

Q3 2022

Heimstaden
BOSTAD



Highlights

- Successful hybrid buyback funded with equity from shareholders.
- Bought the Country Management organisation from Heimstaden AB.
- Strong operational quarter with stable occupancy and like-for-like growth at 5.5%.
- 1.9% decrease in value of investment properties.

337 billion

Investment Properties, SEK

2.2 billion

Net operating income, SEK

48.9%

Net loan-to-value

3.8x

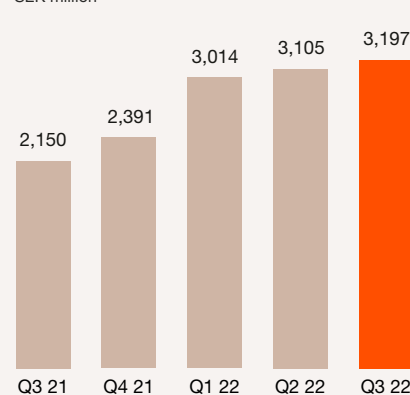
Interest coverage ratio

Key Figures

		Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Financials						
Rental income	SEK m	3,197	3,105	2,150	9,315	6,217
Growth y-o-y	%	48.7	51.3	32.3	49.8	33.6
Net operating income	SEK m	2,217	2,035	1,428	6,082	3,988
Net operating income margin	%	69.4	65.5	66.4	65.3	64.2
Total comprehensive income/loss	SEK m	-2,176	5,360	5,245	13,112	15,065
Capital expenditures	SEK m	2,425	2,259	1,373	6,929	3,762
Portfolio Metrics						
Fair value of investment properties	SEK m	336,967	335,902	198,543	336,967	198,543
Homes	Units	154,145	153,205	118,614	154,145	118,614
Real economic occupancy, residential	%	98.4	98.5	98.1	98.4	97.8
Like-for-like rental income growth	%	5.5	5.2	3.0	5.4	2.3
Credit Metrics						
Net loan-to-value	%	48.9	46.5	42.9	48.9	42.9
Net debt / Net debt + Equity, S&P method	%	52.1	51.7	50.1	52.1	50.1
Net debt / Total assets	%	43.3	41.5	37.7	43.3	37.7
Interest Coverage Ratio (ICR)	Multiple	3.8x	4.0x	3.9x	3.8x	3.9x
Interest Coverage Ratio, S&P method	Multiple	2.8x	2.8x	3.0x	2.8x	3.0x

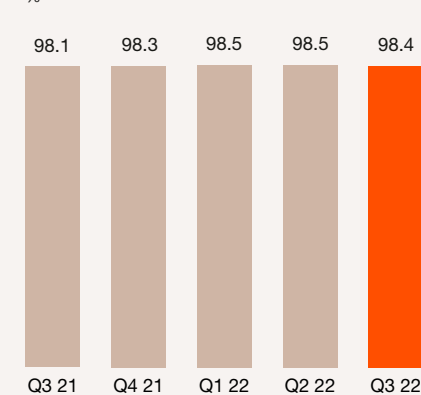
Rental Income

SEK million



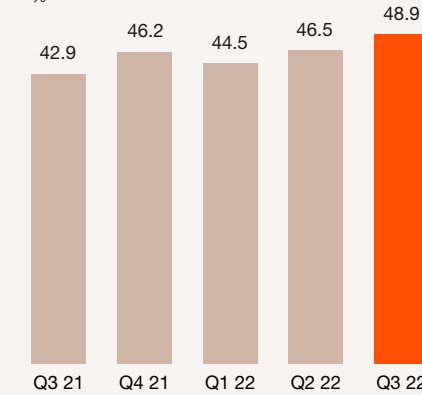
Real Economic Occupancy

%



Net LTV

%



Resilience in the Inflationary Storm

Inflation has increased to levels not seen in decades, prompting central banks to raise interest rates. This has caused volatility in the capital markets and put downward pressure on asset prices. Homes are a basic human need and historically the residential sector has been one of the most resilient asset classes during turbulent conditions.

We are mindful of how the inflationary environment is a major concern for our customers, which is why we have launched information campaigns to keep energy consumption down. Our commitment to reducing our customers' energy costs is also underscored by our EUR 700 million sustainability programme, which lowers energy and water usage.

Nor can we ignore the challenges of those in most need. July marked the first anniversary of our A Home for a Home programme, which to date has supported more than 35,000 children and youth in more than 20 countries.

While we have an evergreen strategy to buy, own and operate rental residential properties, we continue to monitor pricing closely and are approaching new investments with caution. After years of growth, the fair value of our properties declined in the third quarter. The pricing impact is dampened by strong fundamentals of the Northern and Central European housing markets where we operate and the CPI-linked contracts.

Across Europe there is strong demand for homes, underpinned by long-term trends such as urbanisation and smaller household sizes. Development of new homes is slowing a lot, which will only add to the underlying shortage of homes, as we flagged in last quarter's report. We expect housing scarcity to remain a feature of most European markets for the near future. This is supportive for values and we are confident in the underlying value of residential real estate over the medium to longer term.

Operationally, the third quarter performance was solid, mainly driven by a high occupancy rate and increase in rental income. In addition, we are continuously pursuing greater operational efficiencies, including the roll-out of our digital customer system. July's purchase of the local management organisations and central IT services from Heimstaden AB will trim an estimated SEK 130 million from our operational costs annually.

Heimstaden Bostad's diversified debt maturity profile, with limited maturities in the next 12 months and available bank financing in substantial volumes provides flexibility to liability management in the coming quarters. We also strengthened our balance sheet by buying back a nominal EUR 868 million of hybrid bonds in July, a transaction fully funded with additional equity provided by our shareholders.

As a leading owner and operator of European residential real estate, we have strong operational performance, a solid capital structure and committed shareholders to weather the inflationary storm.



Patrik Hall
CEO Heimstaden Bostad



Sustainability Highlights

These are challenging times for our customers and for the planet's climate. Turmoil in Europe's energy supply chain is driving inflation, causing the cost of living to increase significantly, while it is also increasing the recourse to "dirty" fuels as coal to fill supply gaps. Real estate plays a critical role since buildings account for approximately 40% of the EU's energy usage and 36% of CO₂ emissions. Although the supply crisis will hopefully lead to more investment in longer-term clean energy solutions, more immediate solutions for the energy supply crisis will increase CO₂ emissions.

In recent years, we have built up local teams with the technical know-how to improve the energy efficiency of our buildings. Work they have carried out centres on reducing energy usage, which they have achieved by finetuning the performance of central heating systems and other technical solutions, installing efficient lighting and smart control systems, and by improving thermal insulation.

With the risk of high energy costs likely to persist for our customers, we are preparing for the coming winter by taking additional steps to optimise technical installations and setting indoor temperatures of our buildings at the right level. We have also engaged with our customers to inform them of how best to conserve energy in their homes.

As part of A Home for a Home, we launched a skill-sharing programme whereby Heimstaden employees use their expertise to support the SOS Children's Villages organisation. Assignments include Learning & Development, Business process development and Carbon footprint measurement.

We were greatly encouraged by the results of the University of Ostrava study of social housing provided by Portavita, our largest NGO partner in Czech social contracts. Almost a third of those who were given the opportunity to move from a shelter or hostel into an apartment reported a significant positive change in the lives of their families. This motivates us to work even harder to achieve our target to have three percent of the homes in our portfolio under social contracts.



Katarina Skalare
Chief Sustainability Officer



Simplified Company Structure

Heimstaden Bostad is a leading European residential real estate company, 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

Quarterly Review

Figures in brackets refer to the previous quarter.

Income

Rental income increased by 6% to SEK 3,197 million (3,105), driven primarily by weakening of SEK and acquisitions in Denmark. Service charges paid by tenants increased to SEK 271 million (234), mainly due to higher heating costs in Germany.

Like-for-like rental income growth increased to 5.5% (5.2%). The comparable portfolio made up 63% (63%) of rental income.

Residential real economic occupancy was stable at 98.4% (98.5%), excluding 1.9% (1.8%) in vacancy due to refurbishments and other non-market related vacancies.

Operating expenses

Utility expenses increased to SEK 379 million (332), mainly related to higher heating costs in Germany, offset by lower consumption in Sweden and the Czech Republic. Due to different rental regimes between markets, these costs impact net operating income margins differently. See Note 3 for more details.

Repair and maintenance expenses including group eliminations decreased to SEK 97 million (185). Costs for facility and property management decreased to SEK 517 million (526).

Capital expenditures and Repair & Maintenance

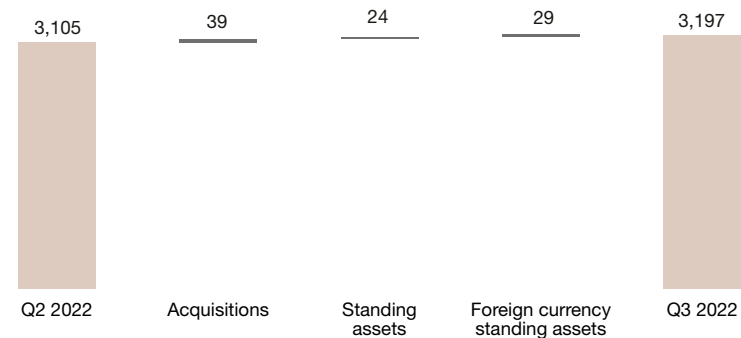
Total expenditure in standing assets increased to SEK 1,589 million (1,563), corresponding to 0.47% of fair value (0.47%), while investments in properties under construction, excluding forward purchase contracts, increased to 0.31% of fair value (0.28%), due to slightly higher activity during the summer on new developments. For more details, see page 8.

SEK million	Q3 2022	Q2 2022	YTD 2022	YTD 2021
Income statement items				
Expenses for repair & maintenance ¹	204	240	706	528
Balance sheet items				
Capitalised repair & maintenance	1,035	1,060	2,785	1,308
Tenant improvements	350	263	925	675
Expenditure on standing assets	1,589	1,563	4,416	2,511
Investment properties under construction	1,040	936	3,219	1,779
Capital expenditures	2,425	2,259	6,929	3,762

¹ Excluding group eliminations, see Note 3.

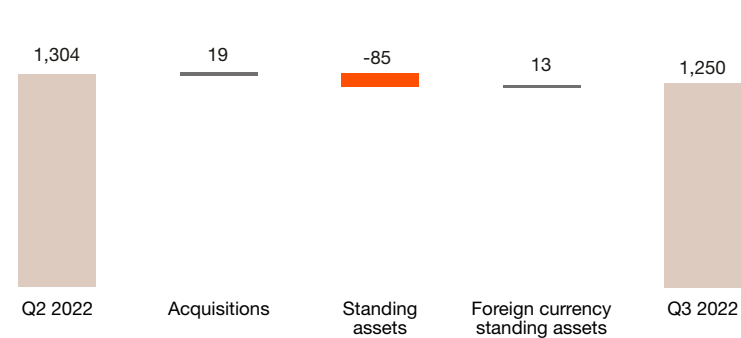
Rental Income

SEK million



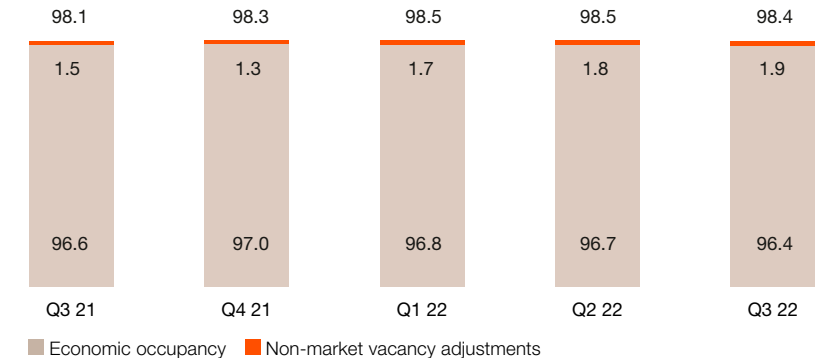
Property Cost Development

SEK million



Real economic occupancy residential

%



Net operating income

Net operating income grew by 21.2% to SEK 2,217 million (2,035), resulting in a net operating income margin of 69.4% (65.5%), mainly driven by the seasonality in utility costs and positively impacted by acquisitions.

