

Q1 2023

Heimstaden
BOSTAD



Highlights

- Greater Manchester Pension Fund new investor in Heimstaden Bostad.
- Successful buyback of senior unsecured bonds financed by existing liquidity available and equity from new and existing shareholders.
- Strong operational quarter with stable high occupancy and like-for-like growth at 4.8%.
- 3.9% decrease in value of investment properties.

335 billion
Investment Properties, SEK

2.3 billion
Net operating income, SEK

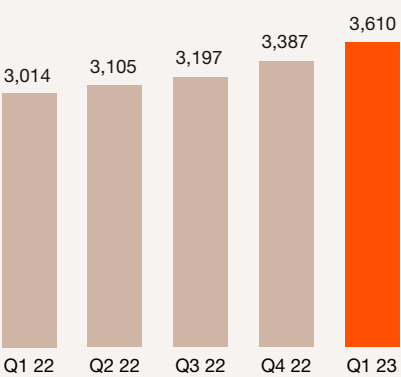
52.7%
Net loan-to-value

3.0x
Interest coverage ratio

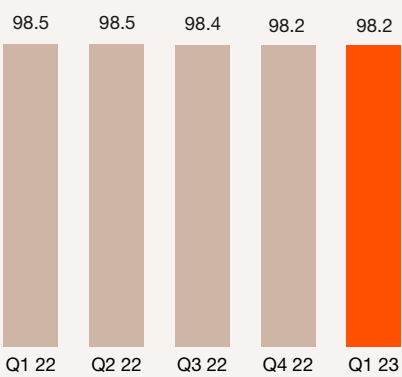
Key Figures

		Q1 2023	Q4 2022	Q1 2022	2022
Financials					
Rental income	SEK m	3,610	3,387	3,014	12,702
Growth y-o-y	%	19.8	41.6	49.6	47.6
Net operating income	SEK m	2,342	2,060	1,829	8,141
Net operating income margin	%	64.9	60.8	60.7	64.1
Total comprehensive income/loss	SEK m	-12,491	-4,730	9,927	8,382
Capital expenditures	SEK m	1,989	3,199	2,245	10,129
Portfolio Metrics					
Fair value of investment properties	SEK m	335,082	344,856	315,843	344,856
Homes	Units	159,089	158,326	148,764	158,326
Real economic occupancy, residential	%	98.2	98.2	98.5	98.4
Like-for-like rental income growth	%	4.8	5.4	5.6	5.4
Credit Metrics					
Net loan-to-value	%	52.7	50.3	44.5	50.3
Net debt / Net debt + Equity, S&P method	%	55.5	52.6	50.2	52.6
Net debt / Total assets	%	46.4	43.6	38.4	43.6
Interest Coverage Ratio (ICR)	Multiple	3.0	3.5	4.0	3.5
Interest Coverage Ratio, S&P method	Multiple	2.5	2.7	2.7	2.7

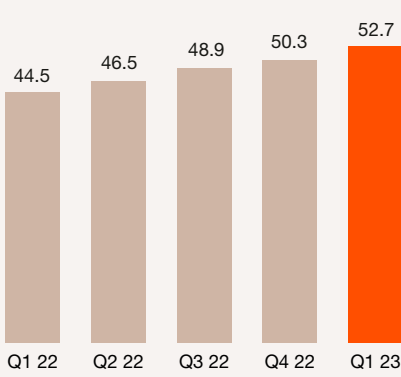
Rental Income
SEK million



Real Economic Occupancy
%



Net LTV
%



Another Strong Operational Result

Last year's trend extends into the first quarter of 2023. We are delivering strong operational results while the macro environment continues to negatively impact property values. We also raised equity from new and existing shareholders and completed a successful bond buyback, strengthening the company's balance sheet.

Our shareholders continue to show long-term commitment to Heimstaden Bostad by reinvesting most of the dividend. We are also pleased to welcome Greater Manchester Pension Fund as a new shareholder, one of the UK's leading institutional investors, who shares our sustainable and customer-centred mindset.

We have a solid financing structure with a mix of bank and bond financing and have significant loan volumes in banks available maintaining good control of maturities for the coming years without being dependent on a recovering bond market.

Last year we successfully obtained SEK 25 billion in secured bank financing and an additional SEK 12 billion in the first quarter of 2023. Despite the volatility and uncertainty in the bank sector in the recent months, we experience a significant interest and priority for funding residential real estate. By having best-in-class residential operations and a high quality and diversified portfolio, we stand out as a preferred partner to banks across all our markets.

In March, we completed a SEK 10.1 billion bond buyback financed with existing liquidity and equity raised from new and existing investors. Since last summer, we have bought back bonds for a total of SEK 20.4 billion and we are pleased to see the positive response from our bondholders, the buybacks are a testament to our focus on prudent liability management.

Updated social roadmap

We continue to intensify our focus on sustainability and this quarter the Board approved an updated social roadmap that sets new ambitious targets. We are taking real action to leave a positive footprint on society and have set a target to provide 5,000 inclusive housing contracts within the next three years. This quarter, we also launched Heimstaden's Diversity Board, which will contribute to an even more diverse and inclusive company.

Looking ahead

The fundamentals of residential real estate remain intact. The decrease in newbuilds paired with a growing number of households will only increase the demand for housing and we expect the high occupancy and strong like-for-like rental growth to continue. We will continue to focus on managing our financial risks by maintaining a strong liquidity position and be at the forefront of any upcoming maturities.



Helge Krogsbøl
CEO Heimstaden



Sustainability Highlights – Climate and Social Roadmaps



“Science Based Targets initiative has approved our climate targets, an important and solid documentation of Heimstaden Bostad’s responsible investments and operations.”

