relation to customers’ health	increased need for cooling systems		customer satisfaction decline	forest fires	health problems, increased mortality, drought and water scarcity
Heavy rain	legislation on property flooding control	demand for water and storm-resistant technical solutions		customers’ personal assets are destroyed	momentary floods	recurring floods that destroy assets and customers’ belongings
					strong flows	

Heimstaden Bostad’s categorisation and analysis of scenarios used the Rossby Centre’s climate scenarios performed by SMHI and estimated climate scenarios performed by SMHI.

Source: <http://www.smhi.se/klimat/framtidens-klimat/klimatscenarioer>

¹ The Rossby Centre regional atmospheric climate model

EU Taxonomy

During 2021, we concluded the share of Heimstaden Bostad’s revenues, capex and opex that are eligible for the EU taxonomy. We have also prepared our organization to track our alignment with the EU taxonomy during 2022 and started climate risk and vulnerability assessments at property level. We expect only a small part of the revenue to be taxonomy aligned, as our property portfolio mostly consists of older buildings. Regarding capex, we expect a higher alignment with the taxonomy. Heimstaden Bostad address minimum social safeguards through our Code of Conduct and Goes Without Saying policy.

Reporting principles

The revenue included in the EU taxonomy report follows the same definition as in the annual report and consists of rental income. Capital expenditures (capex) refers to additions to tangible and intangible assets during the financial year before depreciation, revaluations, incl. devaluations, for the financial year and except for changes in fair value. Examples of this can be major renovations, insulation projects, digital measurement, solar panels and charging stations for electric vehicles. Operating expenses refer to direct costs that are not booked as assets and that relate to research and development, building renovation, short-term leasing agreements, maintenance and repair and all other direct expenses related to the daily maintenance of tangible fixed assets performed by the company, or a third party hired for this purpose and required to ensure the continuous and efficient functioning of these assets. Opex does not correspond to total operating expenses, but only expenses associated with the asset’s continuous and appropriate function. For example, maintenance and repair of our properties are included, while expenses for energy, water and property tax are excluded.

Heimstaden Bostad has activities in the following categories of the taxonomy within Construction and Real Estate:

- 7.1 Construction of new buildings
- 7.2 Renovation of buildings
- 7.3 Installation, maintenance, and repair of energy-efficiency equipment
- 7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5 Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings
- 7.6 Installation, maintenance, and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings

Next step

Heimstaden Bostad has identified the EU Taxonomy Climate Change Mitigations Act as the main act pertaining to our operations and accordingly places high importance on the EU objective to mitigate climate change. To be able to report fully in FY 2022 we plan to:

- perform robust climate risk and vulnerability assessments
- implement the ‘Do no significantly harm’-criteria in our operation routines

Taxonomy eligible economic activities

	Total in SEK	Taxonomy eligible in %	Taxonomy non-eligible in %
Revenue	9,247	100	0
Capex	137,083	100	0
Opex	2,356	100	0



Stakeholder Engagement

We map and analyse stakeholder expectations of our operations. We see this as a prerequisite for achieving our targets and generating value that is sustainable in the long term. In identifying stakeholders to engage with, we have focused on those that we have long-term relationships with and who are affected by, and/or have an impact on, our operations. The principal stakeholders we have identified are customers, suppliers, lenders and investors, employees, public entities, and shareholders.

Materiality analysis

To address stakeholder expectations and evaluate issues that are important to Heimstaden Bostad, we conduct materiality assessments by engaging in dialogues with our stakeholders as well as accounting for Heimstaden Bostad’s impact on people, environment, climate, economy, and society, and our vision and business strategy. Stakeholder dialogues were conducted between 2017–2021. To communicate and align our expectations with global best practices, the topics covered in Heimstaden Bostad’s materiality analysis are based on GRI standards for sustainability reporting. The GRI topics and their definitions can be found [here](#).

We have identified the following material GRI areas to report on: GRI 205 Anti-Corruption; GRI 201 Economic Performance; GRI 207 Tax; GRI 302 Energy; GRI 305 Greenhouse Gas Emissions; GRI 306 Waste; GRI 401 Employment; GRI 403 Occupational Health and Safety and GRI 413 Local Community. In addition to the areas that have been prioritised as material from a GRI perspective, Heimstaden Bostad applies a structured and long-term approach regarding water use and human rights.

In addition to Heimstaden Bostad’s impact on people and the planet, we analyse the risks and opportunities that a sustainable transition entail for us. The concept of double materiality gives a more holistic perspective of our sustainable development journey, as recommended by the European Commission’s Corporate Sustainability Reporting Directive.

Sustainability Tracker Project

To measure our customers’ opinions on sustainability and evaluate how our sustainable activities are perceived, we launched a Sustainability Tracker project in the fourth quarter of 2021. The project is to be carried out in two phases: a qualitative stage comprising interviews with a small sample of our tenants across all our markets and a quantitative stage comprising questionnaires for a much larger reach. The purpose of the interviews is to understand how our tenants perceive sustainability and to collect insights on their views on Heimstaden Bostad’s sustainability work. The qualitative stage interviews will result in a stand-alone report, which will also act as the input for the structured questionnaire for the quantitative stage. The project is still in its nascent stages, but once complete, will yield a thorough understanding of our tenants’ outlook and expectations on sustainability.

Stakeholders	Shareholders	Public Bodies	Employees ¹	Lenders and investors	Suppliers	Customers
Dialogue Opportunities	<ul style="list-style-type: none">Owner dialogues and meetingsBoard meetingsAnnual General MeetingMeetings with shareholder representatives	<p>PUBLIC SECTOR</p> <ul style="list-style-type: none">Dialogue forums for urban planning and dialogues with developersDialogue forums on social aspects – safe neighbourhoods, crime prevention, and environment in the local communityDialogues with municipalitiesDialogues when entering new markets <p>NOT-FOR-PROFIT SECTOR</p> <ul style="list-style-type: none">Engagement and attendance at meetings with special-interest and industry organisationsNetwork meetings <p>UNIVERSITIES & HIGH SCHOOLS</p> <ul style="list-style-type: none">Career fairsCompany presentations for studentsProject/thesis assignmentsInternships	<ul style="list-style-type: none">Personal development plan (PDP) discussionLeadership developmentEmployee surveysWork health and safety groupOperational planningInternal conferences and meetings	<ul style="list-style-type: none">Individual meetings with banks and investorsFinancial statementsCapital market presentationsBond and Green Bond issuance	<ul style="list-style-type: none">In connection with procurement processes for framework agreements, when placing orders and in meetings with suppliersWhen reviewing sustainability efforts in connection with renegotiation/renewal of agreements	<ul style="list-style-type: none">Customer service and ongoing dialogues regarding property managementCustomer satisfaction surveysLocal events and happeningsSustainability Tracker: qualitative interviews and quantitative surveys regarding tenants' perception of sustainability.
Important Issues	<ul style="list-style-type: none">Community engagement and social responsibilityCustomer satisfactionA long-term stable profit where consideration is given to people, ethics, and the environmentSustainable growthTransparent reporting	<ul style="list-style-type: none">Community engagement and social responsibilitySafe and secure neighbourhoodsGHG emissionsClimate changeJob opportunitiesInternship opportunities	<ul style="list-style-type: none">Responsible and ethical business practicesStable and long-term employer that offers good employment terms and work environmentLeadership presenceLocal community engagement	<ul style="list-style-type: none">Responsible business conductClimate change mitigation and adaptationSocial responsibilityCustomer satisfactionSustainability reporting	<ul style="list-style-type: none">Specifications concerning the supplier's work conditions, work environment, human rights, and environmental workCollaboration for increased sustainability	<ul style="list-style-type: none">Pleasant and safe living environmentAffordable apartmentsGood serviceAccess to public transport and local services
Our Actions	<ul style="list-style-type: none">Heimstaden Bostad has a strong focus on environment, social responsibility, and governanceBy ensuring operational efficiency, customer experience, and an evergreen perspective on properties, Heimstaden Bostad generates long-term value for the shareholdersReported in Section Economic Performance	<ul style="list-style-type: none">Heimstaden Bostad contributes to a more sustainable housing marketHeimstaden Bostad has a focus on building sustainable, safe, and inclusive neighbourhoods and local communitiesHeimstaden Bostad offers internships and summer jobs to studentsReported in Section Local Community	<ul style="list-style-type: none">High ethical standardsHigh focus on leadership, employee development, and working conditionsReported in Section Employment and Section Occupational Health and Safety	<ul style="list-style-type: none">Improved and strengthened Standard & Poor's 'BBB' ratingEstablished a new Fitch rating of 'BBB'Continuous improvements regarding sustainability performanceImproved climate strategy and reporting capacity (CDP, TCFD), reported in Section Climate Road Map	<ul style="list-style-type: none">Continuous improvement workTools to track performanceSupply-chain reporting in Section Human Rights	<ul style="list-style-type: none">Continuous improvement workA wide portfolio of apartments in different price rangesReporting in Section Local Community

¹ All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.



In the GRI Index on [pages 117–118](#) we have linked our material sustainability areas to the Sustainable Development Goals and their sub-targets.

Memberships and undertakings

- Science Based Targets initiative (SBTi)
- Public Housing Sweden
- Sweden Green Building Council
- Fastighetsägarna (Swedish organisation for real-estate companies)
- Norsk Eiendom (Norwegian organisation for real-estate companies)
- Ejendom Danmark (Danish organisation for real-estate companies)
- Association of Real Estate Agents, Czech Republic
- Rental Housing Association, Czech Republic
- Association for the Development of the Moravian-Silesian Region, Czech Republic
- Association for Real Estate Market Development, Czech Republic
- Chamber of Commerce of the Moravian-Silesian Region, Czech Republic
- IVBN (Dutch organisation for real-estate companies)
- BeBo – Swedish Energy Agency’s network for residential property owners committed to energy efficiency
- Studentbostadsföretagen (Swedish student housing association)
- LFM 2030 (Local path chart towards a climate-neutral construction and property management sector in Malmö, Sweden by 2030)
- The Rotterdam Climate Agreement, Netherlands

UN Global Compact

In 2019, Heimstaden AB joined the UN Global Compact initiative for responsible business, thereby committing to follow the Compact’s 10 principles in the areas of human rights, labour, the environment, and anti-corruption.