Change in fair value of investment properties¹

SEK million	Q3 2022		YTD 2022	
	%	SEK million	%	SEK million
Sweden	-2.9	-2,965	-2.1	-2,092
Germany	-0.6	-498	5.8	4,534
Denmark	-2.6	-1,949	-0.2	-143
Netherlands	-3.1	-985	2.1	634
Czech Republic	1.5	337	11.7	2,321
Norway	-1.7	-348	5.0	977
Finland	-0.3	-10	5.7	200
United Kingdom	-2.7	-66	7.5	164
Poland	3.0	14	3.0	14
Total	-1.9	-6,468	2.0	6,609

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

Net gain/loss from fair value adjustments on investment properties was SEK -6,468 million (3,853) corresponding to -1.9%. The yield requirement in the valuation amounted to an average 3.02%, up from 2.92% at the end of the previous quarter.

Interest expenses

Interest rate expenses were SEK 543 million (415), and the average interest rate was 1.2% (1.1%). At the balance sheet date the interest rate hedge ratio was 75.5% (77%). The interest coverage ratio for the last 12 months was 3.8x (4.0x).

Other financial items

Other financial items amounted to SEK -745 million (-1,828), driven by unrealised value change of the Company's holding in quoted equity investments that were re-classified to associated companies during the quarter. See note 13 for more details.

Foreign currency

Heimstaden Bostad has holdings and operations in SEK, EUR, DKK, NOK, CZK, PLN and GBP, currency fluctuations gave other comprehensive income of SEK 2,244 million (4,435), which was partially offset by SEK 1,408 million in foreign exchange loss (2,309), mainly related to bonds issued in foreign currency. For more details, see note 6.

Cash Flow

SEK million	Q3 2022	Q2 2022	YTD 2022	YTD 2021
Operating activities	1,259	1,122	2,821	1,489
Investing activities	-6,676	-9,741	-21,347	-28,282
Financing activities	3,492	-1,348	3,165	33,334
Currency effects	-128	371	526	97
Change	-2,052	-9,596	-14,835	6,638
Period opening balance	6,725	16,321	19,508	7,636
Closing balance	4,673	6,724	4,673	14,274

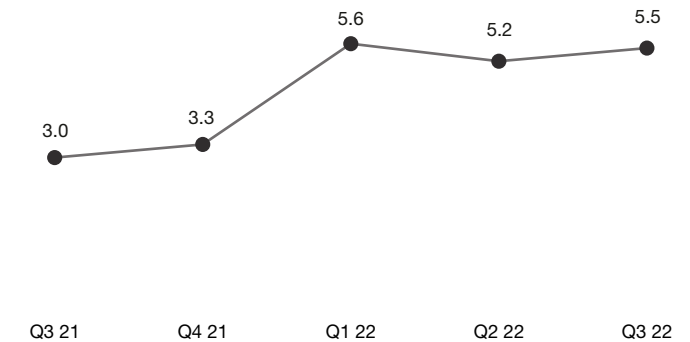
Cash flow from operating activities before changes in working capital was SEK 1,575 million (1,443). Working capital decreased by SEK 316 million (decrease 321), resulting in net cash flows from operating activities of SEK 1,259 million (1,112).

Cash flow from investing activities was SEK 6,676 million (9,741) and included acquisitions of SEK 847 million (6,153) and capex on investment properties of SEK 2,438 million (2,259).

Cash flow from financing activities was SEK 3,492 million (-1,348), which included buyback of hybrid bonds for SEK 6,783 million, new share issue from existing shareholder for SEK 6,885 million, bond repayments for SEK 310 million and new bank loans for SEK 5,227 million.

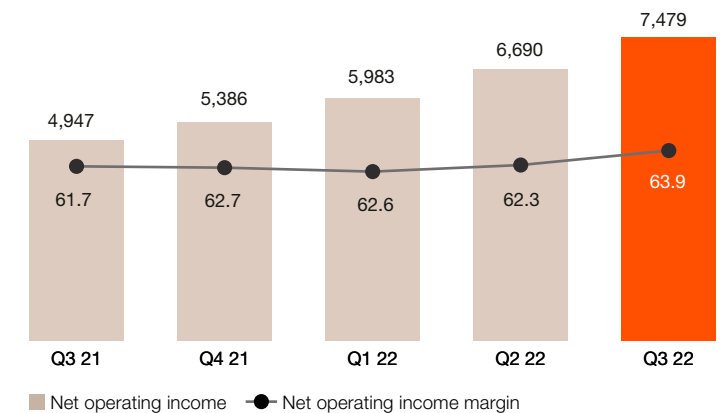
Like-for-Like Rental Income Growth

year-on-year, %



Net Operating Income and Margin

Last twelve months, SEK million / %



Investment Properties

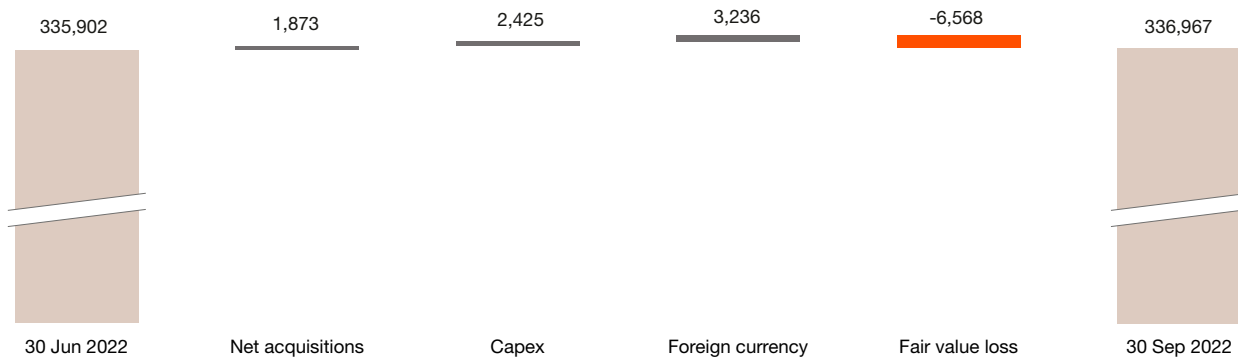
Fair value of investment properties increased to SEK 337 billion, up from SEK 336 billion at 30 June, mainly through capital expenditures of SEK 2.4 billion, a foreign currency gain of SEK 3.2 billion and an unrealised fair value loss of SEK 6.5 billion. The portfolio includes 154,145 homes across nine markets. Residential units made up 93.1% of fair

value and 58.8% of residential income comes from regulated units.

Valuation of Heimstaden Bostad's portfolio is performed by independent external valuers each quarter. For more details, see Note 3.1 on page 59 in the 2021 Annual Report.

Fair Value Development

SEK million



Signed Acquisitions

Heimstaden Bostad expands and improves its portfolio through acquisitions of standing assets and newbuilds.

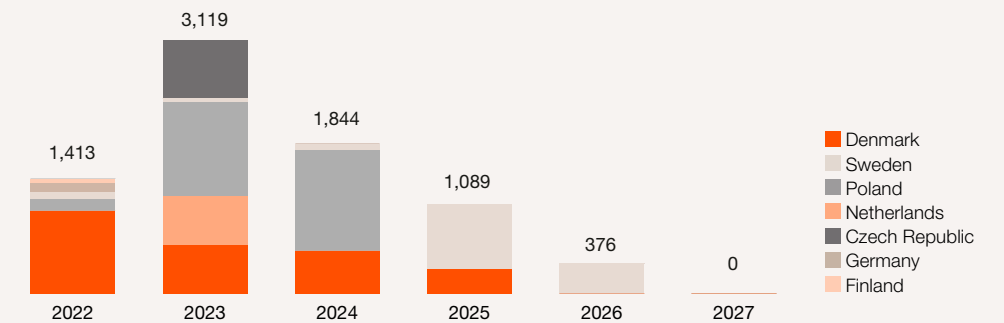
Newbuild investments are structured either as forward purchase or forward funding. In a forward purchase transaction, Heimstaden Bostad commits to buying new turnkey investment properties, which are not recognised on the balance sheet until delivery.

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

Heimstaden Bostad has forward funding contracts with a total capital expenditure commitment of SEK 4.6 billion. The total pipeline of signed acquisitions, including standing assets and newbuilds, amounts to SEK 7.9 billion. For more details, see Note 15.

Signed Acquisitions

SEK million



Portfolio Overview

Country	Fair Value, SEK million	Fair Value /sqm, SEK	Homes, units	Residential, %	Regulated Income, %	Real Economic Occupancy, %
Sweden	99,812	31,878	44,294	91.9	100.0	99.1
Germany	83,101	46,867	26,501	92.3	100.0	98.5
Denmark	74,429	39,059	19,506	95.0	15.6	97.6
Netherlands	30,444	28,688	13,460	98.2	55.4	99.7
Czech Republic	22,209	8,548	42,712	96.0	30.9	97.0
Norway	20,417	92,198	4,438	84.5	0.0	98.7
Finland	3,711	23,993	2,892	96.9	0.0	95.5
United Kingdom	2,370	71,709	60	88.5	0.0	99.6
Poland	474	36,795	282	94.7	0.0	94.6
Total	336,967	31,027	154,145	93.1	58.8	98.4



Sweden

Rental income was SEK 988 million (1,062), a 7% decrease compared to the previous quarter due to seasonality of income from student apartments during summer. Net operating income increased by 1% to SEK 582 million (578), resulting in an improved net operating income margin of 58.9% (54.4%).

Like-for-like rental income growth compared to the same quarter last year was 3.2% (2.9%) and the comparable portfolio comprised 66% (61%) of rental income.

99.8 billion

Investment Properties, SEK

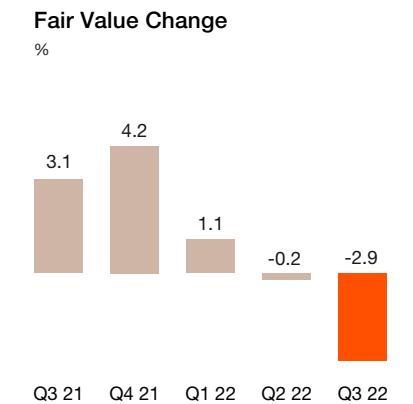
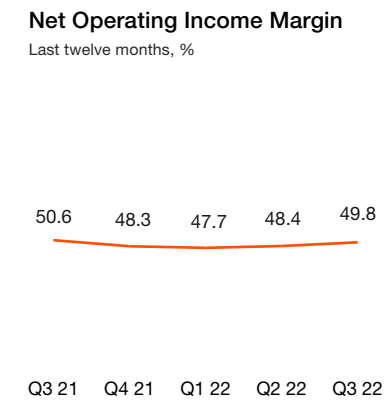
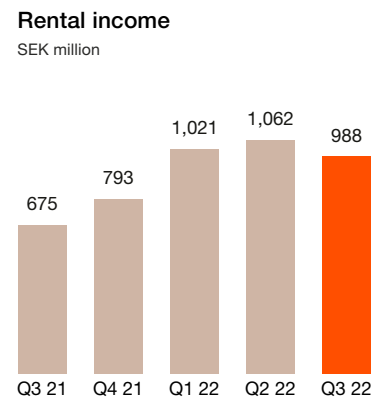
0.2 billion

Acquisitions, SEK

988 million

Rental Income, SEK

		Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Rental income	SEK m	988	1,062	675	3,070	1,991
Net operating income	SEK m	582	578	374	1,616	1,036
Net operating income margin	%	58.9	54.4	55.5	52.6	52.0
Like-for-like rental income growth	%	3.2	2.9	2.8	3.0	2.7
Real economic occupancy	%	99.1	98.9	99.2	99.0	99.2
Fair value of investment properties	SEK m	99,812	101,574	58,934	99,812	58,934
Fair value change	SEK m	-2,965	-180	1,750	-2,092	4,146
Capital expenditures	SEK m	1,061	1,080	703	3,243	1,687
Average valuation yield requirement	%	2.8	2.7	3.3	2.8	3.3



Germany

Rental income increased to SEK 523 million (501), driven by acquisitions made in the previous quarter. Net operating income increased by 2% to SEK 390 million (383), resulting in a net operating income margin of 74.6% (76.3%). Real economic occupancy was stable at 98.5%.