Katarina Skalare
Chief Sustainability Officer

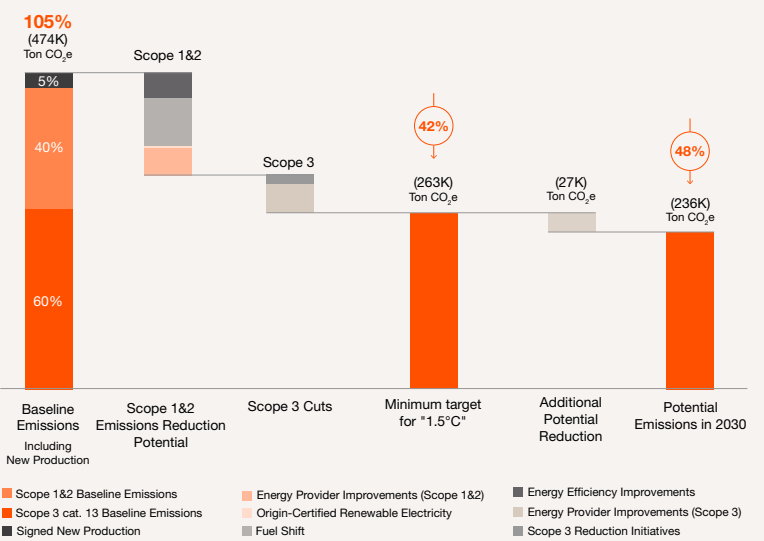
Climate Roadmap

The global climate crisis continues to call for ambitious targets and efforts to reduce emissions in line with the Paris Agreement 1.5 °C target. Our updated Climate Roadmap illustrates the revised pathway to a 42% CO₂ emissions reduction by 2030, in line with our portfolio growth since the programme’s initial announcement in 2021 and enabled by a SEK 7.7 billion investment.

Driven largely by both fuel shifts and energy efficiency investments, we will continue to reduce emissions as well as energy consumption, saving costs for both tenants and for Heimstaden. While customers will experience decreasing energy costs, the measures result in accretive yields for the company, allowing for well-aligned incentives for both parties.

Although bold, our climate goals are fully achievable as we continue to increase the pace of our roll-out strategy and continuously work towards even bigger reductions in our emissions.

[Read more here](#)



“We have set concrete targets that are ambitious, but reachable, in all key areas of the social roadmap. Being able to measure progress is important so we know we are on the right track.”

Anette Konar Riple
Group Director Social Sustainability

Social Roadmap

As societies across Europe are affected by increasing housing shortages, economic inequality, and segregation, we accelerated our focus on social sustainability by revising and updating our social roadmap. A pathway for concrete actions to make a positive impact:

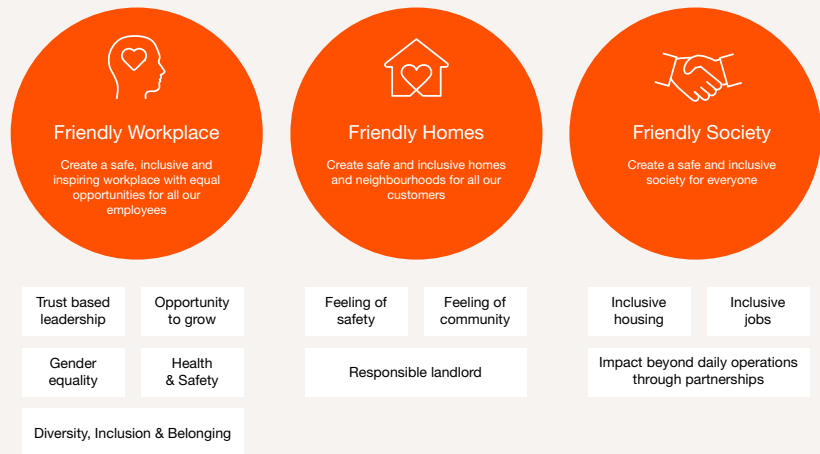
Friendly Workplace requires a safe and inclusive working environment with equal opportunities for all employees.

We provide Friendly Homes to our customers and are transparent about the quality of our product and service by publicly sharing customer survey scores.

One of our new targets is to provide 5,000 inclusive housing contracts by 2026. These homes are earmarked people who need support in finding an affordable home.