GRI standards

	Comment/information outstanding	Principles of the Global Compact	Page
GRI 102: General disclosures 2016			
102-1 Name of the organisation			2
102-2 Activities, brands, products, and services			3–5
102-3 Location of headquarters			2
102-4 Location of operations			25, 26
102-5 Ownership and legal form			30–41
102-6 Markets served			25, 26
102-7 Scale of the organisation			4, 6, 7
102-8 Employees			13, 14, 127
102-9 Supply chain			121, 130, 131
102-10 Significant changes to the organisation and its supply chain			109
102-11 Precautionary principle or approach		7	123
102-12 External initiatives		7	132, 134, 135
102-13 Membership of associations			116
102-14 Statement from senior decision-maker			8
102-16 Values, principles, standards, and norms of behaviour		1-10	3
102-18 Governance structure			30–41
102-40 List of stakeholder groups			115
102-41 Collective bargaining agreements		3	129
102-42 Identifying and selecting stakeholders			114
102-43 Approach to stakeholder engagement			114, 115
102-44 Key topics and concerns raised			115
102-45 Entities included in the consolidated financial statements			49–51
102-46 Defining report content and topic boundaries			107, 108
102-47 List of material topics			107, 108
102-48 Restatements of information			107–109
102-49 Changes in reporting			107
102-50 Reporting period			107
102-51 Date of most recent report			107
102-52 Reporting cycle			107
102-53 Contact point for questions regarding the report			107
102-54 Claims of reporting in accordance with the GRI Standards			107–109
102-55 GRI Content Index			117, 118
102-56 External assurance			107



GRI standards

Economy	Indicator	Comment/information outstanding	SDG sub-targets	Principles of the Global Compact	Page
Economic performance	103-1/2/3 Management approach				120
	201-1 Direct economic value generated and distributed		11-1, 12-6		120
Anti-corruption	103-1/2/3 Management approach				121
	205-3 Confirmed incidents of corruption		16-5	2, 6, 10	121
Tax	103-1/2/3 Management approach				122
	207-4 Country-by-country reporting		17-1		122
Environment					
Energy	103-1/2/3 Management approach				123
	302-1 Energy consumption within the organisation		6-4, 7-2, 7-3, 9-1, 12-8, 13-2	8-9	124
	302-3 Energy intensity				124
Water	103-1/2/3 Management approach				124
	303-5 Water consumption		6-4		124
GHG emissions	103-1/2/3 Management approach				125
	305-1 Direct (Scope 1) GHG emissions		11-6, 13-2	8-9	126
	305-2 Energy indirect (Scope 2) GHG emissions				126
	305-3 Other indirect (Scope 3) GHG emissions				126
	305-4 GHG emissions intensity				126
Waste	103-1/2/3 Management approach				126
	306-3 Waste generated		11-6		126
Social					
Employment	103-1/2/3 Management approach				127
	401-1 New employee hires and employee turnover		5-5, 8-5, 10-3, 16-7	3-6	141 , 142
Occupational health and safety	103-1/2/3 Management approach				128
	403-1 Occupational health and safety management system		3-4, 8-8		128
	403-2 Hazard identification, risk assessment, and incident investigation				128
	403-3 Occupational health services				128
	403-4 Worker participation, consultation, and communication on occupational health and safety				128
	403-5 Worker training on occupational health and safety				128
	403-6 Promotion of worker health				129
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				129
	403-9 Work-related injuries				129
Human rights	103-1/2/3 Management approach				130
	406-1 Incidents of discrimination		10-3, 12-7, 17-17	1-10	131
	414-1 New suppliers that were screened using social criteria				131
Local community	103-1/2/3 Management approach				132
	413-1 Operations with local community engagement, impact assessments, and development programmes		4-6, 8-6, 10-2, 11-3		132-135

TCFD Index

	Chapter	Page
Governance		
a) Describe the Board’s oversight of climate-related risks and opportunities.	Governance, Risk management	30–40
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	Governance, Risk management	30–40
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Initial Scenario Analysis	113
b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.	Climate Road Map, Initial Scenario Analysis	110–113
c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate Road Map, Initial Scenario Analysis	110–113
Risk Management		
a) Describe the organisation’s processes for identifying and assessing climate-related risks.	Climate Risk Management	111, 112
b) Describe the organisation’s processes for managing climate-related risks.	Climate Risk Management	111, 112
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.	Climate Risk Management	111, 112
Metrics and Targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate actions, Greenhouse Gas Emissions	111, 112, 125, 126
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	Greenhouse Gas Emissions	125, 126
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Greenhouse Gas Emissions	125, 126

Statutory Sustainability Report Index

Find our statutory sustainability report according to the Swedish Annual Accounts Act on the following pages:

Topic	Area	Page
Environmental issues	Policy, review procedures and policy results	123–126
	Risks and risk management	40
	Key performance indicators	124, 126, 138, 139, 140
Social issues and employees	Policy, review procedures and policy results	127, 128, 131–134
	Risks and risk management	39–40
	Key performance indicators	127, 129, 133, 137, 141, 142
Human rights	Policy, review procedures and policy results	130, 131
	Risks and risk management	39–40
	Key performance indicators	131
Anti-corruption	Policy, review procedures and policy results	121
	Risks and risk management	39–40
	Key performance indicators	121

Economic Performance

201-1 Direct economic value generated and distributed

Materiality and boundary

Through long-term, profitable growth generated with consideration for people and the planet, we build trust among employees of Heimstaden AB and Heimstaden Bostad AB, customers, shareholders, suppliers, and banks and credit rating agencies. Their trust in us is crucial for our continued growth. A competitive offering to employees is critical for our success. Heimstaden Bostad makes contributions to local societies in all our markets through corporate tax, VAT, and social security payments. Our co-owners are institutional investors and a large part of our profit is re-invested in people's future pensions.

Management approach

Our strategy is to acquire, construct, develop, and manage long term, therefore investment decisions are premised on population growth and positive economic development, generating long-term demand for residential properties in the locations in which we operate.

Our group policies implemented are:

- Financial Policy

The policy applies company-wide and in all our markets and is approved by the CEO.

Our Financial Policy serves as a framework for the management of the company's financial risks, such as liquidity, refinancing, foreign-currency, and interest rate risks.

Evaluation

We continuously measure and assess the effectiveness of our financial governance and review our financial goals as part of our ongoing business. We measure our progress by:

- Acquisition volumes
- Raised equity volumes
- Access to debt markets and improvement of Heimstaden Bostad rating
- Investment and asset management performance

GRI 201-1 Direct economic value generated and distributed (company-wide)

SEK million	2021	2020	2019
DIRECT ECONOMIC VALUE GENERATED			
Tenants			
Rental income	9,247	6,721	4,321
Economic value generated from rental income	9,247	6,721	4,321
ECONOMIC VALUE DISTRIBUTED			
Employees			
Salaries (incl. social costs and pensions)	-200	-147	-240
Cost for employees	-200	-147	-240
Society			
Suppliers (incl. VAT)	-7,204	-3,685	-3,101
Corporate tax (current tax)	-492	-386	-200
Deferred tax	-4,580	-1,774	-1,193
Economic value to society	-12,276	-5,845	-4,494
Owners			
Dividends (payout year)	-4,978	-1,897	-884
New share issue (capital injections)	64,996	17,895	21,715
Transactions with the shareholders	60,018	15,998	20,831
ECONOMIC VALUE RETAINED	56,790	16,728	20,418

The calculation is based on reported financials in the annual report and is in accordance with GRI guidelines. The intention is to show in a basic way how Heimstaden Bostad AB creates value for its stakeholders and in the economic systems within which the organisation works. The table provides an overview of the directly measurable monetary value Heimstaden Bostad AB adds to stakeholders and how the company thereby contributes to the development of society.

Anti-Corruption

205-3 Confirmed incidents of corruption and actions taken

Materiality and boundary

At Heimstaden Bostad, it is crucial to conduct our operations responsibly based on our values and with a high level of business ethics. To be able to impact the whole value chain, we have a Group-wide initiative for implementing culture and value workshops to highlight business ethics guidelines, human rights, and working conditions among employees, in addition to a Code of Conduct for Business Partners. Through these, we can prevent risks, as described in [Section Risk Management](#), and contribute to a democratic and sustainable society in which operations are conducted on fair terms.

Management approach

Heimstaden Bostad has strong governance with a clear stance on transparency, fair business practices, and zero tolerance for corruption and other unethical behaviour in our entire value chain. This requires us to impose demands, not only on our own organisation, but on our partners. In accordance with Heimstaden’s UN Global Compact commitment, we work actively on anti-corruption measures through our compliance management system involving policies both internally and throughout our value chain.

People and Culture is responsible for educating employees on our Code of Conduct for Employees. This is done through a culture and value workshop and a mandatory e-learning course for all employees conducted annually. The purchasing function and internal clients are responsible for setting demands on suppliers and contractors, as well as for monitoring compliance with the Code of Conduct for Business Partners. For this purpose, we have implemented a self-assessment. Heimstaden Bostad has a whistle-blower function where employees and external stakeholders can report any irregularities and violations of the Code of Conduct. The system is owned and managed by a neutral third party. Our whistle-blower policy specifies how reported cases are to be processed, followed up, and communicated. Our vision is to have zero annual confirmed cases company-wide.

Evaluation

GRI 205-3 Confirmed incidents of corruption and actions taken (company-wide)

	2021	2020	2019
Number of reported cases	0	0	2
Number of confirmed cases	0	0	0

During the year, zero cases were reported through the whistle-blower function. We started the follow-up at group level in year 2019 making year 2019 our baseline.