Like-for-like rental income growth compared to the same quarter last year was 5.3% (8.0%). The comparable portfolio comprised only 26% (23%) of rental income.

		Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Rental income	SEK m	523	501	127	1,517	315
Net operating income	SEK m	390	383	93	1,130	207
Net operating income margin	%	74.6	76.3	73.1	74.5	65.7
Like-for-like rental income growth	%	5.3	8.0	3.7	11.6	-1.3
Real economic occupancy	%	98.5	98.5	97.4	98.4	98.3
Fair value of investment properties	SEK m	83,101	82,115	17,406	83,101	17,406
Fair value change	SEK m	-498	1,519	367	4,534	1,610
Capital expenditures	SEK m	256	157	19	546	35
Average valuation yield requirement	%	2.3	2.3	2.6	2.3	2.6

83.1 billion

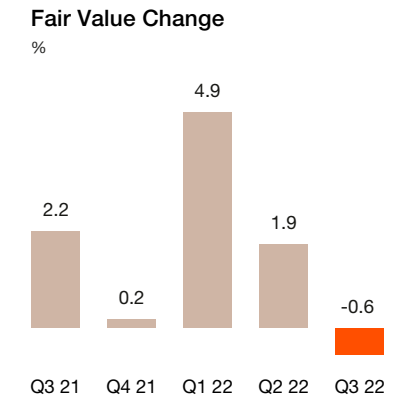
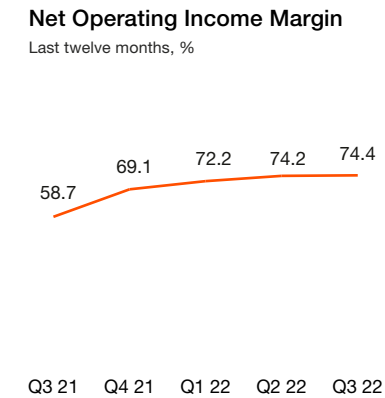
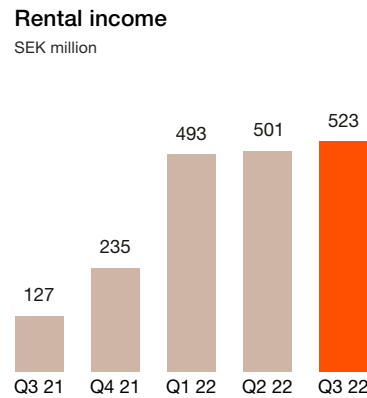
Investment Properties, SEK

0 billion

Acquisitions, SEK

523 million

Rental Income, SEK



Denmark

Rental income increased to SEK 762 million (734). Net operating income increased to SEK 534 million (502), resulting in a net operating income margin of 70.1% (68.3%). The margin increased slightly due to lower property management costs.

Like-for-like rental income growth compared to the same quarter last year was 5.2% (6.2%) and the comparable portfolio comprised 54% (56%) of rental income.

		Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Rental income	SEK m	762	734	653	2,224	1,857
Net operating income	SEK m	534	502	461	1,537	1,280
Net operating income margin	%	70.1	68.3	70.6	69.1	68.9
Like-for-like rental income growth	%	5.2	6.2	4.9	6.1	2.1
Real economic occupancy	%	97.6	98.5	98.7	98.4	97.9
Fair value of investment properties	SEK m	74,429	73,917	60,489	74,429	60,489
Fair value change	SEK m	-1,949	455	1,207	-143	4,970
Capital expenditures	SEK m	292	193	297	937	1,100
Average valuation yield requirement	%	3.6	3.5	3.6	3.6	3.6

74.4 billion

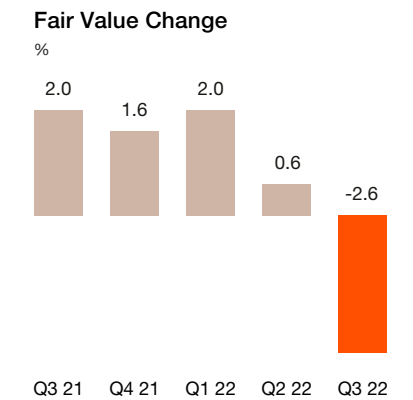
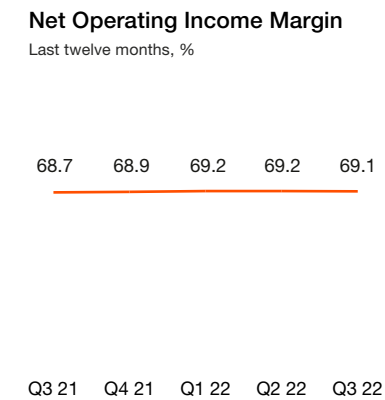
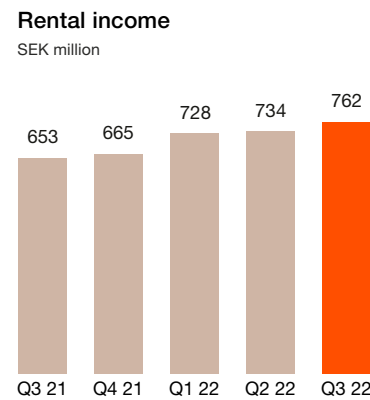
Investment Properties, SEK

1.0 billion

Acquisitions, SEK

762 million

Rental Income, SEK



Netherlands

Rental income increased to SEK 315 million (300), driven by indexation of rents. Net operating income increased to SEK 210 million (203), which resulted in a net operating income margin of 66.9% (67.5%).

Like-for-like rental income growth compared to the same quarter last year was 4.1% (2.2%) and the comparable portfolio comprised 97% (100%) of rental income.

		Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Rental income	SEK m	315	300	288	914	850
Net operating income	SEK m	210	203	176	593	518
Net operating income margin	%	66.9	67.5	61.2	64.8	61.0
Like-for-like rental income growth	%	4.1	2.2	2.7	3.3	3.3
Real economic occupancy	%	99.7	99.5	99.7	99.7	99.5
Fair value of investment properties	SEK m	30,444	30,798	25,566	30,444	25,566
Fair value change	SEK m	-985	631	1,130	634	1,528
Capital expenditures	SEK m	198	191	131	530	414
Average valuation yield requirement	%	2.9	2.8	3.1	2.9	3.1

30.4 billion

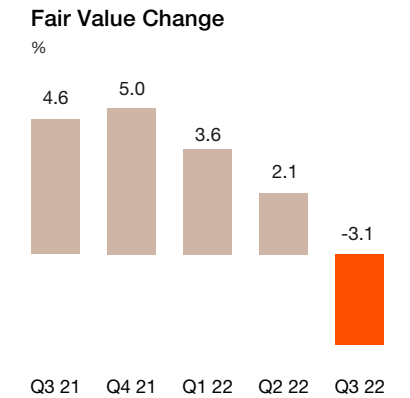
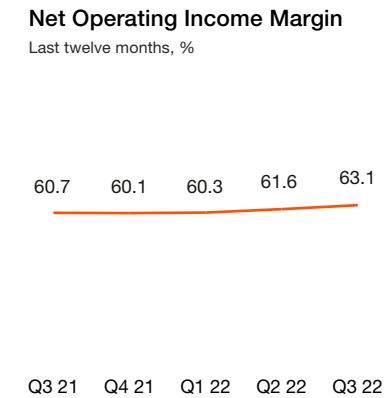
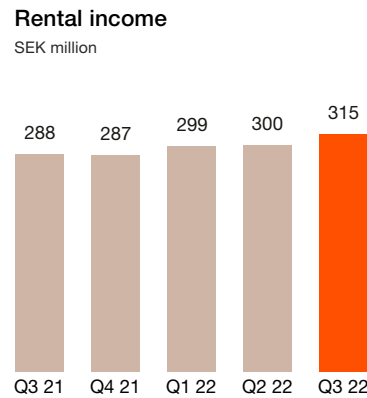
Investment Properties, SEK

0 billion

Acquisitions, SEK

315 million

Rental Income, SEK



Czech Republic

Rental income was SEK 344 million (330), a 4.4% increase, driven by higher market rent. Net operating income increased to SEK 248 million (230), resulting in a net operating income margin of 72.0% (69.8%).

Like-for-like rental income growth compared to the same quarter last year was 9.6% (7.9%) and the comparable portfolio comprised 93% (100%) of rental income.

		Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Rental income	SEK m	344	330	285	994	836
Net operating income	SEK m	248	230	200	702	594
Net operating income margin	%	72.0	69.8	70.1	70.6	71.1
Like-for-like rental income growth	%	9.6	7.9	n/a	8.0	n/a
Real economic occupancy	%	97.0	97.0	95.5	96.8	95.3
Fair value of investment properties	SEK m	22,209	21,165	16,511	22,209	16,511
Fair value change	SEK m	337	990	873	2,321	1,545
Capital expenditures	SEK m	201	177	122	471	306
Average valuation yield requirement	%	4.4	4.5	5.2	4.4	5.2

22.2 billion

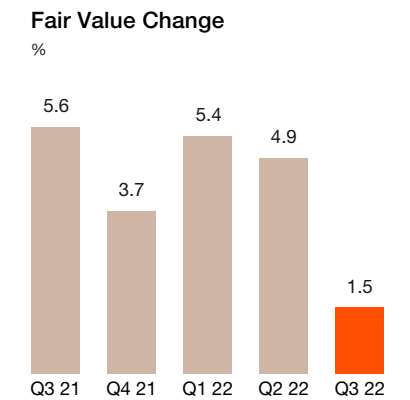
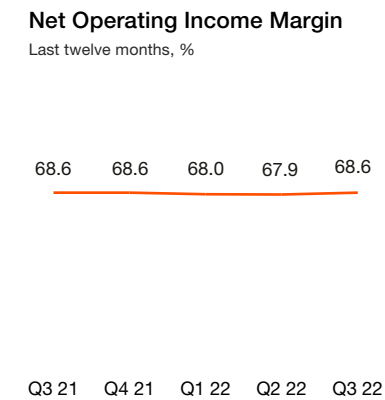
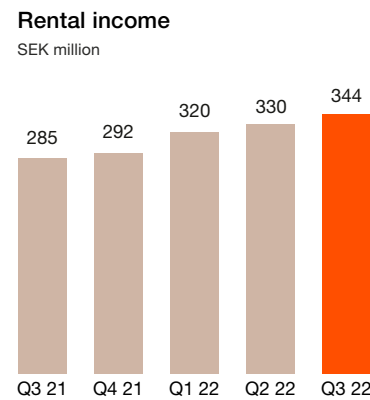
Investment Properties, SEK

0 billion

Acquisitions, SEK

344 million

Rental Income, SEK



Norway

Rental income was SEK 193 million (185). Net operating income remained stable at SEK 131 million (131), which resulted in a net operating income margin of 67.9% (70.8%).

Like-for-like rental income growth compared to the same quarter last year was 10.5% (9.9%) and the comparable portfolio comprised 100% (100%) of rental income.

		Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Rental income	SEK m	193	185	167	560	497
Net operating income	SEK m	131	131	111	366	351
Net operating income margin	%	67.9	70.8	66.4	65.3	70.5
Like-for-like rental income growth	%	10.5	9.9	2.0	8.1	0.5
Real economic occupancy	%	98.7	98.0	96.1	97.6	93.8
Fair value of investment properties	SEK m	20,417	20,809	18,909	20,417	18,909
Fair value change	SEK m	-348	234	-7	977	519
Capital expenditures	SEK m	55	119	18	262	138
Average valuation yield requirement	%	2.9	2.7	2.9	2.9	2.9

20.4 billion

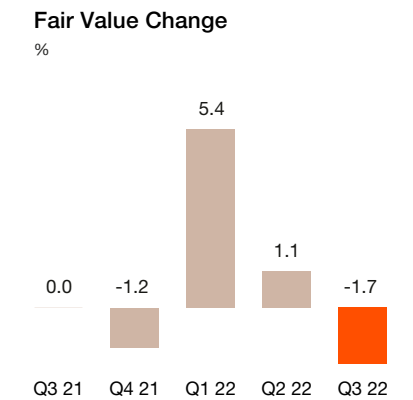
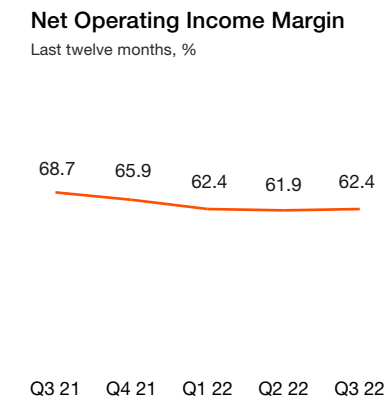
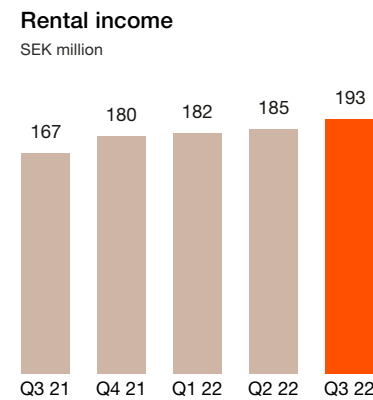
Investment Properties, SEK

0 billion

Acquisitions, SEK

193 million

Rental Income, SEK



Finland

Rental income was SEK 61 million (44). Net operating income was SEK 36 million (25) resulting in a net operating income margin of 58.9% (56.6%).

		Q3 2022	Q2 2022	Q3 2021	YTD 2022
Rental income	SEK m	61	44	4	130
Net operating income	SEK m	36	25	3	69
Net operating income margin	%	58.9	56.6	56.4	53.3
Like-for-like rental income growth	%	N/A	N/A	N/A	N/A
Real economic occupancy	%	95.5	95.9	96.1	95.6
Fair value of investment properties	SEK m	3,711	3,408	397	3,711
Fair value change	SEK m	-10	119	56	200
Capital expenditures	SEK m	10	15	0	24
Average valuation yield requirement	%	5.3	4.8	5.2	5.3

3.7 billion

Investment Properties, SEK

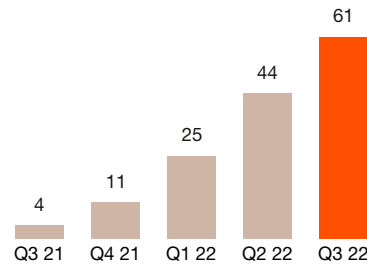
0 billion

Acquisitions, SEK

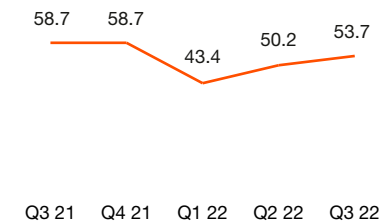
61 million

Rental Income, SEK

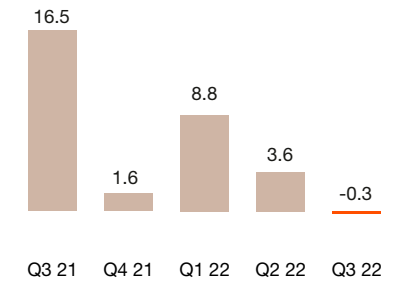
Rental income
SEK million



Net Operating Income Margin
Last twelve months, %



Fair Value Change
%



United Kingdom

After Heimstaden Bostads entry in 2021, 60 homes are in operation with strong occupancy. 752 homes in Birmingham and 464 homes in Edinburgh are scheduled for completion in mid-2024.

2.4 billion

Investment Properties, SEK

0 billion

Acquisitions, SEK

11 million

Rental Income, SEK

		Q3 2022	Q2 2022	YTD 2022
Rental income	SEK m	11	2	15
Net operating income	SEK m	3	0	3
Net operating income margin	%	23.8	21.5	23.2
Like-for-like rental income growth	%	N/A	N/A	N/A
Real economic occupancy	%	99.6	97.9	99.2
Fair value of investment properties	SEK m	2,370	2,116	2,370
Fair value change	SEK m	-66	86	164
Capital expenditures	SEK m	348	327	916
Average valuation yield requirement	%	4.5	4.5	4.5

Poland

Multiple forward funding projects are scheduled for completion in 2023 and 2024.

All acquisitions in Poland are structured as forward purchase contracts and recognised as investment properties upon turnkey delivery. During the quarter, the first two projects were delivered and the first tenants moved into the 282 standing homes with high occupancy.

0.5 billion

Investment Properties, SEK

0.5 billion

Acquisitions, SEK

1 million

Rental Income, SEK

		Q3 2022
Rental income	SEK m	1
Net operating income	SEK m	-3
Net operating income margin	%	N/A
Like-for-like rental income growth	%	N/A
Real economic occupancy	%	94.6
Fair value of investment properties	SEK m	474
Fair value change	SEK m	14
Capital expenditures	SEK m	-
Average valuation yield requirement	%	5.0

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 adheres to a conservative financial policy that supports our long-term strategy and maintains a well-diversified financing structure with a robust balance sheet and strong credit metrics.

Capital market activity

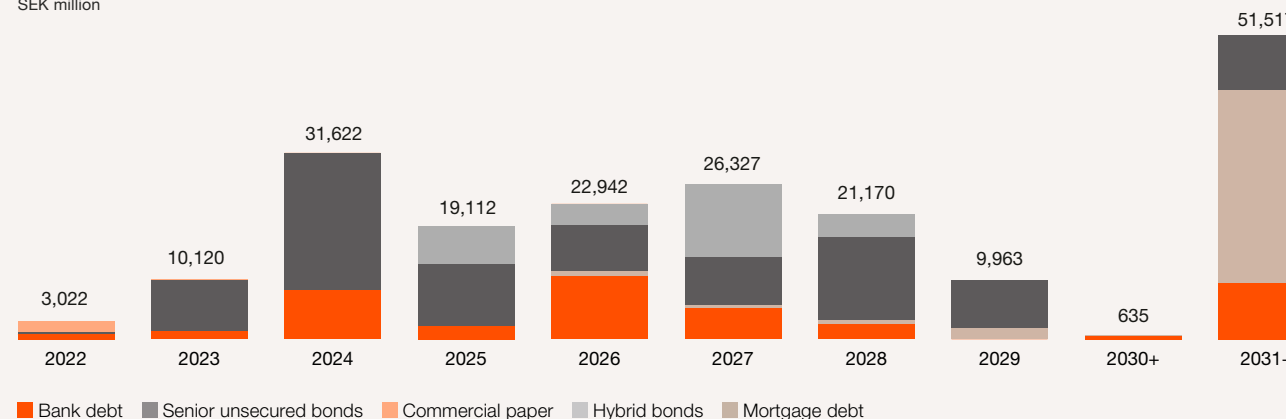
No issuance of senior unsecured bonds during the quarter.

At the end of the quarter, Heimstaden Bostad had SEK 90,077 million in senior unsecured bonds and SEK 24,812 million in hybrid bonds outstanding and listed on Euronext Dublin and Oslo Børs.

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

Funding Maturity Profile

SEK million

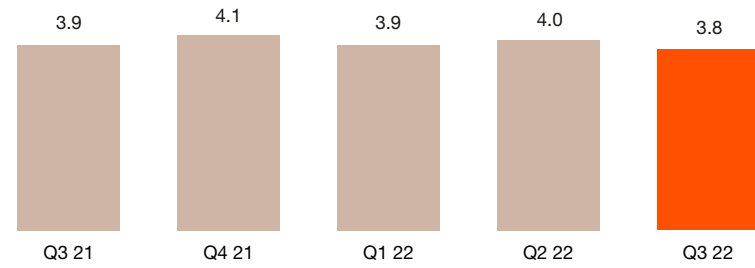


Financial Policy

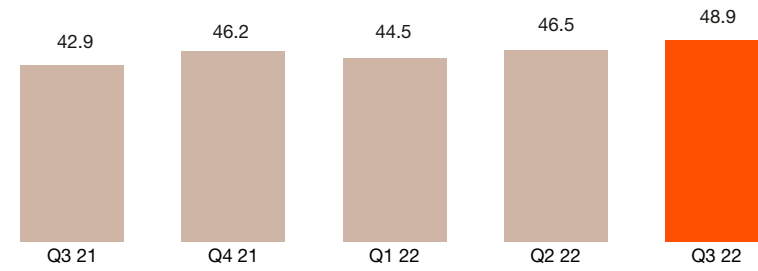
		Policy	Q3 2022
ICR, rolling 12 months, S&P method	Multiple	≥ 2.4	2.8
Average Loan Tenor	Years	≥ 4	8.7
Loan Maturity in Individual Year	%	≤ 25	19
Share of Loans From Individual Lender	%	≤ 20	8.6
Interest Rate Hedge Ratio	%	≥ 75	75.5
Net Debt / Net Debt + Equity, S&P method	%	≤ 55	52.1
Quick ratio	%	≥ 1.25	1.80

Credit Metrics

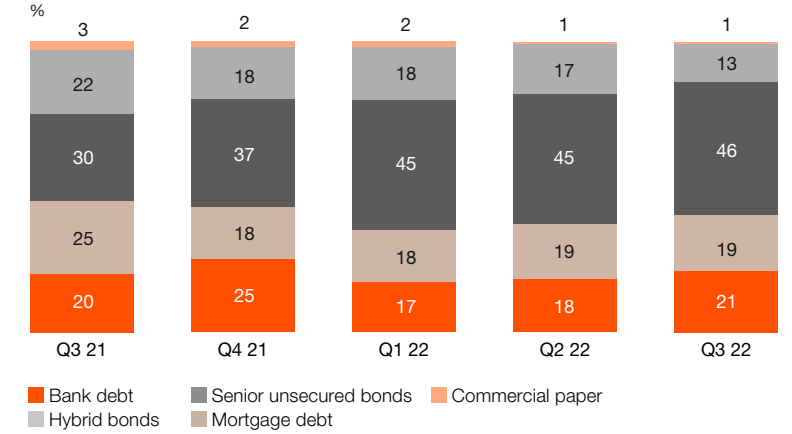
ICR
multiple



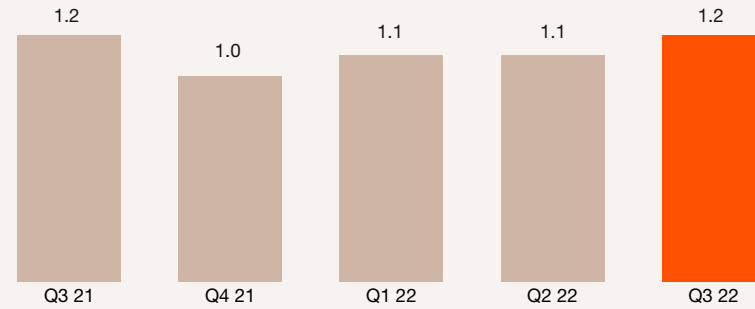
Net LTV
%



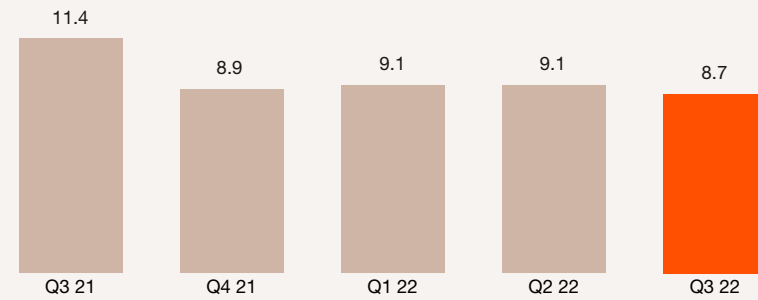
Funding Distribution
%



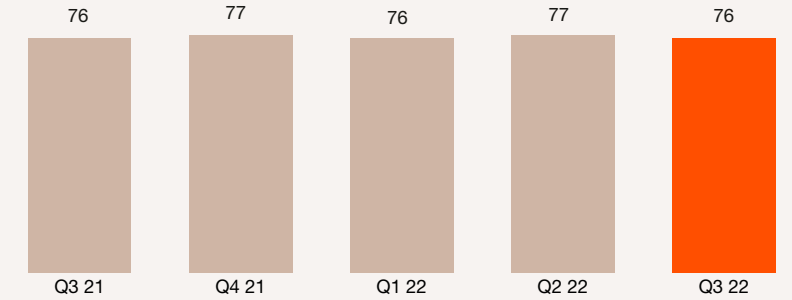
Average Interest Rate
%



Average Loan Tenor
%



Interest Rate Hedge Ratio
%



Interim Financial Statements and Notes

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Consolidated Comprehensive Income Statement