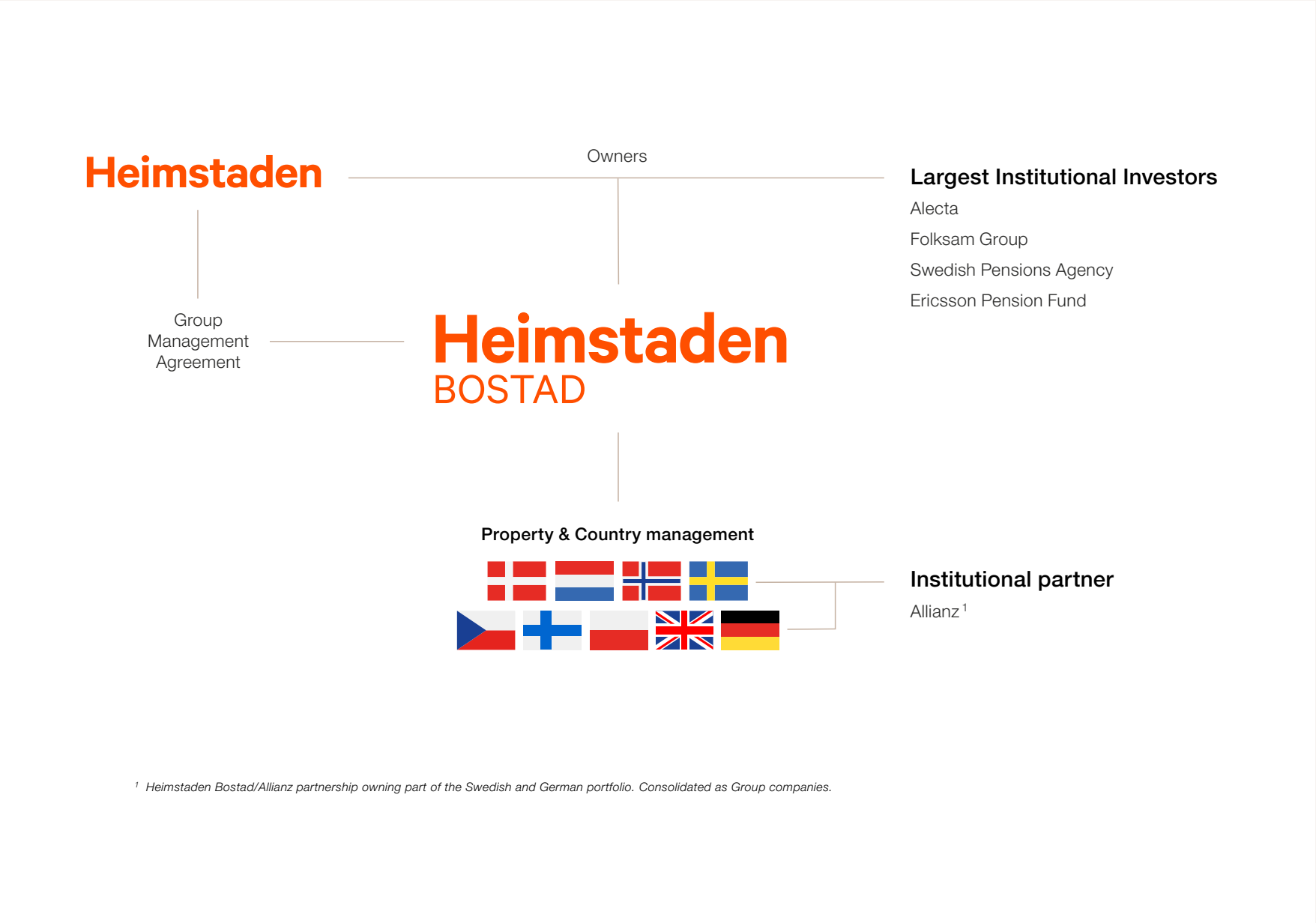
[Read more here](#)

Strategic Focus Areas



Simplified Company Structure

Heimstaden Bostad is a leading European residential real estate company. The company is owned by industrial investor, Heimstaden, together with long-term institutional investors who share a philosophy for evergreen and sustainable investments.



Quarterly Review

Figures in brackets refer to the previous quarter.

Income

Rental income increased by 6.6% to SEK 3,610 million (3,387), driven primarily by increased income from standing assets and favourable exchange rate developments. Service charges paid by tenants increased to SEK 516 million (386), mainly due to seasonally higher heating consumption.

Like-for-like rental income growth with 4.8% (5.4%). The comparable portfolio made up 92% (65%) of rental income.

Residential real economic occupancy was stable at 98.2% (98.2%), excluding 1.9% (1.9%) in vacancy due to refurbishments and other non-market related vacancies.

Operating expenses

Utility expenses increased to SEK 718 million (551), mainly related to higher energy costs in Czech Republic and Sweden. 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 decreased to SEK 194 million (206). Further, costs for facility and property management decreased to SEK 566 million (646).

Capital expenditures and Repair & Maintenance

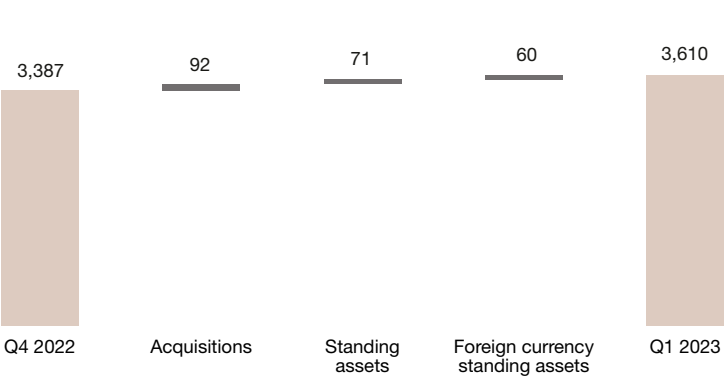
Total expenditure in standing assets was SEK 1,276 million (1,750), corresponding to 0.38% of fair value (0.51%), while investments in properties under construction, excluding forward purchase contracts, was 0.28% of fair value (0.49%), due to a lower activity during winter and fewer development projects. For more details, see page 8.

SEK million	Q1 2023	Q4 2022	2022
Income statement items			
Expenses for repair & maintenance ¹	226	251	958
Balance sheet items			
Capitalised cost on standing assets excluding tenant improvements	578	1,043	3,828
Tenant improvements	472	457	1,382
Expenditure on standing assets	1,276	1,750	6,167
Investment properties under construction	939	1,700	4,919
Capital expenditures	1,989	3,199	10,129

¹ Excluding group eliminations, see Note 3.