Our [group policies](#) implemented are:

- Anti-Corruption
 - Code of Conduct
 - Goes Without Saying Policy
- Business Partner Code of Conduct
 - Sanctions Policy
 - Whistle-blowing Policy and Guidelines

The policies apply company-wide and in all our markets and are approved by the CEO.

Tax

207-4 Country-by-country reporting

Materiality and boundary

At Heimstaden Bostad, we view tax as a social responsibility and think it is important that tax is paid in the country where value is created, in due time and in accordance with local tax rules. Compliant administration and payment of taxes is an integral part of our business and focus on transparent compliance towards tax authorities.

Simultaneously, tax is a business cost that can help reduce our business risk, if managed effectively to the level required by law, fulfilling our obligations towards stakeholders.

Management approach

Being a multinational group, all subsidiaries are fulfilling operational business activity in jurisdictions where we are present. However, they will never be vehicles engaged in harmful tax planning, which we consider unacceptable. Carefully monitoring transfer pricing is an integral part of mitigating negative impact on our tax footprint.

The tax policy is owned by Heimstaden's Finance Department and reviewed by the CFO. The policy covers all levies paid to respective countries' tax authorities and applies for all subsidiaries and employees in the Heimstaden Bostad from the date of adoption. Heimstaden Bostad intends this statement to satisfy any statutory responsibilities it may have to disclose its approach to the management of taxes.

Heimstaden's CFO has the operational responsibility for the Group's tax position across all territories and has delegated the day-to-day responsibility for tax to the respective local managements of each Heimstaden subsidiary. Significant tax matters are routinely addressed in Audit & Risk Committee meetings where the group auditor is also present.

Evaluation

Group Legal and Tax are evaluating the management approach by reporting tax at Group level, monitoring and providing Group oversight of tax and assist with tax advice. The country-by-country reporting on tax is shown in the table and contains country-by-country reporting for the year 2020.

GRI 207-4 Country-by-country reporting (company-wide)

SEK Million	Sweden	Norway	Denmark	Netherlands	Germany	Czech Republic	Poland
Number of employees 2020 (Headcount)	-	-	-	-	-	580	-
Revenues from third-party sales	2,524	29	1,525	1,029	101	1,461	0
Revenues from intra-group transactions with other tax jurisdictions	883	779	-146	26	6	0	0
Profit/loss before tax	-901	278	1,716	1,297	-27	1,015	0
Tangible assets other than cash and cash equivalents	22,185	5,599	36,200	23,365	2,219	13,864	127
Corporate income tax paid on a cash basis	107	53	83	96	-1	32	1
Corporate income tax accrued on profit/loss	31	53	101	99	0	111	0

The table contains country-by-country reporting for year 2020 for all countries in which Heimstaden Bostad operated during the year.

Our group policies implemented are:

- Tax policy

The policy applies company-wide and in all our markets and is approved by the CEO.



Energy

302-1 Energy usage within the organisation
302-3 Energy intensity

Materiality and boundary

In EU member states, the property sector accounts for about 40% of energy usage. Energy-efficiency measures and fossil-free energy are considered important to our stakeholders, and they affect our customers’ ability to live sustainably. We use energy for heating and electricity in our properties. Operating our buildings has a direct impact on energy usage, which we can influence by implementing energy-efficiency measures. Unfortunately, we cannot influence the energy usage in all our properties as explained in [Section Reporting principles](#).

Management approach

Our energy focus is based on Heimstaden Bostad’s business strategy and underlying sustainability strategy.

In [Section Climate Road Map](#), you can read about our climate governance, strategy, and Heimstaden Bostad’s Science Based Targets. The Climate target is in line with the Paris Agreement 1.5°C ambition, meaning that we commit to reducing Scope 1 and 2 GHG emissions by at least 46% by 2030, with 2019 as the base year. To reach the target, energy reduction will be a key measure, where we aim to reduce the amount of energy purchased by 2% per square metre annually until 2025 (in comparable property portfolios), with 2019 as the baseline. Head of Group Energy Management plays an important role in ensuring consistent energy management in all countries, and in achieving Heimstaden Bostad’s energy-related targets. The property management organisation is responsible for managing energy usage and the selection of energy sources. We work continuously with energy-efficiency improvements throughout our organisation in all countries and train our staff in energy-efficient operations. Energy-efficiency

measures are prioritized according to the expected impact on energy usage, and the provision of GHG emission reductions at a reasonable cost. When making acquisitions, we always screen properties, resulting in an action plan for energy-related actions.

We reduce the amount of purchased energy usage by:

- Installing intelligent control systems, using structural engineering measures to mitigate heat loss, making demands in connection with new construction, and by investing in photovoltaic cells.
- Certifying all new construction projects with Sweden Green Building Council’s ‘Miljöbyggnad Silver’ certification in Sweden or at least energy class A 2015 in Denmark (legal requirements).
- Starting to implement a sustainability program with demands on suppliers regarding energy and resource efficiency.
- Having a Group target to install photovoltaic cells on all new construction projects (when applicable).

Evaluation

In Sweden, Norway, Germany, and the Netherlands, we are compiling energy statistics monthly or quarterly, enabling us to detect deviations in energy usage and act on them. We compile energy data per country annually at a minimum to make sure there is ample progress to reach our targets in time. That gives us the chance to implement more actions if needed. In 2021, we achieved our target to only use origin-labelled renewable electricity in our existing portfolio.

Despite implementing many energy-efficiency measures in all the countries we operate in, 2021 proved to be an energy-intensive year that saw energy use and CO₂ emissions increase versus 2020. The main reasons for this were, firstly, that 2020 was a much warmer year (with less heating required), and,

secondly, that our property portfolio grew significantly in 2021. In addition, we used more natural gas in 2021 after replacing coal-fired heating in many apartments in Czech Republic with much more efficient central gas boilers. While data coverage in Germany and the Netherlands increased during the year, there is uncertainty as to the quality of data since a large proportion is collected manually. We are constantly working to improve data quality through implementation of new digital solutions. Versus 2020, we also experienced a full ‘pandemic effect’ year in 2021, with increased energy consumption through households’ increased use of hot water and heating. Looking forward, we have started implementation of our climate roadmap and will work intensively to reduce energy use and CO₂ emissions across our property portfolio. Normally, trimmings and one calendar year of operation are required before these are fully effective. In addition to this operational phase, most energy investments require planning, and even in some cases, permission from authorities, which also means that project start can be delayed from several months up to one year after a decision on implementation.

1% of our properties are certified with SGBC’s ‘Miljöbyggnad Silver’, ‘Miljöbyggnad Brons’ certification, or ‘BREEAM, very good’ as of 31 December 2021.

In 2021, we have for example:

- Exchanged old gas boilers in Germany to more efficient ones, leading to an energy reduction up to 30% per property
- Replaced the last oil tank in the Netherlands for an efficient natural gas boiler
- Finished five sustainability projects in the Netherlands, with the aim to reduce energy and emissions by, for example, insulating buildings
- Completed insulation projects impacting 1,400 flats in the Czech Republic, resulting in an energy reduction of around 9,500 GJ/year
- Installed exhaust air heat pumps in a property in Sweden, resulting in an energy reduction up to 25%
- Installed control systems in five buildings in Norway, reducing energy usage by a minimum of 7%
- Replaced 800 windows in 200 apartments in Norway to avoid energy loss
- Implemented a monitoring and control system as a pilot project in Denmark, expecting to reduce energy usage by 3–7% per property. In the first property we reduced energy usage by 10%.

Our group policies implemented are:

- Environmental policy (including the precautionary principle)

The policy applies company-wide and in all our markets and is approved by the CEO. Specific additional policy documents exist regarding our fulfilment of legal and compliance requirements where needed in given markets.

GRI 302-1, 302-3 Energy consumption in the properties in MWh (company-wide)

	2021	2020	2019
Heating	777,036	637,522	302,890
Of which renewable heating	364,048	279,163	269,149
District cooling	326	203	224
Electricity	76,507	71,536	69,390
Of which renewable electricity	74,268	68,240	68,247
Total energy consumption (heating, cooling, electricity)	853,869	709,261	372,504
Electricity production (Solar power)			
Installed capacity (photovoltaic cells), kWp	1,262	374	329
Amount produced, MWh	595	456	28

The data for 2021 includes the purchased energy by Heimstaden Bostad in Sweden, Norway, Netherlands, Germany, and partly Denmark in 2021. For other properties the energy consumption from year 2021 is not yet available and therefore energy consumption figures from 2020 are used for the Czech Republic and partly Denmark. Properties where tenants have their own energy contract are not included, because it is not possible for Heimstaden Bostad to obtain the energy data in those cases. In 2021, the total energy consumption has increased due to new acquisitions and the wheather which has been cooler during 2021 compared to 2020. The electricity that is not renewable comes from properties that we have recently acquired and that do not have renewable electricity agreements. The agreements will be changed to renewable electricity agreements as soon as possible. The installed capacity of solar cells have increased during the year. Many of the new solar cells were installed during Q3-Q4 2021, therefor the amount of produced electricity is lower during 2021 in relation to the installed capacity. For more detailed information about energy reporting see the [reporting principles](#) and [table section](#).

	2021	2020	2019
Energy performance in kWh/m ²	161	145	150

The energy performance is based on energy consumption within Heimstaden Bostad properties as per the above table. The denominator consists of the net leasable area of those properties where Heimstaden Bostad has the energy contract, and the numerator consists of energy use for an entire year. Properties where tenants have their own energy contract are not included, because it is not possible for Heimstaden Bostad to obtain the energy data in those cases. Also, properties that lack energy data for an entire year (such as acquisitions and divestments during the reporting year) are excluded from the intensity figures. The energy use per square metre has decreased between 2020 and 2021 due to energy-efficiency measures such as the examples listed in [Section Energy](#).