SEK million	Note	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Rental income	3, 4	3,197	2,150	9,315	6,217
Service charges paid by tenants	3, 4	271	104	831	409
Property expenses	3	-1,250	-826	-4,065	-2,638
Net operating income¹		2,217	1,428	6,082	3,988
Corporate administrative expenses		-247	-125	-658	-356
Other operating income	5	37	1	434	4
Other operating expenses	5	-25	-40	-195	-72
Share of net profits/losses of associates and joint ventures	10	1,553	1	1,383	-1
Profit before inventory properties and fair value adjustments		3,536	1,265	7,045	3,564
Fair value adjustment of investment properties	7	-6,480	5,330	6,599	14,329
Gains/losses from sale of inventory properties		-11	-19	-35	21
Operating profit/loss		-2,956	6,576	13,609	17,913
Interest income		46	17	107	46
Interest expenses on interest-bearing liabilities		-543	-292	-1,426	-887
Net currency translation gains/losses		-1,408	-75	-4,376	-439
Fair value adjustment of derivative financial instruments		80	37	964	302
Other financial items	13	-745	-210	-2,273	-434
Profit/loss before tax		-5,525	6,054	6,605	16,501
Actual tax expense		-253	-143	-853	-445
Deferred tax expense		1,358	-1,153	-1,237	-2,966
Profit/loss for the period		-4,420	4,757	4,515	13,090
Other comprehensive income/loss	6	2,244	488	8,597	1,975
Total comprehensive income/loss		-2,176	5,245	13,112	15,065
Profit/loss attributable to:					
The Parent Company's shareholders		-4,218	4,756	4,649	13,086
Non-controlling interests		-202	1	-135	4
Comprehensive income/loss attributable to:					
The Parent Company's shareholders		-1,974	5,245	13,246	15,062
Non-controlling interests		-202	1	-135	4
Average number of shares outstanding		12,322,898	7,644,815	11,334,993	7,436,413
Earnings/loss per ordinary share (basic and diluted)		-268	547	755	1,758

¹ Excludes income from inventory properties.

Consolidated Balance Sheet

SEK million	Note	30 Sep 2022	31 Dec 2021	30 Sep 2021
ASSETS				
Investment properties	7	336,967	300,584	198,543
Intangible assets	8, 9	19,987	16,497	7
Machinery and equipment		309	76	61
Investments in associated companies and joint ventures	10	10,322	739	423
Quoted equity investments	13	–	5,765	1,958
Derivative financial instrument	12,13	1,018	190	–
Other non-current financial assets		3,345	2,431	2,602
Total non-current assets		371,948	326,282	203,595
Inventory properties	11	826	846	786
Rent and trade receivables		207	179	164
Other current financial assets	13	1,391	1,469	6,396
Derivative financial instrument	12,13	312	250	–
Prepayments		978	533	395
Cash and cash equivalents		4,673	19,508	14,276
Total current assets		8,386	22,784	22,016
Total assets		380,334	349,066	225,611

SEK million	Note	30 Sep 2022	31 Dec 2021	30 Sep 2021
EQUITY AND LIABILITIES				
Equity	14	176,540	160,338	114,325
Interest-bearing liabilities	12	159,434	134,895	90,459
Lease liabilities	12	1,294	729	649
Derivative financial instruments	12, 13	139	–	204
Deferred tax liabilities		24,639	21,904	7,238
Other non-current financial liabilities		1,046	865	883
Total non-current liabilities		186,553	158,392	99,433
Interest-bearing liabilities	12	9,898	23,485	8,934
Lease liabilities	12	74	5	5
Trade payables		448	566	430
Other current liabilities		4,002	4,411	1,372
Derivative financial instruments	12,13	2	6	6
Accrued expenses		2,818	1,863	1,106
Total current liabilities		17,241	30,336	11,853
Total equity and liabilities		380,334	349,066	225,611

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 Jan 2021	43	52,690	13,635	-5,687	17,001	77,682	60	77,742
Profit for the period	-	-	398	-	12,689	13,087	4	13,090
Other comprehensive income	-	-	-	1,975	-	1,975	-	1,975
Total comprehensive income	-	-	398	1,975	12,689	15,062	4	15,065
New share issue	9	12,456	-	-	-	12,465	-	12,465
Dividends	-	-	-398	-	-4,572	-4,970	-	-4,970
Hybrid bonds issue	-	-	14,163	-	-	14,163	-	14,163
Costs of issuance	-	-	-139	-	-	-139	-	-139
Total transactions with the Company's shareholders	9	12,456	13,626	-	-4,572	21,518	-	21,518
Equity, 30 Sept 2021	51	65,146	27,659	-3,712	25,117	114,261	64	114,325
Opening balance, 1 Jan 2022	72	97,626	33,666	-2,060	30,969	160,274	65	160,338
Profit for the period	-	-	950	-	3,699	4,649	-135	4,515
Other comprehensive income	-	-	-	8,597	-	8,597	-	8,597
Total comprehensive income	-	-	950	8,597	3,699	13,246	-135	13,112
New share issue	21	30,220	-	-	-	30,241	-	30,241
Cost of issuance	-	-36	-	-	-	-36	-	-36
Buyback of hybrid bonds	-	-	-8,855	-	1,581	-7,274	-	-7,274
Dividends	-	-	-950	-	-26,585	-27,535	-	-27,535
Non-controlling interests	-	-	-	-	-440	-440	8,134	7,694
Total transactions with the Company's shareholders	21	30,185	-9,805	-	-25,445	-5,044	8,134	3,091
Equity, 30 Sep 2022	93	127,810	24,812	6,537	9,224	168,476	8,065	176,540

Consolidated Cash Flow Statement

SEK million	Note	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Operating activities					
Profit/loss before income tax		-5,525	6,054	6,605	16,501
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Fair value adjustment on investment properties		6,487	-5,311	-6,573	-14,350
Fair value adjustment of derivative financial instruments		150	-102	-733	-367
Finance expenses – net		548	390	1,460	1,275
Other adjustments		558	217	5,244	655
<i>Working capital changes</i>					
Increase/decrease(+) in rent receivables		339	79	-93	-322
Increase/decrease(-) in trade and other payables		-655	-418	-1,354	-99
Cash generated from operations		1,902	909	4,556	3,293
Interest paid		-485	-389	-1,101	-1,377
Interest received		10	7	26	7
Paid income tax		-168	-134	-660	-434
Net cash flows from operating activities		1,259	393	2,821	1,489

SEK million	Note	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Investing activities					
Acquisition of businesses, net of cash	9	-2,681	–	-2,681	–
Purchase of investment properties		-847	-2,854	-7,161	-17,288
Capital expenditure on completed investment properties		-2,438	-1,471	-6,942	-3,818
Disposals of investment properties		57	423	535	731
Deposits paid for signed acquisitions		-112	-5,402	-554	-5,711
Purchases of machinery and equipment		-11	–	-11	–
Investments in associates and joint ventures		128	-85	-59	-130
Purchase of quoted equity investments		-775	-206	-4,474	-2,107
Other cash flows from investing activities		3	52	0	42
Net cash flows from investing activities		-6,676	-9,544	-21,347	-28,282
Financing activities					
Proceeds from interest-bearing liabilities		5,516	14,308	31,155	23,230
Repayment of interest-bearing liabilities		-1,975	-184	-31,741	-11,352
Dividends paid		–	–	-3,229	-319
Proceeds from non-controlling interests		–	–	7,694	–
Proceeds from share issuances	14	6,885	–	6,885	8,211
Buyback of hybrid bonds	14	-6,783	–	-6,783	–
Proceeds from issuance of hybrid bonds		–	–	–	14,163
Repayments on hybrid bonds		-115	–	-950	-398
Settlement of derivative financial instruments		–	–	230	-65
Other cash flows from financing activities		-37	-3	-97	-137
Net cash flows from financing activities		3,492	14,120	3,165	33,334
Net change in cash and cash equivalents		-1,925	4,970	-15,361	6,542
Cash and cash equivalents at the beginning of the period		6,725	9,245	19,508	7,636
Net currency exchange effect in cash and cash equivalents		-128	61	526	98
Cash and cash equivalents at the end of the period		4,673	14,276	4,673	14,276

Notes to the Consolidated Interim Financial Statements

1. Accounting Principles

Corporate information

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

Basis for preparation

Heimstaden Bostad's interim condensed consolidated accounts have been prepared in accordance with IAS 34 Interim Financial Reporting. The Parent Company applies RFR2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2021 annual financial statements. The accounting policies and methods of computation followed are consistent with those of the previous financial year.

Due to rounding, numbers presented in these financial statements may not add up precisely to the totals provided.

Recently issued accounting standards, interpretations and amendments

At the balance sheet date, there were no new or amended standards or interpretations published by IASB that are expected to have a material impact on the financial statements of the Group or the Parent Company.

2. Related Parties

In Q1 2022, Heimstaden Bostad AB received a prearranged settlement from Fredensborg AS in relation to sale of five properties to Oslo Municipality in 2021. For more information, see [Note 8.4](#) in the 2021 Annual Report.

In Q2 2022, Heimstaden Bostad AB acquired properties for a total transaction value of SEK 157 million from companies controlled by Ivar Tollefsen.

In Q2 2022, the management companies employing former Akelius and Residomo employees in Sweden, Germany, Denmark, and Czech Republic were sold to Heimstaden AB. The transaction was priced at SEK 303 million, which resulted in a gain of SEK 203 million, presented under other operating income.

During Q3 2022, the Country Management organisation in Sweden, Germany, Denmark, Netherlands, Czech Republic, Norway, Finland, United Kingdom and Poland was sold from Heimstaden AB to Heimstaden Bostad AB. The transaction was priced based on an enterprise value of SEK 2.9 billion, see [Note 9](#) for more information

In addition to board fees, transactions with Heimstaden AB and its subsidiaries amounted to SEK 559 million (521) for management services provided as of Q3 2022.

3. Segment Reporting

Heimstaden Bostad organises and governs its activities based on geographical areas. These geographical areas form the basis of the reportable segments. Senior management monitors net operating income and changes in the value of managed properties in the identified segments; other statement of profit and loss items are not distributed per segment. Heimstaden Bostad has identified nine reportable segments consisting of the geographical areas of Sweden, Germany, Denmark, Netherlands, Czech Republic, Norway, Finland, United Kingdom and Poland. See [Note 7](#) for fair value of investment properties per segment.