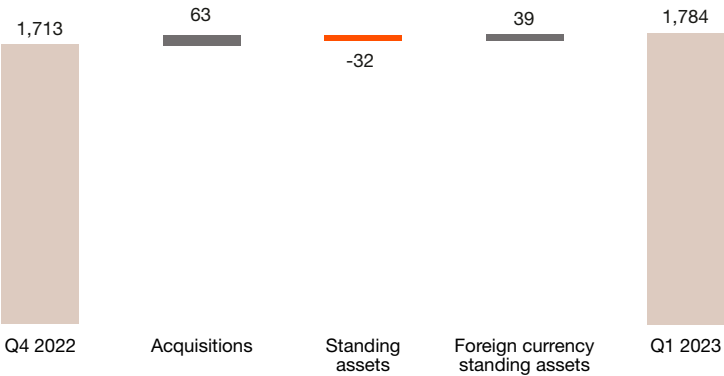
Rental Income

SEK million



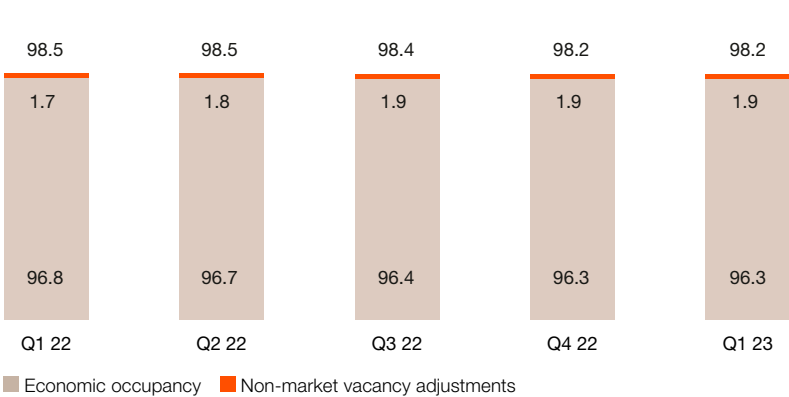
Property Cost Development

SEK million



Real economic occupancy residential

%



Net operating income

Net operating income grew by 14% to SEK 2,342 million (2,060), resulting in a net operating income margin of 64.9% (60.8%), mainly driven by acquisitions made in the previous quarter.

Change in fair value of investment properties¹

SEK million	Q1 2023		Q4 2022	
	%	SEK million	%	SEK million
Sweden	-3.2	-3,161	-4.5	-4,540
Germany	-6.6	-6,189	-1.5	-1,404
Denmark	-4.1	-3,101	-4.8	-3,713
Netherlands	-7.8	-2,398	-4.4	-1,384
Czech Republic	1.6	386	0.2	51
Norway	4.1	717	-3.4	-723
Finland	-2.7	-106	-1.2	-46
United Kingdom	10.0	325	-1.2	-33
Poland	0.5	6	6.6	63
Total	-3.9	-13,521	-3.3	-11,730

¹ For more information regarding fair value assessments, see Note 6.

Net loss from fair value adjustments on investment properties was SEK 13,521 million (11,730) corresponding to 3.9%. The yield requirement in the valuation amounted to an average 3.29%, up from 3.17% at the end of the previous quarter.

Interest expenses

Interest rate expenses increased to SEK 999 million (849), and the average interest rate was 2.2% (1.8%). At the balance sheet date the interest rate hedge ratio was 77.6% (76.0%). The interest coverage ratio for the last 12 months was 3.0x (3.4x).

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 783 million (5,155), which was partially offset by SEK 617 million in foreign exchange loss (2,203), mainly related to bonds issued in foreign currency. For more details, see note 12.

Cash Flow

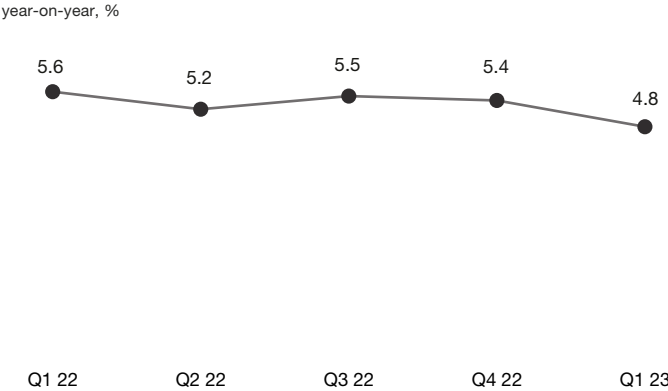
SEK million	Q1 2023	Q4 2022
Operating activities	335	2,286
Investing activities	-1,122	-6,910
Financing activities	-247	9,234
Currency effects	-8	104
Change	-1,042	4,714
Period opening balance	9,385	4,673
Closing balance	8,344	9,385

Cash flow from operating activities before changes in working capital was SEK 480 million (1,889). Working capital decreased by SEK 145 million (increase 397), resulting in net cash flows from operating activities of SEK 335 million (2,286).

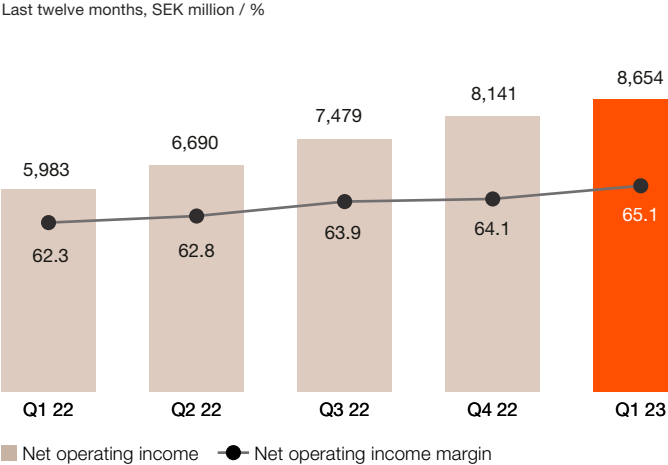
Cash flow from investing activities was SEK -1,122 million (-6,910) and included acquisitions of SEK 1,169 million (3,970), capex on investment properties of SEK 2,009 million (2,626), and disposals of SEK 1,487 million (126).