Water

303-5 Water consumption

Materiality and boundary

Water must be treated as a scarce resource. There is no water stress in the countries in which Heimstaden Bostad operates, but water shortages due to altered weather patterns including droughts, floods, increased pollution, and increased human demand and overuse of water may occur in the future due to a changing climate. Heimstaden Bostad’s own water use is a minor part of the total water use in our properties. Most is used by our customers, for example for personal hygiene, washing, cooking, etc. But we still have a responsibility to support our customers in living sustainably by offering responsible water management and water-efficient equipment.

Management approach

Heimstaden Bostad’s environmental focus is based on our strategic pillars and underlying sustainability strategy and environmental policy. We have set a water-saving target to reduce our water use by at least 1% per square metre annually until 2030. In a few properties in Sweden, Norway, and the Netherlands we use smart metering for water use in real time allowing us to immediately detect deviations, such as water leakage. During apartment renovations, mixer taps and shower equipment are replaced with new efficient ones. At the end of 2021, Heimstaden Netherlands started a nudging pilot where we are actively encouraging our tenants to use less water. In the Czech Republic, a double flushing system is installed in every toilet replaced.

Evaluation

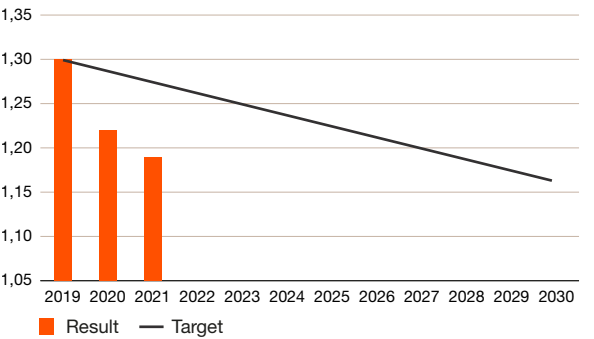
In Denmark and the Czech Republic, water statistics are compiled only once annually, meaning that water consumption figures for the full-year 2021 are not available for all the properties in the table below. In these cases, the 2020 figures for water consumption are used.

GRI 303-5 Water consumption (company-wide)

	2021	2020	2019
Total water consumption m ³	7,592,252	6,955,106	3,437,108
Building water intensity (per year) m ³ per sqm	1.2	1.2	1.3

Data for 2021 includes water use in Sweden, Norway, Netherlands, Germany, and partly Denmark. For other properties, water consumption is not yet available and therefore water consumption values for 2020 are used for the Czech Republic and partly Denmark. Total water consumption for 2021 has increased due to new acquisitions.

Building water intensity in m³/sqm per year



Greenhouse Gas Emissions

- 305-1 Direct (Scope 1) GHG emissions
- 305-2 Energy indirect (Scope 2) GHG emissions
- 305-3 Other indirect (Scope 3) GHG emissions
- 305-4 GHG emissions intensity

Materiality and boundary

In EU member states, the property sector accounts for about 36% of GHG emissions. GHG emissions have a negative impact on the climate and on living conditions and the environment of communities, citizens, and our customers. Focusing on reducing emissions is the only way forward and increases opportunities for external financing.

GHG emissions occur throughout our entire value chain, including our suppliers, contractors, and customers. The majority of Scope 1 and 2 emissions are generated by energy usage in our properties, while Scope 3 emissions mostly come from our tenants' energy consumption, new construction, reconstruction, and renovation.

Management approach

Our environmental work is based on Heimstaden Bostad's strategic pillars and underlying sustainability strategy.

Heimstaden Bostad has set a new climate target reducing Scope 1 and 2 emissions by at least 46% by 2030 with 2019 as the base year. The target is in line with the 1.5°C Paris Agreement ambition. Heimstaden Bostad has committed to the Science Based Targets initiative (SBTi) and will send the climate target to the SBTi for validation in the beginning of 2022. To be able to achieve our objectives in time, we have assigned a clear budget to the climate target and will evaluate emissions data annually to track our progress.

Heimstaden Bostad does not use incentives. Emissions-reduction measures are prioritized according to their expected impact and at a reasonable cost. Our operations organization is responsible for follow-up on energy usage in our properties and emissions-reduction measures.

Besides the energy demands stated in [Section Energy](#), Heimstaden Bostad reduces emissions within new constructions by:

- Certifying with Sweden Green Building Councils Environmental label Miljöbyggnad, Silver level, in Sweden (20% less than Sweden's NZEB (Near zero-energy building))
- Conducting Life Cycle Assessments with generic values (LCA)
- Requesting Environmental Product Declarations (EPD) to be able to calculate specific carbon equivalent (CO₂e) emissions to create a baseline
- Starting to implement a sustainability program including demands on suppliers regarding emission reduction measures

In 2021, we have reduced our emissions through energy-efficiency measures described in [Section Energy](#). Besides that, we have for example also:

- Switched to renewable electricity in Denmark, Germany, and the Czech Republic
- Implemented electric service cars in Germany
- Started the process of building our first climate-neutral property in Malmö, Sweden
- Switched from coal-based district heating in 57 properties in the Czech Republic to heat pumps or low-emission gas boilers, reducing emissions by a total of 2,800 tonnes CO₂

Evaluation

We consolidate energy data per country at least annually to make sure there is ample progress to achieve our targets in time. This allows us to implement more actions if needed. In 2021, we reached our target to only use origin-labelled renewable electricity in our existing portfolio. The [table GHG emissions Scope 1&2](#) shows Heimstaden Bostad's GHG emissions for Scope 1 and 2 based on energy usage in the properties, fuel for vehicles and refrigerants. In our Scope 3 assessment we cover all the categories that are applicable for our organisation. In most cases we used emission factors based on standard values due to lack of measured data. We have an ambition to replace those assumptions step-by-step with measured data through our suppliers and contractors. See [Table GRI 305-3: Scope 3 emissions per country](#) for more detailed information about our Scope 3 emissions.

Our [group policies](#) implemented are:

- Environmental Policy

The policy applies company-wide and in all our markets and is approved by the CEO.

GRI 305-1, 305-2, 305-3, 305-4 GHG emissions Scope 1, 2 and 3 (company-wide)

	2021	2020	2019
Scope 1 in tonnes CO ₂ e	11,985	1,660	673
Scope 2 Market-based in tonnes CO ₂ e	195,882	175,258	24,055
Scope 2 Location-based in tonnes CO ₂ e	197,730	175,745	27,533
Biogenic emissions in tonnes CO ₂ e	448	393	297
Scope 3 in tonnes CO ₂ e	-	242,828	82,185
Scope 1 and 2 emissions in tonnes CO ₂ e / SEK million (market-based)	24	26	6
Scope 1 and 2 emissions in kg CO ₂ e/sqm	40	36	10

Heimstaden Bostad’s GHG emissions for Scope 1 and Scope 2 are based on the purchased energy (see [table Energy consumption in the properties](#)) by Heimstaden Bostad within Heimstaden Bostad properties, fuel from vehicles owned or leased by Heimstaden Bostad, and refrigerants. Fuel for vehicles and refrigerants are only included for 2021, as we not have measured these before. Heimstaden Bostad’s GHG emissions increased due to many new acquisitions during 2021 and improved data quality. During 2021 the emission factors for district heating in the Czech Republic have been corrected compared to the sustainability report 2020. The correction has a material impact on the emissions and is based on an improved control of emission factors. Scope 1 emissions came from natural gas and oil for heating, emissions from vehicles, and refrigerants. Scope 2 covers district heating and consumption of electricity in the properties. As most of our properties are located in the Czech Republic and Sweden, those countries account for most of the GHG emissions. The calculations have been performed in accordance with the GHG protocol, applying the financial control approach. For the year 2021, emission factors from 2020 are used and have been obtained from the relevant energy supplier. Gases included in the calculations are mostly CO₂, but can also include CH₄, N₂O, and refrigerants used in the production of district heating. In 2020, CO₂e emissions per square metre increased due to the acquisition of the Czech Republic portfolio, where the energy mix is dominated by fossil fuels. The denominator consists of the lettable area in the properties where Heimstaden Bostad signs the energy agreement, and the numerator consists of GHG emissions during a whole year. Properties that lack data for an entire year (such as acquisitions and divestments during the reporting year) are excluded from the intensity figures. 2019 is our base year. Data on Scope 3 2021 is not available yet since the mapping of our Scope 3 emissions will be performed during Q1-Q2 2022. For more detailed figures see [Table GRI 305-1, 305-2, 305-4: GHG emissions scope 1 and 2](#).

Waste

306-3 Waste generated

Materiality and boundary

There has been a dramatic increase in annual resource extraction during the last century. Society can conserve natural resources and protect the environment by reducing materials usage and increasing materials reuse and recycling. In our organisation, waste is generated in new construction, reconstruction, renovation projects, and property management.

Management approach

By making demands on contractors, Heimstaden Bostad will lower the amount of waste produced in our projects and operations. In addition, our tenants produce waste and by offering waste-sorting bins we can reduce the amount of unsorted waste while increasing recycling and reuse. To make recycling easier for our tenants, we decided that all Swedish new construction projects, starting in 2021, will include space for at least four waste sorting bins in the kitchen. Also in Sweden, Heimstaden Bostad started a pilot project to investigate tenants’ waste management in selected properties resulting in an action plan to improve the amount of recycled waste. Norway compiles data annually on waste generated from operations, including smaller renovations and repairs.

We are also currently implementing requirements for contractors who carry out new construction projects for Heimstaden Bostad in Sweden including demands on reduced packaging, recycled filling mass, and that at least 80% of waste must be recycled. Heimstaden Bostad also requires a report documenting how the contractor has planned its purchasing and production to reduce the generation of waste. The requirements will be implemented in all countries after being adapted to country-specific circumstances.

Evaluation

Heimstaden Bostad’s data on waste is, to a high extent, based on assumptions and standard values, which makes it challenging to analyse our impact and prioritize actions. Our ambition is to collect this data directly from contractors and waste management companies in the future.