Q3 2022

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Finland	United Kingdom	Poland	Eliminations	Group in total
INCOME STATEMENT											
Rental income ¹	988	523	762	315	344	193	61	11	1	-1	3,197
Service charges paid by tenants	20	166	0	-	71	10	4	-	0	0	271
Total income	1,008	689	762	315	415	203	65	11	1	-1	3,468
Utilities	-163	-99	-29	-	-68	-12	-9	0	0	1	-379
Repair and maintenance	-44	-35	-36	-29	-33	-23	-4	0	-	107	-97
Property tax	-30	-14	-40	-28	-2	-3	-1	0	-	-	-119
Other	-34	-48	-32	-14	-14	3	-4	-1	0	6	-138
Property management	-156	-103	-91	-33	-50	-36	-11	-7	-3	-26	-517
Total property expenses	-427	-299	-228	-104	-167	-72	-29	-8	-4	87	-1,250
Net operating income	582	390	534	210	248	131	36	3	-3	86	2,217
Net operating income margin, %	58.9	74.6	70.1	66.9	72.0	67.9	58.9	23.8	N/A	-	69.4

Q3 2021

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Finland	United Kingdom	Poland	Eliminations	Group in total
INCOME STATEMENT											
Rental income ¹	675	127	653	288	285	167	4	-	-	-50	2,150
Service charges paid by tenants	9	37	0	-	56	4	-	-	-	-4	104
Total income	684	165	653	288	341	171	4	-	-	-53	2,254
Utilities	-86	-28	-18	-	-53	-9	-1	-	-	9	-187
Repair and maintenance	-62	-6	-26	-30	-27	-22	-	-	-	25	-148
Property tax	-16	-3	-28	-31	-2	-4	-	-	-	4	-81
Other	-22	-22	-29	-7	-11	-4	-	-1	-	-1	-98
Property management	-125	-12	-91	-43	-48	-21	-1	-	-1	28	-313
Total property expenses	-310	-72	-192	-112	-141	-60	-2	-1	-1	65	-826
Net operating income	374	93	461	176	200	111	3	-1	-1	12	1,428
Net operating income margin, %	55.5	73.1	70.6	61.2	70.1	66.4	56.4	N/A	N/A	-	66.4

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

YTD 2022

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Finland	United Kingdom	Poland	Eliminations	Group in total
INCOME STATEMENT											
Rental income ¹	3,070	1,517	2,224	914	994	560	130	15	1	-109	9,315
Service charges paid by tenants	50	447	1	–	317	20	6	–	0	-11	831
Total income	3,120	1,964	2,225	914	1,312	580	136	15	1	-120	10,147
Utilities	-551	-253	-75	–	-312	-38	-20	0	0	27	-1,222
Repair and maintenance	-216	-105	-106	-92	-102	-80	-6	0	–	215	-491
Property tax	-77	-42	-115	-81	-6	-12	-4	0	–	8	-329
Other	-143	-135	-89	-43	-46	4	-10	-2	-1	4	-462
Property management	-518	-299	-303	-105	-144	-89	-27	-9	-8	-60	-1,561
Total property expenses	-1,504	-834	-688	-321	-609	-214	-67	-11	-9	193	-4,065
Net operating income	1,616	1,130	1,537	593	702	366	69	3	-8	73	6,082
Net operating income margin, %	52.6	74.5	69.1	64.8	70.6	65.3	53.3	23.2	N/A	–	65.3

YTD 2021

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Finland	United Kingdom	Poland	Eliminations	Group in total
INCOME STATEMENT											
Rental income ¹	1,991	315	1,857	850	836	497	4	0	0	-135	6,216.8
Service charges paid by tenants	31	94	1	–	283	13	0	0	0	-12	409
Total income	2,022	409	1,859	850	1,119	510	5	–	–	-147	6,626
Utilities	-343	-65	-52	–	-277	-34	-1	0	0	34	-738
Repair and maintenance	-191	-28	-81	-84	-83	-61	0	0	0	108	-420
Property tax	-44	-9	-95	-96	-5	-11	0	0	0	10	-250
Other	-71	-50	-88	-37	-45	-3	0	-3	0	0	-298
Property management	-337	-50	-262	-114	-115	-50	-1	0	-1	-2	-932
Total property expenses	-986	-202	-578	-332	-525	-159	-2	-3	-1	151	-2,638
Net operating income	1,036	207	1,280	518	594	351	3	-3	-1	4	3,988
Net operating income margin, %	52.0	65.7	68.9	61.0	71.1	70.5	57.4	N/A	N/A	–	64.2

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

4. Rental Income

Rental income distributed by property category

SEK million	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Residential	2,926	1,997	8,579	5,772
Commercial premises	225	129	609	376
Garage and parking spaces	45	24	127	69
Total rental income	3,197	2,150	9,315	6,217

Service charges paid by tenants distributed by property category

SEK million	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Residential	249	96	788	384
Commercial premises	22	8	43	25
Total service charges paid by tenants	271	104	831	409

5. Other Operating Items

In Q1, 2022, Other operating income includes SEK 178.3 million in reversal of Real Estate Transfer Tax (RETT) in Germany from the acquisition of the Akelius' property portfolio in 2021.

In Q2, 2022, Other operating income included SEK 203 million in gain from the transaction with Heimstaden AB, see [note 2](#).

During 2022, SEK 109.5 million was expensed, of which SEK 36.4 million in the quarter, as donations to SOS Children's Villages. See [page 4](#) for more information regarding the partnership A Home for a Home.

6. Foreign Currency

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

Country	Currency code	Closing rate		Average rate	
		30 Sep 2022	31 Dec 2021	Q3 2022	Q3 2021
Czech Republic	CZK	0.4440	0.4123	0.4275	0.3945
Denmark	DKK	1.4656	1.3783	1.4145	1.3649
Netherlands, Germany & Finland	EUR	10.8988	10.2502	10.5240	10.1506
Norway	NOK	1.0298	1.0262	1.0518	0.9925
Poland	PLN	2.2480	2.2298	2.2540	2.2330
United Kingdom	GBP	12.3429	12.1986	12.4250	11.7985

Specification of Other Comprehensive Income

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

Country	Currency code	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Czech Republic	CZK	444	82	1,336	611
Denmark	DKK	616	132	2,215	260
Netherlands, Germany & Finland	EUR	1,350	167	4,949	321
Norway	NOK	-133	132	81	796
Poland	PLN	-27	-24	12	-13
United Kingdom	GBP	-7	-2	4	-
Total		2,244	488	8,597	1,975

7. Investment Properties

Total properties value per segment

The total properties value, measured at fair value, was SEK 336,967 million (300,584). This value included value increase for 2022 of SEK 6,609 million (13,077). In percentage, the increase in value was 2.0 (4.1) of the total properties value before changes in value. The total properties value per operating segment is shown below.

Valuation gain or loss investment properties

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Finland	United Kingdom	Poland	Total
Fair value of investment properties, 31 Dec 2021	97,057	70,651	66,635	27,324	17,932	18,951	1,014	1,019	-	300,584
Acquisitions during the period	1,987	2,618	2,661	196	-	125	1,962	268	462	10,277
Disposals	-471	-25	-16	-16	-1	-6	-	-	-	-535
Land leases	89	-4	-	-	-	71	319	-	-	475
Capital expenditure on investment properties	1,720	546	340	530	445	105	24	-	-	3,710
Capital expenditure on investment properties under construction	1,524	-	596	0	25	157	0	916	-	3,219
Currency translation	-	4,781	4,356	1,776	1,486	37	192	2	-1	12,628
Fair value after transactions	101,903	78,567	74,573	29,810	19,887	19,440	3,511	2,206	461	330,358
Value change ¹	-2,092	4,534	-143	634	2,321	977	200	164	14	6,609
Fair value of investment properties, 30 Sep 2022	99,812	83,101	74,429	30,444	22,209	20,417	3,711	2,370	474	336,967

Breakdown by category

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Finland	United Kingdom	Poland	Total
Investment properties	93,640	83,101	73,300	30,444	19,772	22,009	3,392	176	474	326,308
Investment properties under construction	5,677	-	935	-	-	-	-	2,194	-	8,806
Land and building rights	268	-	195	-	-	200	-	-	-	663
Land leases reclassified from RoU assets	226	-	-	-	645	-	319	-	-	1,190
Total	99,812	83,101	74,429	30,444	20,417	22,209	3,711	2,370	474	336,967

¹ Fair value adjustment of investment properties in the income statement also includes realised change and is not reflected in the tables above.

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 balance per 30 September 2022, SEK 1,718 million and SEK 425 million, are recognised as other non-current financial assets and other current financial assets, respectively.

8. Intangible Assets

Goodwill amounted to SEK 19,977 million, whereof SEK 17,118 million is derived from the acquisition of the Akelius property portfolios in Sweden, Germany and Denmark, completed in December 2021, and SEK 2,859 million from the transaction with Heimstaden AB, see [note 9](#). Included in the goodwill amount from the Akelius transaction is SEK 13,363 million related to deferred tax. For more details, see [Note 3.2](#) in the 2021 Annual Report.

9. Business Combination

On 1 July 2022, Heimstaden Bostad acquired 100% of the voting shares in Heimstaden Country Manager AB from Heimstaden AB. Consideration paid for the transaction was SEK 2.6 billion. The portfolio comprised the Country Management organisation in Sweden, Germany, Denmark, Netherlands, Czech Republic, Norway, Finland, United Kingdom and Poland.

The company has elected to account for the transaction as a business combination according to IFRS 3. As a result of the business combination and the preliminary analysis of the purchase price allocation, SEK 2.9 billion 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 synergies attributable to savings for Heimstaden Bostad.

The acquired businesses have from the date of acquisition to 30 September 2022 contributed with reduced property management expenses, and to the Group's profit before taxes, with SEK 34.6 million. If the acquisition had occurred at the beginning of 2022, profit before taxes for 2022 would have improved by SEK 103.8 million.

Acquisition of the Country Management organisation

Balance Sheet, 1 July 2022

SEK million	Fair value recognised on acquisition
Net assets	
Other non-current financial assets	331
Other current assets	363
Cash and cash equivalents	307
Non-current liabilities, financial leasing	-118
Other long-term liabilities	-63
Other current liabilities	-1,077
Net identifiable assets at fair value	-256
Goodwill	2,859
Total purchase price	2,603
Cash flow effect	
Cash consideration	2,603
- cash and cash equivalents in acquired companies	307
Total cash flow effect	2,296

10. Investments in Associates and Joint Ventures

SEK million	Share in %	Rental income	Property costs	Finacial items, net	Change in value	Profit/loss YTD 2022	Heimstaden Bostad's holding of profit/loss YTD 2022
Rosengård Fastighets AB	25	119	-77	-12	–	22	5
Upplands Bro Brogårds Etapp 2 AB	50	2	-4	-29	-7	-37	-19
Kiinteistö Oy Hiihtomäentie 14	53	5	-7	0	7	4	4
A Place To A/S	50	53	-38	-10	48	43	21
Other	20-50	18	-16	-4	-414	-392	-186
Total		197	-142	-55	-366	-362	-174

In addition during Q3 2022, the Company's investment in Kojamo Oyi was classified as an associated company based on an assessment of significant influence. Heimstaden Bostad is the largest owner in Kojamo Oyi, owning just below 20%, and took a position on the nomination committee of the company in September. Based on the difference between the cost of the investment and the Company's share of the estimated net fair value of the investee's identifiable assets and liabilities, Heimstaden Bostad recorded a gain of SEK 1,557 million in Q3 2022 and the carrying amount of the investment was SEK 9,588 million as of 30 September 2022.

11. Inventory Properties

SEK million	30 Sep 2022	31 Dec 2021
Opening balance	846	1,292
Capital expenditures	12	62
Foreign currency translation	3	84
Reclassification to other non-current financial assets	–	-127
Disposals of inventory properties	–	-465
Reversed impairment/impairment	-35	-2
Closing balance	826	846

12. Financial Assets and Liabilities

Heimstaden Bostad is exposed to a number of risk factors. Further description is included on [pages 39–40](#) in the 2021 Annual Report.