Cash flow from financing activities was SEK -247 million (9,234), which included buyback of bonds for SEK 9,599 million, new bank loans for SEK 12,200 million, dividends of SEK 4,325 million, and new share issue of SEK 920 million.

Like-for-Like Rental Income Growth



Net Operating Income and Margin



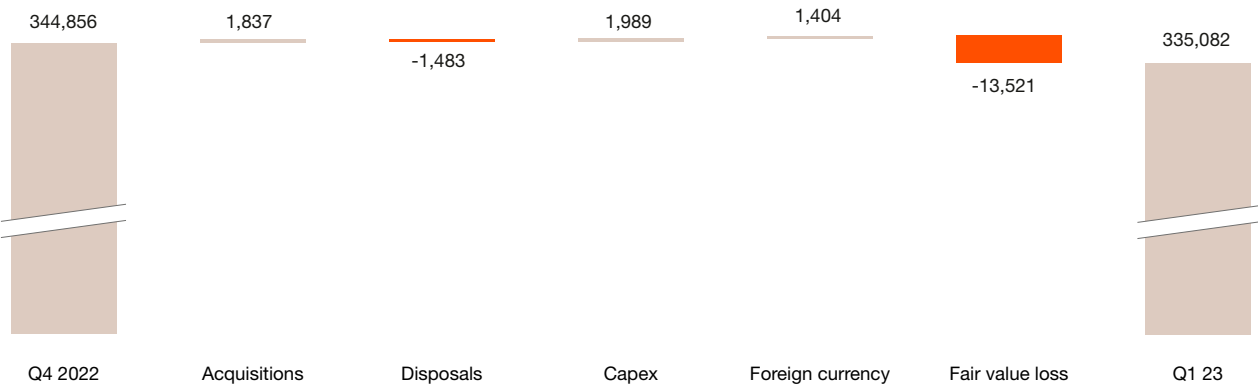
Investment Properties

Fair value of investment properties decreased to SEK 335 billion, down from SEK 345 billion at 31 December 2022, mainly through an unrealised fair value loss of SEK 14 billion. The portfolio includes 159,089 homes across nine markets. Residential units made up 92.9% of fair value and 58.4% 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 2022 Annual Report.

Fair Value Development

SEK million



Capital Expenditures

Four pillars of capital expenditures

Heimstaden Bostad allocates CAPEX across two main segments: value preserving and value-add. These non-recurring projects aim to upgrade, extend or improve the lifetime of an existing asset with little mandatory commitment while maintaining high optionality.

Those segments are built upon four categories. Value preserving capex is comprised of maintenance spend on the portfolio while the value-add segment consists of Sustainability Capex, Tenant Improvements and Investment Capex.

Maintenance

Maintenance capex projects preserve the value of an asset or improve tenant quality and satisfaction. All spend is measured individually and alternative investment calculations are carried out considering when to repair vs replace.

Sustainability

Sustainability capex projects contribute to the company’s ESG targets and Climate Roadmap by reducing either energy consumption through efficiency measures or CO₂ emissions through fuel shifts.

Tenant improvements

Unit refurbishments carried out at churn when deemed economically viable. Primarily made up of residential units, but can include improvements on the commercial leases as well. All spend is optional and viewed on a case-by-case basis where accretive to the business plan.

Value Add Capex

Projects that increase the value of an existing property and grow the NOI. Projects include extensions adding rentable square meters, attic apartments, infill buildings and income producing property upgrades. All projects approved on a case-by-case basis through the Investment Committee and Authority Matrix.

Capital Expenditures

SEK million	Q1 2023		Q4 2022	
	%	SEK million	%	SEK million
Sweden	0.4	365	0.5	483
Germany	0.2	202	0.1	99
Denmark	0.1	80	0.2	151
Netherlands	0.8	230	1.1	343
Czech Republic	0.6	135	1.7	339
Norway	0.1	21	0.2	34
Finland	0.5	17	1.4	50
Total	0.3	1,050	0.4	1,500

Signed Acquisitions

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

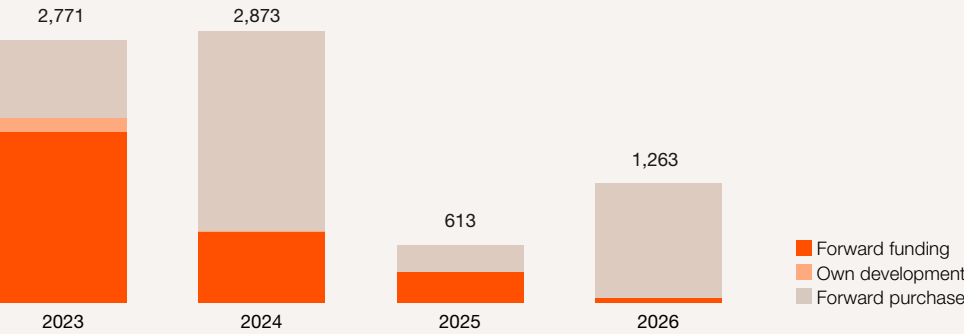
Newbuild investments are structured either as forward purchase or forward funding. In a forward purchase transaction, Heimstaden Bostad commits to buying new turnkey investment properties, which are not recognised on the balance sheet until delivery.

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 3.1 billion. The total pipeline of signed acquisitions, including standing assets and newbuilds, amounts to SEK 4.4 billion. For more details, see Note 13.