GRI 306-3 Waste generated (company-wide)

	2020	2019
Total weight of waste generated by the tenants in tonnes	99,171	39,066

Weight of waste generated by tenants is calculated based on number of tenants, which explains the increase in waste as we have acquired new properties each year. Waste generated by contractors in new construction and reconstruction is not included, because we do not have sufficient data at Group level yet. Data for 2020 is the latest available data.

Our [group policies](#) implemented are:

- Environmental Policy

The policy applies company-wide and in all our markets and is approved by the CEO.

Employment

401-1 New employee hires and employee turnover

Materiality and boundary

At Heimstaden, we seek to provide excellence in life quality at work through the engagement, involvement, satisfaction, and general well-being of our people. These efforts help ensure that we are an attractive employer, able to recruit and retain skilled personnel who deliver on our promises to customers and other stakeholders. To influence our employees and our business in a positive way, we aim for a safe, challenging, and fun workplace where people can contribute and grow in combination with a competitive offering. All information regarding employees pertains to employees of Heimstaden AB and Heimstaden Bostad AB.

Management approach

Heimstaden AB has joined the UN Global Compact and, in accordance with that commitment, we work actively to establish favourable terms of employment.

In [Section Friendly Workplace](#) we describe all key ambitions and outcomes for a Friendly Workplace. The People & Culture function is responsible for developing policies that address Heimstaden’s relations with our people as an employer, and relations to people in the external talent market interested in working for us. Managers and employees are at the same time jointly responsible for emphasizing and adhering to these policies.

As legislation is amended and new requirements are added, efforts to set out, revise, and maintain policies are performed annually, with employee participation at least once a year, with a particular emphasis on our Code of Conduct for Employees and Goes Without Saying policy.

During 2021, most of our learning initiatives have been transferred to a digital platform, with our employees completing courses, such as annual mandatory courses in Code of Conduct, GDPR and IT security, but also a multitude of subject specific courses. We have also launched a pilot to distribute 250 licences to LinkedIn Learning, enabling access to 8,000 courses in various subjects. We have also successfully continued our leadership program, leading@heimstaden, by combining online and offline learning. We have continued our Leadership on the Go concept with focus on topics such as work health and safety, distance leadership, and performance development.

Evaluation

Our employee engagement survey is sent out monthly in all countries. Where we see areas of concern we can intervene and initiate an anonymous dialogue with the employee, or we contact the manager for a follow-up. We measure Group temperature in terms of leadership and job satisfaction, as well as total temperature in terms of management, job satisfaction, meaningfulness, autonomy, work situation, participation, personal development, team spirit, commitment, equal rights/treatment, and security. See [Table Section](#) for additional data about employees, including employee turnover.

Winningtemp survey (company-wide)

	Target (by 2023)	2021	2020	2019
Temperature (management, job satisfaction, and overall temperature)	8.5 (scale 1 to 10)	7.9	7.8	7.0
eNPS (employee Net Promoter Score)	65 (scale -100 to +100)	28	34	40

All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.

Occasionally we have experienced a low response rate in our Winningtemp surveys. In 2021, the average response rate has been 68% (65% in 2020 and 69% in 2019). We are working hard to improve this by, for example, encouraging more feedback in our work teams and by actively responding to comments submitted by employees using the tool. One challenge, when introducing this tool in new markets, is to create trust in the complete anonymity of the solution as well as establishing the routine of monthly feedback to the team.

Our [group policies](#) implemented are:

- Code of Conduct for Employees
- Goes Without Saying
- Our Culture
- Work Health & Safety Policy
- Equal Rights Policy
- Hiring Interns and Temporary Staff Policy
- Information Policy
- Whistle-blowing Policy and Guidelines
- Sanctions Policy
- Travel Policy
- Remuneration policy

The policies apply company-wide and in all our markets and are approved by group management and/or the CEO. Specific additional policy documents exist regarding our fulfilment of legal and compliance requirements where needed in given markets.

Occupational Health and Safety

- 403-1 Occupational health and safety management system
- 403-2 Hazard identification, risk assessment, and incident investigation
- 403-3 Occupational health services
- 403-4 Worker participation, consultation, and communication on occupational health and safety
- 403-5 Worker training on occupational health and safety
- 403-6 Promotion of worker health
- 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
- 403-9 Work-related injuries

Materiality and boundary

The well-being, health, and safety of our employees are of paramount importance to Heimstaden Bostad and to our contractors and other stakeholders, not least investors and banks. For our people in property management operations, there is the risk of physical injury and risks related to psychosocial factors, including threats and harassment. In our offices, the dominating risks are stress, workload, and ergonomics. All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.

Management approach

Heimstaden Bostad’s occupational health and safety work is based on our strategic pillar Friendly Workplace. We work systematically to eliminate the number of accidents to achieve our zero target by conducting regular proactive risk assessment and monthly accident/incident reporting. Each manager is responsible for work health & safety for their team.

To fully comply with the new EU directive the reporting of

whistle-blowing cases is now managed by a neutral third party via a new digital platform to ensure there is no risk of traceability or retaliation. Everyone can anonymously report discrimination, harassment, corruption, or any other irregularities that violate our values or policies.

403-1 Occupational health and safety management system

During 2021, Heimstaden moved incident and accident reporting into one common platform where we follow up monthly on all incidents reported, as well as actions taken and responsibility for these actions. The report is sent to the Board of Directors quarterly. We follow all legal requirements which include, for example, manager training in work health and safety responsibility, risk assessments, and reporting on incidents and accidents internally and externally. Employees, contingent workers, interns, and students are covered by our management of work health and safety. All employees can report incidents, but in order to safeguard integrity only People & Culture have access to reported incidents. To ensure that incidents are reported we regularly remind managers of the importance of doing so.

403-2 Hazard identification, risk assessment, and incident investigation

Several times a year, we hold working environment meetings with employees and employer representatives. Everyone appointed to our working environment committees or as health and safety representatives must undergo specific training. The demands and requirements are not the same in all countries and the local country is responsible to ensure Heimstaden works in line with work safety and risk prevention rules.

Operations in all countries are required to report workplace accidents and incidents to external local authorities, in addition to internal group reporting using local tools and processes. These are tracked monthly and reported to the Board of Directors quarterly. The measures that are identified are compiled into plans of action and delegated to suitable individuals. Progress is reviewed at a subsequent meeting.

Besides the incident and accident reporting platform, we also use our digital tool Winningtemp to monitor psychosocial working environment in all countries. Supervisors present their department’s results monthly. Responses are anonymous.

403-3 Occupational health services

There is no Health and Safety Committee at Group level at Heimstaden.

403-4 Worker participation, consultation, and communication on occupational health and safety

Heimstaden’s communication with workers on health and safety is managed locally via intranet and managers. Workers’ possibility to participate differs locally and is often managed through representatives, Winningtemp, or their manager.

403-5 Worker training on occupational health and safety

Training given includes topics such as how to work on roofs, working with electricity, handling chemicals, heavy lifts and general safety and security. The closest manager is responsible for assessing if there is a need for training among the employees. For those judged to need it, the training is mandatory to ensure a safe workplace. The frequency of the training depends on the requirements for a certain certification. Training can be given via internal trainers on site or via e-learning. The training is free of charge for employees and takes place during working hours. The effect of training is not evaluated at Group level.

Many of our policies at Group level concern health and safety, including:

- Work Health & Safety Policy
 - Equal Rights Policy
 - Whistle-blowing Policy and Guidelines
- Travel Policy
 - Code of Conduct for Business Partners (based on the UN’s ten Global Compacts principles)

The policies apply company-wide and in all our markets and are approved by the group management and/or CEO and COO. Specific additional policy documents exist regarding our fulfilment of legal and compliance requirements where needed in given markets.

403-6 Promotion of worker health

Medical and healthcare services provided for employees differ locally, but doctors’ consultations, medicines, and sports are the most common services provided. In some countries, there are also voluntary health promotion services addressing non-work-related health risks such as support to stop smoking. In 2021, Heimstaden adapted a hybrid working model as many employees found working from home improves their work-life balance and efficiency. The model enables remote work for up to 40% of the time, in roles where possible and approved by manager.

403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business relationships

Preventing occupational health and safety impacts is done by incident reporting, training in health and safety, benefits to promote worker health, and Code of Conduct for Business Partners setting demands on health and safety.

Evaluation

To safeguard a high level of quality in health and safety, we work continuously to improve our processes and disseminate information on working environment issues. Our target is 0% work-related absence due to illness and zero work-related injuries in 2023. The most common accidents reported are fall injuries and head injuries.

GRI 403-9 Work-related injuries (company-wide)

	2021	2020	2019
Fatalities	0	0	0
High-consequence work-related injuries (Accidents)	14	31	32
Recordable work-related injuries	23		
Incidents	23	14	20
Absence due to illness	6.4%	5.3%	3.5%
Number of hours worked	2,955,022		

As of 2021, we report work-related injuries according to GRI, divided into recordable work-related injuries and high-consequence work-related injuries (injuries that lead to absence). Previous years we have not separated injuries that lead to absence from those who does not. We define incidents as situations that might be, or could lead to, a disruption, loss, emergency, or crisis. As we grow and enter new markets it will take time before all processes are implemented and adapted by the organisation, hence we can expect numbers to not entirely follow our growth. The number of reported accidents increased during the year 2021, due to increased use of the reporting function for accidents in Workday. Absence due to illness has been higher during 2020 and 2021, because of the Covid-19 pandemic. All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.



Human Rights

406-1 Incidents of discrimination and corrective actions taken
414-1 New suppliers that were screened using social criteria

Materiality and boundary

Heimstaden Bostad supports the UN's Universal Declaration of Human Rights where the right to housing is recognised. Heimstaden Bostad's largest risks regarding human rights violations are most probably found in our supply chain. Therefore, we put emphasis on managing and controlling this part of our value chain. Regarding our people and relationships with customers, a key focus area is the right to non-discrimination. For us, non-discrimination, diversity, and equality are strengths and prerequisites for our development and capacity to meet our customers' needs and wishes.