Russia's invasion of Ukraine on 24 February 2022 has had major impact on Europe's economy and geopolitical climate and may affect the Group. The uncertainty in the global economy has increased. The war has amongst other things led to higher prices on commodities, electricity and fuel which has again led to record high inflation in the countries Heimstaden Bostad operates. This has in turn led to increased market interest rates and forced central banks to hike key policy rates. The worsened interest rate environment impacts Heimstaden Bostad's funding expenses and may continue to impact asset values negatively.

At the balance sheet date, Heimstaden Bostad was in compliance with its financial covenants. The Company's hybrid bonds are classified as equity, amounting to SEK 24,812 million, and therefore not included in the specifications of interest bearing liabilities in the tables below.

Specification of interest bearing liabilities

SEK million	Interest-bearing liabilities	Secured loans, %	Share, %	Unutilised credit commitment
Corporate bonds	92,007	–	54	–
Mortgages	36,922	100	22	–
Bank loans	40,994	97	24	22,818
Total	169,923	45	100	22,818
Deferred charges	-590			
Total	169,333			

Movements of interest bearing liabilities

SEK million	Corporate bonds	Mortgages/bank loans	Deferred charges	Lease liabilities	Total
Opening balance, 1 Jan 2022	75,282	83,651	-553	733	159,114
Loan repayments	-8,892	-19,634	–	-36	-28,562
New borrowings/assumed debt from acquisitions	21,296	9,859	–	650	31,805
Currency exchange effect on loans	4,321	4,040	–	21	8,381
Capitalisation of debt issuance cost, net of amortisation	–	–	-37	–	-37
Closing balance, 30 Sep 2022	92,007	77,916	-590	1,368	170,701

30 Sep 2022

Years	Interest maturity, loans			Interest maturity, incl. financial instruments		
	SEK million	Share, %	Interest, incl. margin, %	SEK million	Share, %	Interest, incl. margin, %
0-1	76,436	45	1.73	63,298	37%	1.69
1-2	6,566	4	1.11	17,172	10%	0.22
2-3	27,253	16	0.71	30,110	18%	0.66
3-4	7,186	4	1.20	8,573	5%	1.11
4-5	10,413	6	1.45	10,565	6%	1.45
>5 years after balance sheet date	42,069	25	1.23	40,040	24%	1.24
Total	169,923	100	1.38	169,758	100%	1.21

Average remaining term of fixed interest in the loan portfolio, including derivatives: 3.06 years

Years	Loan tenor		Lines of credit	
	SEK million	Share, %	SEK million	Share, %
0-1	9,153	5	–	–
1-2	20,204	12	6,166	27
2-3	26,995	16	12,470	55
3-4	14,898	9	1,349	6
4-5	17,804	10	–	–
>5 years after balance sheet date	80,869	48	2,834	12
Total	169,923	100	22,818	100

Average loan tenor: 8.73 years

Financial instruments

Years	Type	Maturity, interest rate derivatives		
		SEK million	Share, %	Interest, % ¹
0-1	Paying fixed	19,637	50	0.31
1-2	Paying fixed	15,096	39	0.26
2-3	Paying fixed	3,778	10	0.86
3-4	Paying fixed	396	1	0.26
4-5	Paying fixed	103	–	1.53
>5 years after balance sheet date	Paying fixed	–	–	–
Total		39,010	100	0.35

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

Years	Type	Maturity, cross currency swaps		
		SEK million	Share, %	Interest, % ¹
0-1	Paying variable	5,624	100	3.79
1-2	Paying variable	–	–	–
>2 years after balance sheet date	Paying variable	–	–	–
Total		5,624	100	3.79

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

13. Fair Value Measurements of Financial Instruments

SEK million	30 Sep 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Derivative financial instruments	1,330	1,330	440	440
Quoted equity investments	–	–	5,765	5,765
Other non-current financial assets	3,345	3,345	2,431	2,431
Trade receivables	207	207	179	179
Other financial receivables	1,391	1,391	1,469	1,469
Cash and cash equivalents	4,673	4,673	19,508	19,508
Total	10,945	10,945	29,792	30,531
Financial liabilities:				
Derivate financial instruments	140	140	6	6
Long-term interest-bearing liabilities	159,434	145,457	134,895	135,229
Current interest-bearing liabilities	9,898	9,898	23,485	23,485
Lease liabilities	1,368	1,368	734	734
Trade payables	448	448	566	566
Other liabilities	4,002	4,002	4,411	4,411
Total	175,291	161,314	164,096	164,431

Fair value hierarchy of the Group's financial assets and financial liabilities as of 30 September 2022:

SEK million	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:	1,330	-	961	370
Derivative financial assets				
Cross currency swaps	16	-	16	-
Interest rate swaps	945	-	945	-
Forward purchase contracts	370	-	-	370
Financial liabilities measured at fair value:	-140	-	-140	-
Derivative financial liabilities				
Cross currency swaps	-	-	-	-
Interest rate swaps	-140	-	-140	-

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. During Q3 2022, the Company's holding in quoted equity investments were reclassified to associated companies. Upon this classification value change of quoted equity investments was SEK -2,208 million and SEK -674 million for the nine and three months period ending 30 September 2022, respectively. These amounts are presented under other financial items in the income statement. There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine months ended 30 September 2022.

14. Equity

Non-controlling interests refers primarily to Allianz Real Estate's investment in Heimstaden Bostad's portfolio in Sweden and its properties purchased from Akelius in 2021.

In 2022, SEK 30,241 million has been raised from new equity offerings, whereof SEK 23,356 million during Q1 as a result of raising equity from existing shareholders. Dividends were set-off against the subscribed price in the share issue. In Q3 Heimstaden Bostad bought back hybrid bonds and raised SEK 6,885 million in new equity from existing shareholders. The hybrid bond buyback included SEK 8.9 billion in outstanding hybrid bonds, obtaining an average discount of 25.2% and resulted in a SEK 1.6 billion gain, net of SEK 0.5 billion in tax, recognised in retained earnings.

15. Commitments and Contingencies

Investment obligations

Heimstaden Bostad has signed agreements to buy turnkey investment properties under construction after the balance sheet date. As at 30 September 2022, Heimstaden Bostad had total investment obligations of SEK 7,850 million between 2022 and 2028, see table below.

SEK million	2022	2023	2024	2025	2026	2027	2028	Total
Investment obligations	1,413	3,119	1,844	1,098	376	-	-	7,850

Capital expenditures

As at 30 September 2022, 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 4,593 million.

Disputes

As of the balance sheet date and to the best of our knowledge, Heimstaden is not a part in any ongoing legal processes or administrative proceedings which have had or may have a material impact to its financial statements.

16. Subsequent Events

No significant subsequent events have occurred.

Parent Company Income Statement

SEK million	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Management service revenues	–	–	28	1
Other operating expenses	-14	-8	-46	-8
Administrative expenses	-221	-140	-666	-401
Operating profit/loss	-236	-147	-684	-408
Profit/loss from divestment of shares in subsidiaries	–	–	-2,018	–
Interest income	476	113	1,351	325
Interest expenses	-341	-165	-902	-450
Net currency translation gains/losses	-1,140	–	-3,417	–
Other financial items, net	863	-68	-25	-275
Net income from fair value adjustment of derivative financial instruments	-26	28	160	239
Profit/loss after financial items	-404	-239	-5,535	-569
Income tax expense	5	6	-24	-27
Profit/loss for the period	-399	-233	-5,559	-596

Parent Company Comprehensive Income Statement

SEK million	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Profit/loss for the period according to the Income Statement	-399	-233	-5,559	-596
Other comprehensive income/loss	–	–	–	–
Comprehensive income/loss	-399	-233	-5,559	-596

Parent Company Balance Sheet

SEK million	30 Sep 2022	31 Dec 2021	30 Sep 2021
ASSETS			
Shares in subsidiaries	54,884	62,021	40,060
Investments in associated companies and joint ventures	9,588	–	–
Quoted equity investments	–	5,188	1,958
Deferred tax assets	-462	41	55
Non-current receivables, subsidiaries	100,385	100,209	28,454
Total non-current assets	164,395	167,459	70,527
Current receivables, subsidiaries	46,757	40,369	44,630
Other financial assets	160	86	5,286
Cash and cash equivalents	756	16,555	12,124
Total current assets	47,673	57,011	62,039
Total assets	212,068	224,470	132,566

SEK million	30 Sep 2022	31 Dec 2021	30 Sep 2021
EQUITY AND LIABILITIES			
Equity	114,111	124,274	85,278
Interest-bearing liabilities	20,774	45,303	23,677
Derivative financial instruments	140	198	265
Non-current liabilities, subsidiaries	69,383	54,242	23,055
Total non-current liabilities	90,298	99,743	46,996
Interest-bearing liabilities	7,142	–	–
Trade and other payables	18	59	25
Accrued expenses and prepaid income	498	393	268
Total current liabilities	7,659	452	292
Total equity and liabilities	212,068	224,470	132,566

Parent Company Statement of Changes in Equity

SEK million	Share capital	Share premium reserve	Hybrid bonds	Retained earnings	Total equity
Opening balance, 1 Jan 2021	43	50,240	13,621	450	64,353
Profit/loss for the period	-	-	398	-994	-596
Total profit/loss	-	-	398	-994	-596
Share issue	9	12,456	-	-	12,465
Dividends	-	-	-398	-4,572	-4,970
Hybrid bonds issue	-	-	14,163	-	14,163
Costs of issuance	-	-	-136	-	-136
Total transactions with the Company's shareholders	9	12,456	13,629	-4,572	21,521
Equity, 30 Sep 2021	51	62,696	27,648	-5,117	85,278
Opening balance, 1 Jan 2022	71	95,176	33,652	-4,625	124,274
Profit/loss for the period	-	-	950	-6,509	-5,559
Total profit/loss	-	-	950	-6,509	-5,559
Share issue	21	30,220	-	-	30,241
Cost of issuance	-	-36	-	-	-36
Buyback of hybrid bonds	-	-	-8,855	1,581	-7,274
Dividends	-	-	-950	-26,585	-27,535
Total transactions with the Company's shareholders	21	30,185	-9,805	-25,004	-4,604
Equity, 30 Sep 2022	93	125,360	24,797	-36,139	114,111

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

Malmö, 24 October 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

Anna Magnusson
Board Member

Bente A. Landsnes
Board Member

Birgitta Stenmark
Board Member

Axel Brändström
Board Member

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

Auditor's review report

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

Introduction

We have reviewed the condensed interim report for Heimstaden Bostad AB (publ) as at 30 September 2022. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Malmö, 24 October 2022
Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

Earnings Capacity

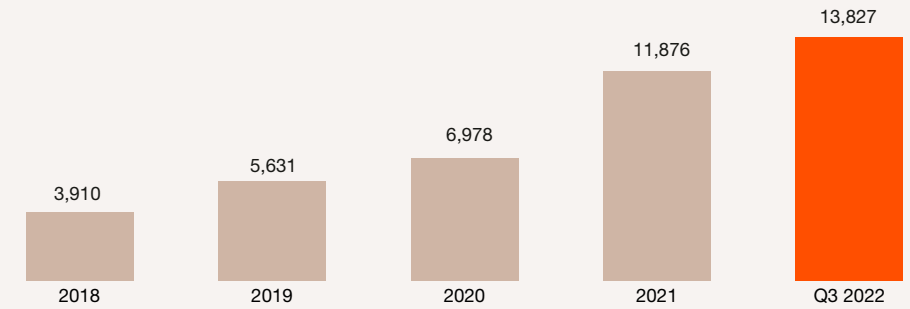
Earnings capacity represents annualised earnings calculated on the basis of the contracted rental income, current property expenses and administrative expenses of the property portfolio as of 30 September 2022. Announced property acquisitions that closed after the balance sheet date are not included in the calculation. Earnings capacity does not include any adjustment for development trends in rent levels, vacancy rates, property expenses or interest rates, nor does the earnings capacity provide any adjustment for expected changes in the fair value of properties, foreign exchange rates, acquisitions or disposals. Earnings capacity should not be considered a forecast for the current year or for the next 12-month period.