Remaining Commitments

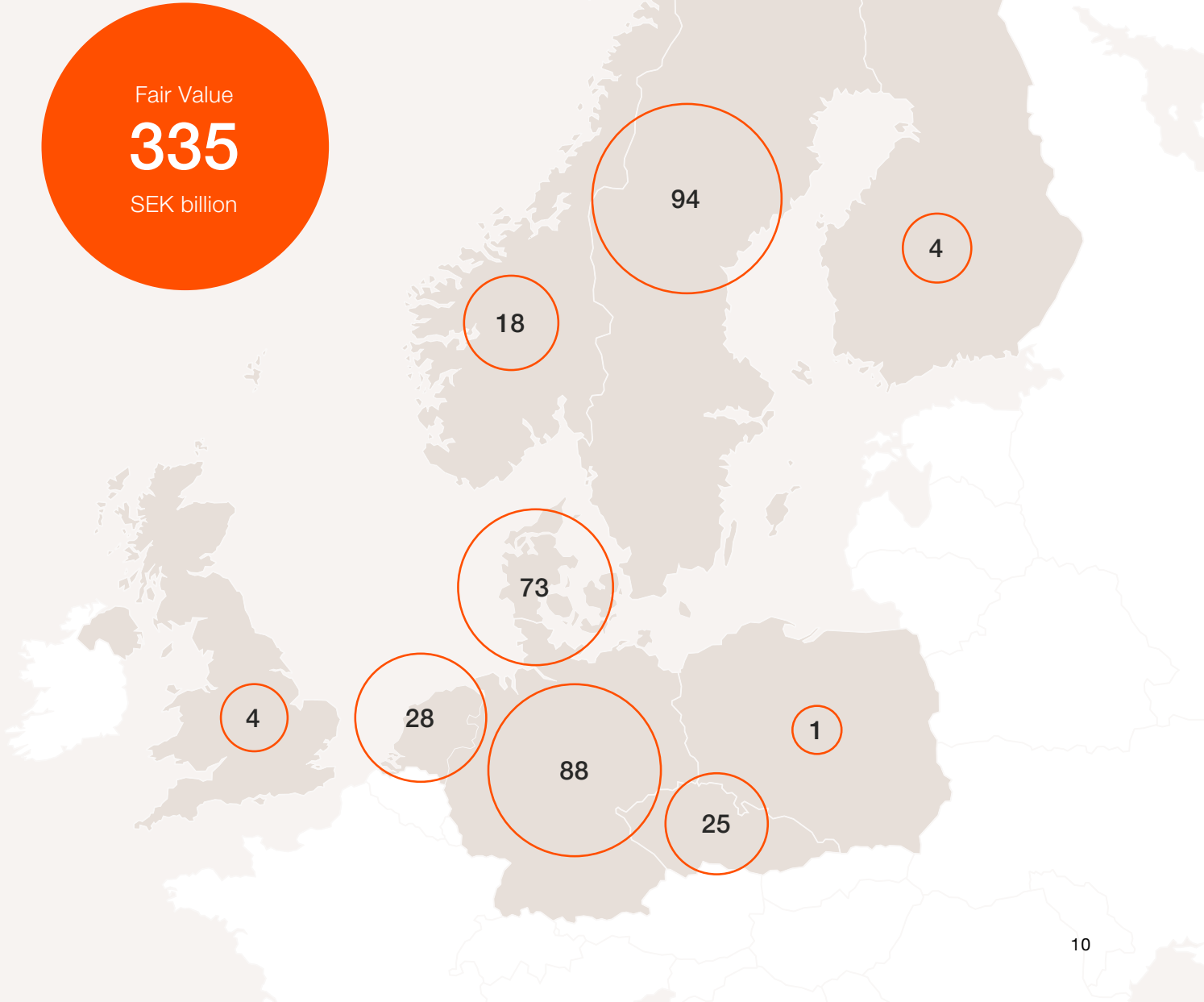
SEK million



Portfolio Overview

Country	Fair Value, SEK million	Fair Value /sqm, SEK	Homes, units	Residential Area, %	Regulated Income, ¹ %	Real Economic Occupancy, %
Sweden	94,454	29,693	45,154	91.1	100.0	99.2
Germany	87,798	43,936	29,711	92.3	100.0	99.2
Denmark	72,814	36,979	20,405	94.5	14.9	96.6
Netherlands	28,176	26,575	13,458	98.2	57.3	99.8
Czech Republic	24,883	9,608	42,593	96.0	25.6	97.1
Norway	18,363	88,045	4,004	85.8	0.0	99.3
Finland	3,804	22,628	3,168	95.6	0.0	93.8
United Kingdom	3,569	80,189	197	96.1	0.0	85.7
Poland	1,221	42,222	399	87.8	0.0	96.3
Total	335,082	29,909	159,089	92.9	58.4	98.2

¹ Residential units



Sweden

94.5 billion

Investment Properties, SEK

45,154

Homes, units

0.0 billion

Acquisitions, SEK

99.2

Real economic occupancy

1,079 million

Rental Income, SEK

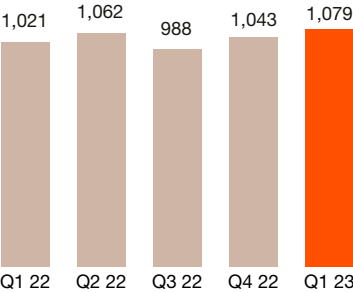
Rental income was SEK 1,079 million (1,043), a 4% increase compared to the previous quarter due to indexation adjustment for part of the portfolio. Net operating income increased by 5% to SEK 541 million (516), driven by higher income and flat cost development, resulting in an improved net operating income margin of 50.1% (49.5%).

Like-for-like rental income growth compared to the same quarter last year was 3.1% (2.8%) and the comparable portfolio comprised 92% (64%) of rental income.