Management approach

Heimstaden AB has joined the UN Global Compact and thereby commits to follow the principles of human rights.

Heimstaden has set a target that all employees must sign the Code of Conduct for Employees and undergo training. We also have a target that 100% of our suppliers must sign our Code of Conduct for Business Partners by 2023. Together with each manager, the People & Culture function is responsible for ensuring employees are aware of and comply with the Codes of Conduct, policies, and compliance procedures.

Human rights and non-discrimination

Heimstaden Bostad has zero tolerance for discrimination. Heimstaden Bostad operates in several markets with different common practices regarding collective bargaining agreements. We have collective agreements in our operations functions in the Czech Republic, Sweden, and partly Den-

mark and Norway, covering 59% of our total employees. We do not yet have operations functions in Finland, Poland, and the United Kingdom. Our non-discrimination work is based on preventing seven types of discrimination: sex, transgender identity or expression, ethnicity (and colour), religion or other belief, disability, sexual orientation, and age.

Human rights in the supply chain

Integrating environmental, social, and anti-corruption aspects into the supply chain is an important part of our sustainability work. The procurement team manages human rights in the supply chain by developing processes and procedures for setting demands and monitoring compliance among suppliers. In 2020, we implemented a self-assessment system for suppliers, which is managed by the procurement team. So far, we have gathered most of the quality-critical suppliers in Sweden, Norway, and Denmark in the procurement system. They have a risk rating within Human Rights, Labour Rights, Business Ethics & Anti-corruption, Political Stability & Rule of Law, Environmental Performance, Economic Stability, Currency and Trade Ability, and based on the result of their self-assessment, including, among other topics, the following:

- Approval of our Code of Conduct for Business Partners
- Collective agreement
- Environment
- Human rights
- Business management
- Working conditions
- Anti-corruption

To improve the response rate, we are working to simplify and clarify the questionnaire, as well as emphasising the importance of answering it. We are also working on including

more countries in the assessment with the goal to include all Heimstaden Bostad's suppliers. We also conduct an annual sustainability risk assessment of new suppliers for centrally negotiated contracts in relation to the environment, anti-corruption, work conditions, health and safety, and human rights. During the assessment, if we do not receive satisfactory answers from our suppliers or any red flags are raised, we contact the supplier and ask for more information regarding that particular issue.

Considering the announced upcoming EU legislation on human rights due diligence, we recognized the need to build a more comprehensive system for implementing a sustainable supply chain. Accordingly, our sustainability and procurement departments are working together to extend the scope and depth of our supply chain analysis. This includes internal value-chain mapping, screening of suppliers, and mitigation of adverse impacts, including grievance mechanisms and re-

mediation when appropriate. In 2021, we have undergone a thorough GAP analysis to identify where Heimstaden Bostad stands in comparison with recommended best practices and are working with external consultants to carry forward this project.

Our group policies related to human rights are:

- Code of Conduct for Employees
- Goes Without Saying Policy
- Equal Rights Policy
- Code of Conduct for Business Partners
- Work Health and Safety Policy
- Equal Rights Policy
- Whistleblowing Policy and Guidelines
- The policies apply company-wide and in all our markets and are approved by the group management and/or CEO and COO.

Evaluation

GRI 406-1 Incidents of discrimination (company-wide)

	2021	2020	2019
Number of reported cases	0	1	1
Number of confirmed cases	0	0	0

Heimstaden Bostad complies with anti-discrimination legislation and has zero tolerance for discrimination cases. During the year zero discrimination incident were reported through our whistle-blower function. The reported cases in previous years were not of such a nature to justify a deeper investigation and were dismissed after the initial investigation. We started company-wide follow-up in 2019 making 2019 our baseline year.

Code of conduct

	2021	2020	2019
Number of suppliers that have signed the Code of Conduct	400	168	106
Spend of suppliers ¹ that have signed the Code of Conduct	50%	-	-

To date, 370 of our suppliers have signed our Code of Conduct for Business Partners, which stands for about 50% of the spend in those countries.

¹ Includes only spend of suppliers in Sweden, Norway, and Denmark.

GRI 414-1 New suppliers screened (Sweden, Norway, Denmark)

	2021	2020	2019
Number of new suppliers	14	35	17
Of which screened	100%	100%	100%

We started the screening in 2019 making 2019 our baseline year.

During 2021, we screened 100% of our 14 new suppliers in Sweden, Denmark, and Norway with framework agreements linked to the areas of human rights, anti-corruption, labour conditions, health and safety, and environmental aspects. The results of our desktop screening showed that most of our new suppliers have communicated sufficient information regarding how they handle these issues. The remaining companies will receive a self-assessment form as well as an invitation to return with relevant information. We will decide on what measures to take based on the entirety of the material received.



Local Community

413-1 Operations with local community engagement, impact assessments, and development programs

Materiality and boundary

The social dimension is crucial in developing a sustainable society. Heimstaden Bostad’s vision is to enrich and simplify lives through Friendly Homes. Our operations affect many people and we have an important social and environmental responsibility in all markets where we are present. To secure safe and sustainable homes, Heimstaden Bostad believes it is important to have good regulations that both motivate and commit landlords to contribute to a well-functioning and sustainable housing market.

Management approach

We have strong governance with a clear stance on transparency, fair business practices, and zero-tolerance for corruption and other unethical behaviour in our entire value chain.

Heimstaden Bostad has a goal that a least 3% of all apartments should be social lease contracts. It is also important for us to create opportunities for young people to gain work experience and have opportunities for internships. We have, for this reason, decided to offer at least 100 jobs annually Group-wide to trainees, student employees, and summertime workers.

In some regions, we have hired Community Coordinators with a mandate to deal with matters of a social nature in our neighborhoods and take part in meetings and dialogues with local authorities, emergency services, and other property owners to create safe and secure living environments.

In 2021, Heimstaden Bostad launched A Home for a Home with the goal to give as many children as possible a safe home and a good start in life. For every home we own and acquire, we support SOS Children’s Villages with €100 annually. Our donation goes to two different types of programmes: global SOS programs planned and executed by SOS and co-created local programs in Heimstaden Bostad’s markets planned and executed by SOS and local Heimstaden Bostad teams. A key aspect of A Home for a Home is to leverage Heimstaden Bostad’s expertise and assets, to contribute beyond the donation and maximise our positive impact. The Steering Committee is the main decision-making body, and the Program Manager is responsible for managing and following up on the result of the programs. See [Table Operations with local community engagement, impact assessments, and development programs](#) for project examples and [Section A Home for a Home](#) for more information about the partnership.

The Chief Brand and Marketing Communications Officer is responsible for customer surveys conducted in all operat-

ing countries to be able to set internal benchmarks, action plans, and short- and long-term targets for improvement. Our local organisations work continuously to improve customer satisfaction. In addition, we conduct rolling CSAT (customer satisfaction surveys) at four touch points in the customer journey: contract phase, move-in phase, tenancy, and move-out phase. Heimstaden Bostad has customer service centres in all countries to support our customers, where they also can submit complaints.

Evaluation

Customer survey results

In the table below, the results for each country’s ‘Service index’ and ‘Takes customer seriously’ for 2020 and 2021 are presented, with 2020 as the baseline year when we began measuring.

Our [group policies](#) related to local community are:

- Code of Conduct for Employees
- Code of Conduct for Business Partners
- Whistle-blowing Policy and Guidelines

The policies apply company-wide and in all our markets and are approved by the CEO.



Service index (scale 0–100)

	2021	2020
Sweden	78.4	78.4
Denmark	74.6	74.4
Norway	74.7	74.5
Netherlands	58.5	55.8
Czech Republic	68.8	67.2
Germany	63.4	-

Takes customer seriously (scale 0–100)

	2021	2020
Sweden	84.0	84.8
Denmark	75.6	76.5
Norway	83.0	84.4
Netherlands	59.0	52.8
Czech Republic	77.1	74.9
Germany	74.9	-

Since implementing the surveys, the feedback from customers has been constantly improving. When we enter new markets, we see a significant improvement from the second year we do the measurements. For futher information, see [pages 11–12](#).

Local community

The targets we have set in terms of creating inclusive living environments and local communities, and in terms of employment for young adults, were set in 2019. We are implementing these targets throughout the Group. Due to cultural differences and practices, and Heimstaden Bostad’s rapid growth, there has been a lag in implementation, meaning we currently only have results for parts of our operations.

Local community (company wide)

	Target	2021	2020
Percentage social lease contracts	At least 3% of apartments by 2023	1.5%	1.9%
Total number of social lease contracts		2,321	1,943
Share of regulated residential income		62%	53%
Number of young adult jobs (student employees, summertime workers or trainees)	100 young adult jobs each year	110	77

All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.

We currently have social contracts in Sweden, Czech Republic, Netherlands and Germany. During 2021, continued the work on defining social leases for all countries and changed our method for calculating the target outcome. The denominator of the KPI consists of the total number of homes, including vacancies. The numerator consists of the total active and signed social lease contracts at the end of 2021. During 2021 the share of social leases decreased compared to 2020. However, the total number of social lease contracts increased. The decrease in percentage is due to new acquisitions during the year where we have not implemented social leases yet.