SEK million

Rental income	13,827
Service charges paid by tenants	1,479
Property expenses	-6,316
Net operating income	8,991
Corporate administrative expenses	-885
Profit before financial items	8,105
Financial costs - interest-bearing liabilities	-2,161
Profit	5,945
Net operating income margin, %	65
Interest coverage ratio	3.8

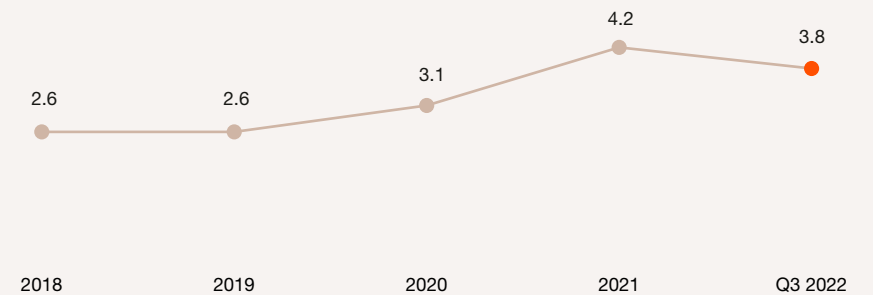
Earnings Capacity Rental Income

SEK million



Earnings Capacity ICR

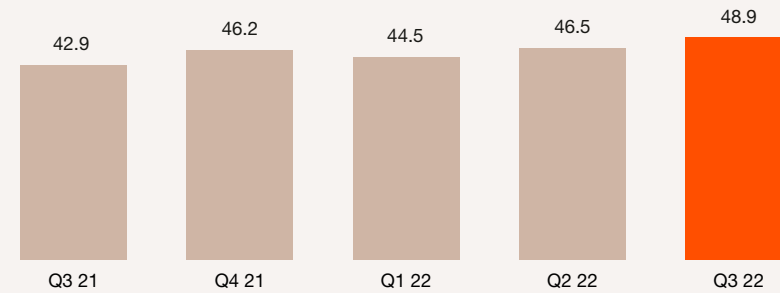
multiple



Alternative Performance Measures

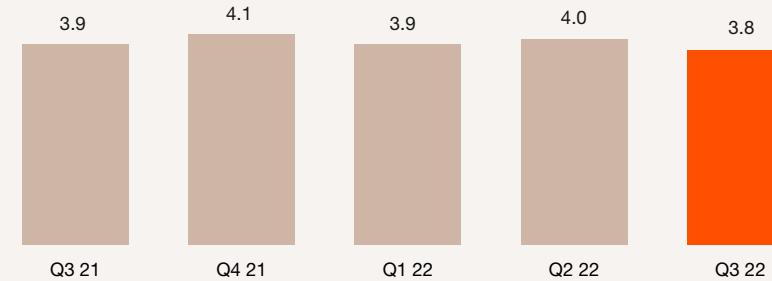
For more information, definitions, and methodology please refer to www.heimstadenbostad.com

Net loan-to-Value
%



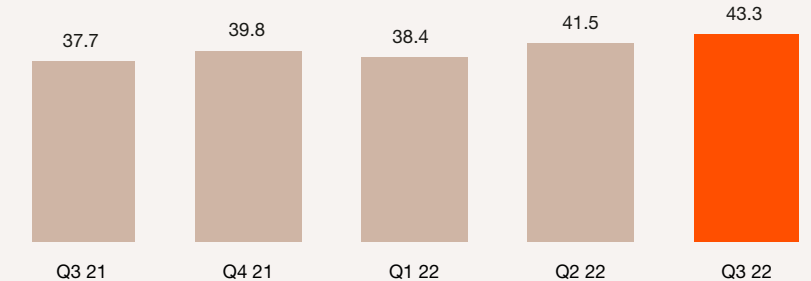
SEK million	Q3 2022	Q2 2022	Q3 2021
Interest-bearing secured liabilities	76,616	70,419	56,015
Interest-bearing unsecured liabilities	92,716	92,389	43,378
Cash and cash equivalents	4,673	6,724	-14,276
Net interest-bearing liabilities	164,659	156,083	85,118
Fair value of investment properties	336,967	335,902	198,543
Net LTV, %	48.9	46.5	42.9

Interest Coverage Ratio (ICR)
multiple



SEK million Rolling 12 months	Q3 2022	Q2 2022	Q3 2021
Profit before financial items	6,316	4,045	4,497
Transaction costs from business combination	2,053	2,054	-
Reduction of gain from reclassification	-1,557	-	-
Financial income	214	185	68
Profit before financial items plus financial income	7,026	6,284	4,566
Financial costs - interest-bearing liabilities	1,827	1,575	1,161
ICR	3.8x	4.0x	3.9x

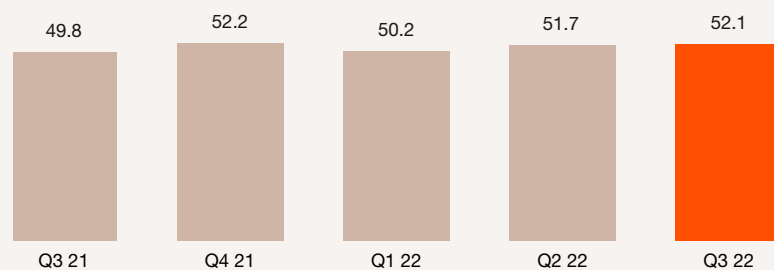
Net Debt / Total Assets
%



SEK million	Q3 2022	Q2 2022	Q3 2021
Net interest-bearing liabilities	164,659	156,083	85,118
Total assets	380,334	376,496	225,611
Net Debt / Total Assets, %	43.3	41.5	37.7

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

multiple

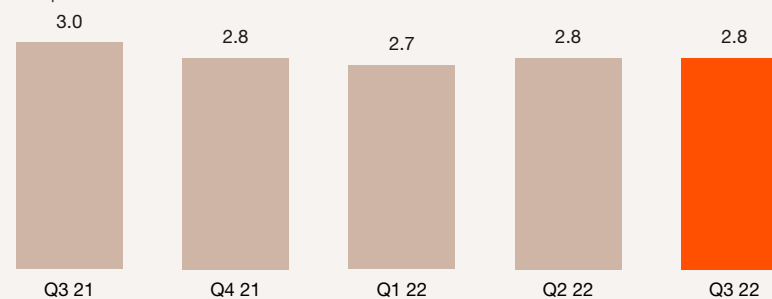


SEK million Rolling 12 months	Q3 2022	Q2 2022	Q3 2021
Equity	176,540	179,219	114,325
50% hybrid	12,406	16,833	13,830
Equity adj.	164,134	162,386	100,495
Total interest-bearing liabilities	169,332	162,807	99,393
Right-of-use-liabilities	1,368	926	654
Less: Cash and cash equivalents	-4,673	-6,724	-14,276
50% of hybrid equity as debt (S&P adj.)	12,406	16,833	13,830
Net interest-bearing liabilities, Adj. (Net debt)	178,433	173,842	99,601
Net debt + equity	342,567	336,228	200,096
Net debt / (net debt + equity)	52.1	51.7	49.8

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

ICR (S&P method)

multiple

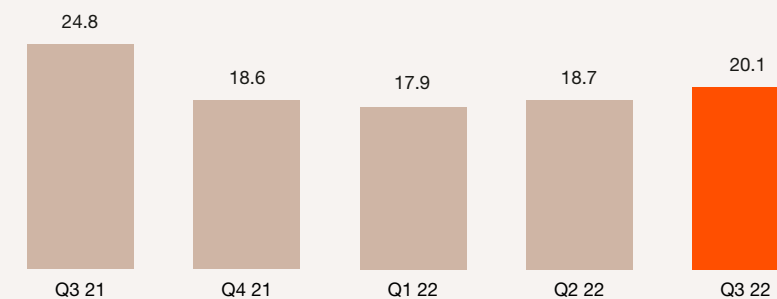


SEK million Rolling 12 months	Q3 2022	Q2 2022	Q3 2021
Operating profit before inventory properties and fair value adjustments	6,316	4,045	4,497
Depreciation and amortisation	5	5	10
SOS Partnership	133	122	26
Transaction costs from business combination	2,053	2,054	-
Share of net profits of associates and joint ventures	-1,713	-161	-52
EBITDA, adj.	6,794	6,065	4,481
Interest expenses on interest-bearing liabilities	1,827	1,575	1,161
Capitalised interest	75	63	66
50% interim-equity hybrid dividend annual (S&P)	511	503	315
Interest expense, adj.	2,414	2,141	1,542
ICR incl. hybrid bonds as 50% debt	2.8x	2.8x	2.9x

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

Secured loan-to-value

%



	Q3 2022	Q2 2022	Q3 2021
Interest-bearing secured liabilities	76,616	70,419	56,015
Total assets	380,334	376,496	225,611
Secured loan-to-value, %	20.1	18.7	24.8

All figures in SEK million unless otherwise specified.

Residential, %	Q3 2022	Q4 2021
Fair value residential properties	303,930	270,589
Fair value investment properties	326,308	292,673
Residential, %	93.1	92.5

Like-for-like rental income growth	Q3 2022 ¹	Q3 2021 ²
Rental income current year	2,015	1,377
Rental income previous year	1,910	1,337
Like-for-like rental income growth, %	5.5	3.0

¹ Only properties owned as of 31 December 2020 included.

² Only properties owned as of 31 December 2019 included.

Net operating income margin	Q3 2022	Q3 2021
Rental income	9,315	2,150
Net operating income	6,082	1,428
Net operating income, %	65.3	66.4

Economic occupancy, residential	Q3 2022	Q3 2021
Theoretical rental income on residential units	3,069	2,100
Economic vacancy	-109	-71
Rental income on residential units	2,960	2,029
Economic occupancy, %	96.4	96.6

Real economic occupancy, residential	Q3 2022	Q3 2021
Theoretical rental income on residential units	3,069	2,100
Adj. for non-market vacancy	-51	-50
Adj. Theoretical rental income	3,019	2,049
Real economic occupancy, %	98.4	97.6

Equity ratio	Q3 2022	Q4 2021
Equity	176,540	160,338
Assets	380,334	349,066
Equity ratio, %	46.4	45.9

Solvency ratio	Q3 2022	Q4 2021
Equity	176,540	160,338
Liabilities	203,794	188,728
Solvency ratio, %	46.4	45.9

Net asset value (NAV)	Q3 2022	Q4 2021
Equity	176,540	160,338
Deferred tax liability	24,639	21,904
NAV	201,179	182,241

EBITDA	Q3 2022	Q4 2021
Rolling 12 months		
Operating profit before investment properties and fair value adjustments	6,316	2,834
Transaction cost from business combination	2,053	2,232
Amortisation and depreciation	5	2
EBITDA	8,374	5,068

Debt/EBITDA	Q3 2022	Q4 2021
Rolling 12 months		
Interest-bearing liabilities	161,819	106,976
EBITDA	8,374	5,068
Debt / EBITDA, multiple	19.3	21.1

NAV per ordinary share	Q3 2022	Q4 2021
Equity	176,540	160,338
Less Preference capital A	510	444
Less Preference capital B	94,500	73,506
Less Preference capital C	1	-
Less Hybrid capital & minority	33,642	34,510
Deferred tax attributable to fair value gain	10,595	8,934
Equity excluding preference capital	58,481	60,811
Number of ordinary shares	12,487,012	9,725,321
NAV per ordinary share, SEK	4,683	6,253

Financial calendar

Annual report 2022 24 February 2023

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