		Q1 2023	Q4 2022	Q1 2022	2022
Rental income	SEK m	1,079	1,043	1,021	4,113
Net operating income	SEK m	541	516	457	2,132
Net operating income margin	%	50.1	49.5	44.7	51.8
Like-for-like rental income growth	%	3.1	2.8	3.0	3.0
Real economic occupancy	%	99.2	99.2	99.2	99.1
Fair value of investment properties	SEK m	94,454	96,851	99,447	96,851
Fair value change	SEK m	-3,161	-4,540	1,053	-6,632
Capital expenditures	SEK m	758	1,432	1,103	4,675
Average valuation yield requirement	%	3.0	2.8	2.7	2.8

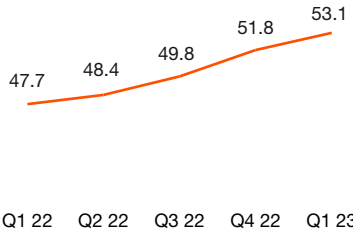
Rental income

SEK million



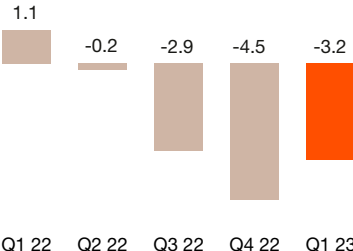
Net Operating Income Margin

Last twelve months, %



Fair Value Change

%



Germany

87.8 billion

Investment Properties, SEK

29,711

Homes, units

0.0 billion

Acquisitions, SEK

99.2

Real economic occupancy

645 million

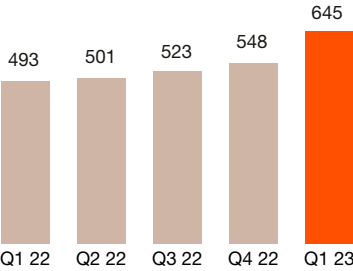
Rental Income, SEK

Rental income increased to SEK 645 million (548), driven by acquisitions made in the previous quarter. Net operating income increased by 34% to SEK 503 million (375), resulting in a net operating income margin of 77.9% (68.4%). Real economic occupancy increased to 99.2%.

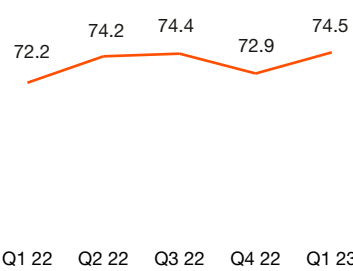
Like-for-like rental income growth compared to the same quarter last year was 3.2% (2.8%). The comparable portfolio comprised 85% (46%) of rental income.

		Q1 2023	Q4 2022	Q1 2022	2022
Rental income	SEK m	645	548	493	2,065
Net operating income	SEK m	503	375	357	1,505
Net operating income margin	%	77.9	68.4	72.4	72.9
Like-for-like rental income growth	%	3.2	2.8	24.9	7.8
Real economic occupancy	%	99.2	98.3	98.2	98.4
Fair value of investment properties	SEK m	87,798	92,820	74,844	92,820
Fair value change	SEK m	-6,189	-1,404	3,513	3,130
Capital expenditures	SEK m	202	120	133	666
Average valuation yield requirement	%	2.5	2.5	2.3	2.5

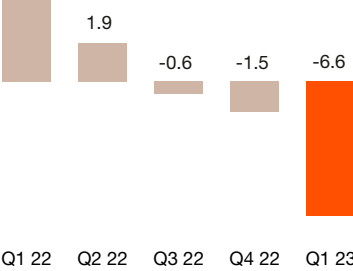
Rental income
SEK million



Net Operating Income Margin
Last twelve months, %



Fair Value Change
%



Denmark

72.8 billion

Investment Properties, SEK

20,405

Homes, units

1.7 billion

Acquisitions, SEK

96.6

Real economic occupancy

859 million

Rental Income, SEK

Rental income increased to SEK 859 million (802) driven primarily by annual indexations and recent acquisitions. Net operating income increased to SEK 568 million (520), resulting in a net operating income margin of 66.1% (64.8%). The margin increased due to higher rental income and flat cost growth.

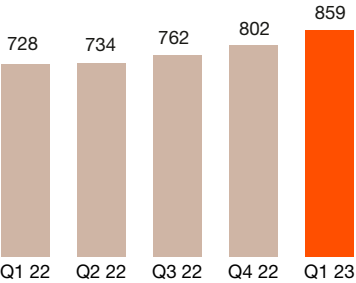
Like-for-like rental income growth compared to the same quarter last year was 2.6% (4.5%), a slight decline due to higher vacancy levels and the comparable portfolio comprised 93% (52%) of rental income.

Acquisitions made in the quarter mainly comprise deliveries of committed forward purchase contracts.

		Q1 2023	Q4 2022	Q1 2022	2022
Rental income	SEK m	859	802	728	3,026
Net operating income	SEK m	568	520	502	2,057
Net operating income margin	%	66.1	64.8	68.9	68.0
Like-for-like rental income growth	%	2.6	4.5	6.9	5.7
Real economic occupancy	%	96.6	97.0	99.0	98.0
Fair value of investment properties	SEK m	72,814	73,640	69,243	73,640
Fair value change	SEK m	-3,101	-3,713	1,350	-3,856
Capital expenditures	SEK m	218	373	452	1,310
Average valuation yield requirement	%	4.1	3.9	3.5	3.9