GRI 413-1 Operations with local community engagement, impact assessments, and development programs

	Stakeholder engagement plans based on stakeholder mapping	Broad-based local community consultation committees and processes that include vulnerable groups	Local community development programs based on local communities' needs	Partnerships and sponsorships	Environmental impact assessments and ongoing monitoring
Sweden	Customer survey	Social lease contracts	A Home for a Home: <ul style="list-style-type: none">· Getting ready for leaving care – support young people to become self-sufficient· Family strengthening – support unaccompanied refugees who are reunited with their families	Umeå Basket's project 'Vara med' ('Be included') to reduce involuntary loneliness. Mentorship program in Linköping for children in primary school in socially disadvantaged areas. Business Improvement District (BID) Malmö and BID Sofielund – crime prevention initiatives in disadvantaged areas. Drivkraft (Driving Force) offers mentors for both pupils and their parents and arranges weekly help with homework at several schools. Many of Heimstaden's employees are engaged in this initiative. VildaKids (Wild Kids) provides year-round activities for children in socioeconomically exposed situations.	
Norway	Customer survey	Social lease contracts	A Home for a Home: <ul style="list-style-type: none">· Family partner – helping vulnerable families to stay together by coordinating support from different agencies· Meeting places for children – build playgrounds in under-served areas of Oslo	Red Cross homework help in Oslo Red Cross cloth and textile boxes in several properties Local cultural event where we sponsored a theatrical performance/musical for which one of our tenants applied for support.	
Denmark	Customer survey	Social lease contracts	A Home for a Home: <ul style="list-style-type: none">· Tutoring – offer tutoring to children who need help with their schoolwork	WeShelter works to improve conditions for the most vulnerable homeless people with shelters, peer-to-peer initiatives, and financial advice. Hellebro – an NGO working to improve conditions for young homeless people (18–29 years), offering a day care centre, shelter, office hotel, and halfway houses. Joannahuset – Denmark's first crisis centre for children, where children and underage youth in vulnerable situations have a sanctuary, can talk to an adult and get a bed for the night. Operation Julegaveregn (Operation Christmas Gift Showers) – a private initiative that since 2006 has raised money for Christmas presents for the approximately 1,500 children living in Danish orphanages and residential institutions. Sommerfugleeffekten (The Butterfly Effect) – a private initiative with monthly workshops for hospitalized children at H. C. Andersen's Children's and Youth Hospital, where the children create content for 'Lula Rabbitbush and the Magic Mountain'. In addition to the e-book, two printed editions will be donated to all children's hospitals. The first book will be launched in Easter 2022.	

	Stakeholder engagement plans based on stakeholder mapping	Broad-based local community consultation committees and processes that include vulnerable groups	Local community development programs based on local communities' needs	Partnerships and sponsorships	Environmental impact assessments and ongoing monitoring
Netherlands	Customer survey	Social lease contracts	A Home for a Home: <ul style="list-style-type: none">Children's Village 2.0 – support SOS with expertise in sustainable construction and maintenance when developing the next-generation children's village in Guinea-BissauPublic affairs – support SOS advocacy work to keep siblings together in foster careFamily strengthening – supporting vulnerable parents to care for their children	<p>"Buurheld van het jaar-verkiezing" – after noticing that neighbors where very helpful to each other during Covid-19 panamic, Heimstaden started a contest to find the best Neighbour of the Year.</p> <p>PSV Handbal Eindhoven – Together with PSV Heimstaden organises local events where tenants can join in as well, such as sports day, selling cookies for charity, etc.</p>	Climate risk and vulnerability assessment at property level
Germany	Customer survey			<p>Stadtbienen (Urban bees) – an initiative that promotes ecological beekeeping and the protection of wild bees in urban areas.</p> <p>Plant my tree – For every new lease contract a tree will be planted.</p>	
Czech Republic	Customer survey	Social lease contracts	A Home for a Home: <ul style="list-style-type: none">Support foster families – help foster families care for traumatized childrenSupport for young families – help vulnerable families to care for their childrenMaintenance of SOS Children's Village – Heimstaden employees do maintenance and repair work in the SOS Children's Village in OstravaBringing generations together – creating activities that bring children and families from SOS together with older people from Heimstaden-run community centers	<p>Support for existing and nascent entrepreneurs by offering assistance and start-up facilities</p> <p>Support of local Czech hockey team</p> <p>Tenants can receive up to €400 for supporting talent, leisure activities, and good neighbourly relations</p>	
United Kingdom					
Finland					
Poland					

In all our organisations, except for our new country markets Finland, Poland and, United Kingdom, we have implemented local community engagement, impact assessments, or development programs. Resulting in a coverage of 99% of our units. We intend to implement similar initiatives in Finland, Poland and the United Kingdom as well.

Table Section

Table index	Page
GRI 102-8: Number of employees by gender and region	137
GRI 302-1: Energy consumption in the properties	138
GRI 305-1, 305-2, 305-4: GHG emissions scope 1 and 2	139
GRI 305-3: Scope 3 emissions per country	140
GRI 306-3: Waste generated in tonnes	140
GRI 401-1: New employee hires, by age group, gender, and country	141
GRI 401-1: Total number of employee turnover, by age group, gender, and country	142

GRI 102-8 Information on employees and other workers

Total number of employees (head count)	2020			2021		
	Women	Men	Total	Women	Men	Total
Sweden	159	234	393	236	314	550
Norway	52	81	133	60	104	164
Denmark	50	76	126	95	177	272
The Netherlands	10	13	23	58	75	133
Germany	50	67	117	147	136	283
Czech Republic	279	301	580	373	434	807
Poland	0	0	0	3	6	9
United Kingdom	0	0	0	3	0	3
Iceland	0	0	0	7	14	21
Heimstaden total	600	772	1,372	982	1,260	2,242

Total number of permanent employees (head count)	2021		
	Women	Men	Total
Sweden	219	299	518
Norway	51	99	150
Denmark	92	173	265
The Netherlands	36	55	91
Germany	144	134	278
Czech Republic	253	246	499
Poland	3	6	9
United Kingdom	3	0	3
Iceland	7	14	21
Heimstaden total	808	1,026	1,834

Total number of temporary employees (head count)	2021		
	Women	Men	Total
Sweden	17	15	32
Norway	9	5	14
Denmark	3	4	7
The Netherlands	22	20	42
Germany	3	2	5
Czech Republic	120	188	308
Poland	0	0	0
United Kingdom	0	0	0
Iceland	0	0	0
Heimstaden total	174	234	408

Total number of full-time employees (head count)	2021		
	Women	Men	Total
Heimstaden total	654	1,063	1,717

Total number of part-time employees (head count)	2021		
	Women	Men	Total
Heimstaden total	328	197	525

Data regarding employees pertain to employees of both Heimstaden Bostad AB and Heimstaden AB. Heimstaden Bostad AB does not own any properties in Iceland.

GRI 302-1: Energy consumption in the properties

	Total			Sweden			Norway			Denmark			Netherlands			Germany			Czech Republic	
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020
Heating (Non-renewable)																				
Fossil district heating	365,152	351,156	30,620	1,862	21,065	17,948	0	0	1,440	14,239	12,110	11,232	0	0	0	26,744	1,804	0	322,307	316,176
Natural gas	47,736	6,711	2,600	0	0	1,231	0	0	0	196	527	536	9,768	3,022	833	36,036	2,514	0	1,737	648
Oil	101	492	521	0	38	80	0	0	113	0	0	0	90	124	0	11	330	328	0	0
Total non-renewable	412,988	358,359	33,741	1,862	21,103	19,259	0	0	1,553	14,435	12,638	11,768	9,858	3,146	833	62,791	4,648	328	324,043	316,824
Of which non-renewable fuel (natural gas, oil)	47,837	7,203	3,121	0	38	1,311	0	0	113	196	527	536	9,858	3,146	833	36,047	2,844	328	1,737	648
Heating (Renewable)																				
Renewable and recycled district heating	361,860	277,246	267,735	287,520	218,474	228,988	15,259	12,477	12,956	39,363	28,811	25,791	0	0	0	1,945	196	0	17,774	17,288
Biogas	2,188	1,917	1,414	2,188	1,917	1,414	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total renewable	364,048	279,163	269,149	289,708	220,390	230,402	15,259	12,477	12,956	39,363	28,881	25,791	0	0	0	1,945	196	0	17,774	17,288
Of which renewable fuel (biogas)	2,188	1,917	1,414	2,188	1,917	1,414	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total heating (non-renewable and renewable)	777,036	637,522	302,890	291,570	241,493	249,661	15,259	12,477	14,509	53,798	41,449	37,559	9,858	3,146	833	64,735	4,844	328	341,817	334,112
Cooling																				
District cooling	326	203	224	326	203	224	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Electricity																				
Electricity consumption	76,507	71,536	69,390	53,519	50,844	51,429	13,587	13,659	14,523	5,134	3,647	2,934	1,150	1,155	444	960	60	60	2,156	2,171
Of which renewable electricity	74,268	68,240	68,247	53,519	50,844	51,429	13,587	13,659	14,523	4,846	2,339	1,894	1,150	1,155	369	960	32	32	205	211
Total energy usage (heating, cooling, electricity)	853,869	709,261	372,504	345,415	292,540	301,314	28,846	26,136	29,032	58,932	45,096	40,493	11,008	4,302	1,277	65,696	4,904	388	343,973	336,283
Electricity produced (Solar power)																				
Installed capacity (photovoltaic cells), kWp	1,262	374	329	956	374	329	0	0	0	306	0	0	0	0	0	0	0	0	0	0
Amount produced, MWh	595	456	28	462	394	0	0	0	0	133	62	28	0	0	0	0	0	0	0	0

The data for 2021 includes the purchased energy by Heimstaden Bostad in Sweden, Norway, Netherlands, Germany and partly Denmark in 2021. For other properties the energy consumption from year is not yet available and therefore energy consumption figures from 2020 are used for the Czech Republic and partly Denmark. Properties where tenants have their own energy contract are not included, because it is not possible for Heimstaden Bostad to obtain the energy data in those cases. In 2021, the total energy consumption has increased due to new acquisitions and the wheather which has been cooler during 2021 compared to 2020. The electricity that is not renew-

able comes from properties that we have recently acquired and that do not have renewable electricity agreements. The agreements will be changed to renewable electricity agreements as soon as possible. The installed capacity of solar cells during the year have increased. Many of the new solar cells were installed during Q3-Q4 2021, therefor the amount of produced electricity is lower during 2021 in relation to the installed capacity.

GRI 305-1, 305-2, 305-4: GHG emissions Scope 1 and 2

	Total			Sweden			Norway			Denmark			Netherlands			Germany			Czech Republic	
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020
Scope 1 in tonnes CO ₂ e	11,985	1,660	673	340	10	263	343	0	30	253	108	110	2,027	653	171	7,596	604	88	1,426	285
Of which from property heating	10,341	1,660	673	0	10	263	0	0	30	40	108	110	2027	653	171	7,391	604	88	883	285
Of which from vehicles	1,607	-	-	303	-	-	343	-	-	213	-	-	-	-	-	205	-	-	543	-
Of which from refrigerants	37	-	-	37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Scope 2 Market-based in tonnes CO ₂ e	195,882	175,258	24,055	16,756	16,255	20,250	17	75	86	2,745	4,572	3,656	0	0	43	2,692	529	20	173,672	153,827
Scope 2 Location-based in tonnes CO ₂ e	197,730	175,745	27,533	17,892	16,859	23,335	115	228	958	2,833	3,808	3,096	464	432	124	3,000	532	20	173,426	153,884
Biogenic emissions in tonnes CO ₂ e	448	393	297	448	393	297	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Scope 3 in tonnes CO ₂ e	-	242,828	82,185	-	22,261	21,316	-	8,469	9,313	-	24,093	50,527	-	54,710	269	-	3,608	760	-	129,687
Scope 1 and 2 in tonnes CO ₂ e / SEK million (market-based)	24	26	6	6	7	9	1	0	0	1	3	3	2	1	0	19	11	-	155	128
Scope 1 and 2 emissions in kg CO ₂ e/sqm	40	36	10	8	8	-	0	1	-	5	9	-	28	19	-	27	41	-	88	65

Heimstaden Bostad's GHG emissions for Scope 1 and Scope 2 are based on the purchased energy (see table [Energy consumption in the properties](#)) by Heimstaden Bostad within Heimstaden Bostad properties, fuel from vehicles owned or leased by Heimstaden Bostad, and refrigerants. Fuel for vehicles and refrigerants are only included for 2021, as we not have measured these before. Heimstaden Bostad's GHG emissions increased due to many new acquisitions during 2021 and improved data quality. During 2021 the emission factors for district heating in the Czech Republic have been corrected compared to the sustainability report 2020. The correction has a material impact on the emissions and is based on an improved control of emission factors. Scope 1 emissions came from natural gas and oil for heating. Scope 2 covers district heating and consumption of electricity in the properties. As most of our properties are located in the Czech Republic and Sweden, those countries account for most of the GHG emissions. The calculations have been performed in accordance with the GHG protocol, applying the financial control approach. For the year 2021, emission factors from 2020 are used and have been obtained from the relevant energy supplier. Gases included

in the calculations are mostly CO₂, but can also include CH₄, N₂O, and refrigerants used in the production of district heating. In 2020, CO₂e emissions per square metre increased due to the acquisition of the Czech Republic portfolio, where the energy mix is dominated by fossil fuels. The denominator consists of the lettable area in the properties where Heimstaden Bostad signs the energy agreement, and the numerator consists of GHG emissions during a whole year. Properties that lack data for an entire year are excluded from the intensity figures. Data for Scope 3 2021 is not available yet since the mapping of our Scope 3 emissions will be performed during Q1-Q2 2022. 2019 is our base year.

GRI 305-3: Scope 3 emissions per country

Category	Total		Sweden		Norway		Denmark		Germany		Netherlands		Czech Republic
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
1. Purchased goods and services (related to new construction, reconstruction, and property management, etc)	56,061	21,126	10,602	11,024	4,052	7,325	8,880	2,451	0	325	3,829	1	28,698
2. Capital goods (acquired newbuilds)	10,512	41,357	0	0	0	0	9,491	41,357	0	0	1,021	0	0
3. Energy- and fuel-related emissions (upstream emissions from electricity, heating, and fuels)	12,857	1,995	2,336	1,680	307	134	333	167	179	7	205	7	9,497
4. Upstream transportation and distribution (service cars)	379	385	69	249	29	27	53	104	1	3	64	1	163
5. Waste management (transport and management)	2,242	1,281	218	829	1,521	91	47	347	2	11	14	2	622
6. Business travel (travel by car, air, train, taxi)	122	173	31	79	15	24	24	47	0	0	5	22	47
7. Commuting (employee trips to and from work)	0	293	0	164	0	34	0	52	0	0	0	43	0
8. Leased assets – leased by Heimstaden Bostad (leased offices, rental cars, or other machines)	195	120	56	63	0	0	20	16	21	0	98	40	0
11. Use of sold products (no sold real estates 2019 and 2020)	0	0	0	0	0	0	0	0	0	0	0	0	0
12. End-of-life sold products (waste from demolishing of buildings sold)	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Leased assets – by tenants (energy and waste from tenants)	160,278	15,456	8,949	7,227	2,545	1,677	5,245	5,985	3,405	413	49,474	153	90,660
Total	242,828	82,185	22,261	21,316	8,469	9,313	24,093	50,527	3,608	760	54,710	269	129,687

Data for Scope 3 2021 is not available yet since the mapping of our Scope 3 emissions will be performed during Q1-Q2 2022. Category 9 Outbound transports, category 10 Processing of sold products, category 14 Franchise, and category 15 Investments are not part of our organisation and therefore not included in Heimstaden Bostad's Scope 3 emissions. All acquired properties should, according to the GHG Protocol, be included in category 2 Capital Goods. However, we have chosen to only include ac-

quired newbuilds in this category, which is in line with the UK GBC, Guide to Scope 3 Reporting in Commercial Real Estate. Calculations have been performed in accordance with the GHG Protocol, applying the financial control approach. We used external consultants as supervisors in this assessment, who also performed the calculations.

GRI 306-3: Waste generated in tonnes

	Total		Sweden		Norway		Denmark		Germany		Netherlands		Czech Republic
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
Total weight of waste generated by the tenants	99,171	39,066	27,215	25,554	2,000	2,267	14,597	10,992	1,107	197	12,300	56	41,952

Weight of waste generated by tenants is calculated based on number of tenants, which explains the increase in waste as we have acquired new properties each year. Waste generated by entrepreneurs in new construction and reconstruction is not included, because we do not have sufficient data at Group level yet.

GRI 401-1: New employee hires, by age group, gender, and country

Number of new employees	2021		2020		2019	
	Women	Men	Women	Men	Women	Men
Sweden						
under 30	26	106	15	7	7	12
30–50	62	36	29	31	22	22
over 50	18	80	5	7	5	11
Norway						
under 30	8	17	6	13	5	6
30–50	7	13	10	11	2	8
over 50	2	14	0	1	1	0
Denmark						
under 30	21	69	8	8	7	13
30–50	35	18	11	15	14	20
over 50	13	57	5	8	2	10
Netherlands						
under 30	7	20	12	5	0	2
30–50	11	5	22	28	1	8
over 50	2	15	7	9	0	0
Germany						
under 30	21	143	1	1	0	0
30–50	94	21	5	7	0	0
over 50	28	81	0	0	0	0

Number of new employees	2021		2020		2019	
	Women	Men	Women	Men	Women	Men
Czech Republic						
under 30	45	125	16	37	0	0
30–50	63	51	31	40	0	0
over 50	17	97	8	14	0	0
Poland						
under 30	1	3	0	0	0	0
30–50	2	3	0	0	0	0
over 50	0	3	0	0	0	0
UK						
under 30	0	3	0	0	0	0
30–50	3	0	0	0	0	0
over 50	0	0	0	0	0	0
Iceland						
under 30	0	3	0	0	0	0
30–50	2	1	0	0	0	0
over 50	1	2	0	0	0	0
Total						
under 30	129	489	58	71	19	33
30–50	279	148	108	132	39	58
over 50	81	349	25	39	8	21

Data regarding employees pertain to employees of both Heimstaden Bostad AB and Heimstaden AB. Data regarding employees pertain to employees of both Heimstaden Bostad AB and Heimstaden AB. Heimstaden Bostad AB does not own any properties in Iceland.

GRI 401-1: Total number of employee turnover, by age group, gender, and country

Number of employee turnover	2021		2020		2019	
	Women	Men	Women	Men	Women	Men
Sweden						
under 30	18	32	5	3	4	3
30–50	10	22	8	16	11	11
over 50	4	21	10	7	4	10
Norway						
under 30	4	9	2	8	1	4
30–50	4	9	0	4	2	7
over 50	1	7	1	1	0	2
Denmark						
under 30	11	21	7	5	3	4
30–50	9	8	5	5	4	2
over 50	1	24	1	7	0	0
Netherlands						
under 30	2	11	0	0	0	2
30–50	6	3	1	4	2	4
over 50	3	10	0	1	0	0
Germany						
under 30	1	7	0	0	0	0
30–50	4	7	1	2	0	0
over 50	1	7	0	2	0	0

Number of employee turnover	2021		2020		2019	
	Women	Men	Women	Men	Women	Men
Czech Republic						
under 30	34	71	5	17	0	0
30–50	30	24	19	18	0	0
over 50	7	30	5	7	0	0
Poland						
under 30	0	0	0	0	0	0
30–50	0	0	0	0	0	0
over 50	0	0	0	0	0	0
UK						
under 30	0	0	0	0	0	0
30–50	0	0	0	0	0	0
over 50	0	0	0	0	0	0
Iceland						
under 30	0	1	0	0	0	0
30–50	0	0	0	0	0	0
over 50	0	0	0	0	0	0
Total						
under 30	70	152	19	33	8	13
30–50	63	73	34	49	19	24
over 50	17	99	17	25	4	12

Data regarding employees pertain to employees of both Heimstaden Bostad AB and Heimstaden AB. Heimstaden Bostad AB does not own any properties in Iceland. During 2021, the turnover increased to 22%, compared to 2020 (14%).



Ö Promenaden 7 A, SE-211 28 Malmö, Sweden
Corporate ID Number: 556864-0873
+46 40 660 2000, www.heimstadenbostad.com