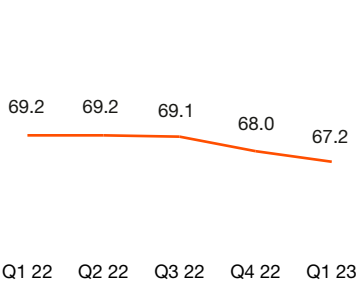
Rental income

SEK million



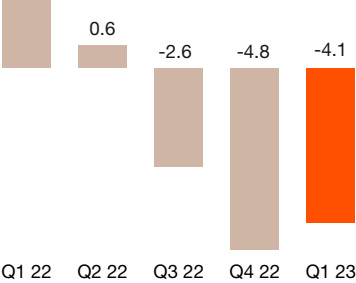
Net Operating Income Margin

Last twelve months, %



Fair Value Change

%



Netherlands

28.2 billion

Investment Properties, SEK

13,458

Homes, units

0.0 billion

Acquisitions, SEK

99.8

Real economic occupancy

338 million

Rental Income, SEK

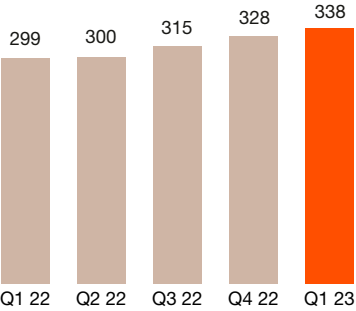
Rental income increased to SEK 338 million (328) due to indexation adjustment. Net operating income increased to SEK 247 million (218), driven by indexation of rents and lower property tax, which resulted in a net operating income margin of 73.2% (66.5%).

Like-for-like rental income growth compared to the same quarter last year was 4.9% (4.9%) and the comparable portfolio comprised 100% (95%) of rental income.

		Q1 2023	Q4 2022	Q1 2022	2022
Rental income	SEK m	338	328	299	1,242
Net operating income	SEK m	247	218	180	810
Net operating income margin	%	73.2	66.5	60.1	65.3
Like-for-like rental income growth	%	4.9	4.9	3.7	3.7
Real economic occupancy	%	99.8	99.7	99.7	99.7
Fair value of investment properties	SEK m	28,176	30,048	28,668	30,048
Fair value change	SEK m	-2,398	-1,384	987	-750
Capital expenditures	SEK m	230	343	141	873
Average valuation yield requirement	%	3.6	3.3	3.0	3.3

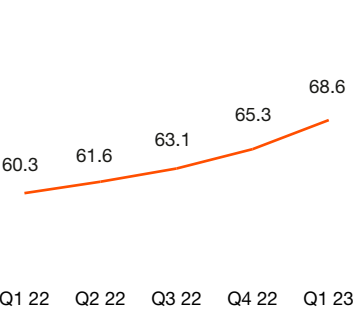
Rental income

SEK million



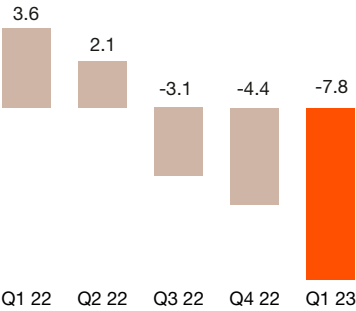
Net Operating Income Margin

Last twelve months, %



Fair Value Change

%



Czech Republic

24.9 billion 42,593

Investment Properties, SEK Homes, units

0.0 billion 97.1

Acquisitions, SEK Real economic occupancy

414 million

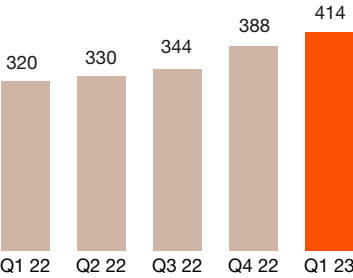
Rental Income, SEK

Rental income was SEK 414 million (388), a 6.9% increase, driven by higher market rent and positive exchange rate development. Net operating income increased to SEK 301 million (253), resulting in a net operating income margin of 72.6% (65.3%).

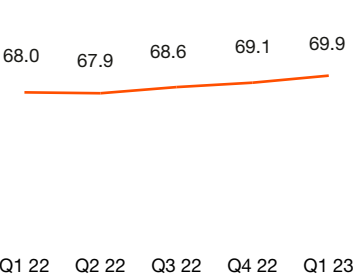
Like-for-like rental income growth compared to the same quarter last year was 15.6% (12.6%) and the comparable portfolio comprised 100% (100%) of rental income.

		Q1 2023	Q4 2022	Q1 2022	2022
Rental income	SEK m	414	388	320	1,382
Net operating income	SEK m	301	253	224	955
Net operating income margin	%	72.6	65.3	70.1	69.1
Like-for-like rental income growth	%	15.6	12.6	6.5	9.1
Real economic occupancy	%	97.1	97.1	96.4	96.9
Fair value of investment properties	SEK m	24,883	23,443	19,529	23,443
Fair value change	SEK m	386	51	994	2,372
Capital expenditures	SEK m	135	314	93	784
Average valuation yield requirement	%	4.6	4.6	4.6	4.6

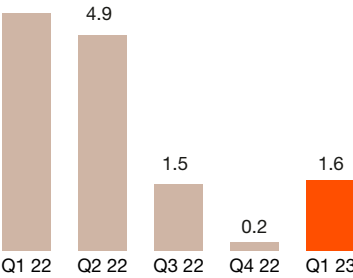
Rental income
SEK million



Net Operating Income Margin
Last twelve months, %



Fair Value Change
%



Norway

18.4 billion

Investment Properties, SEK

4,004

Homes, units

0.0 billion

Acquisitions, SEK

99.3

Real economic occupancy

195 million

Rental Income, SEK

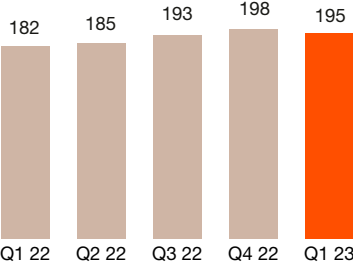
Rental income was SEK 195 million (198). Net operating income increased to SEK 150 million (145) due to reduced property-related costs, which resulted in a net operating income margin of 77.3% (73.0%).

Like-for-like rental income growth compared to the same quarter last year was 7.4% (8.4%) and the comparable portfolio comprised 100% (94%) of rental income.

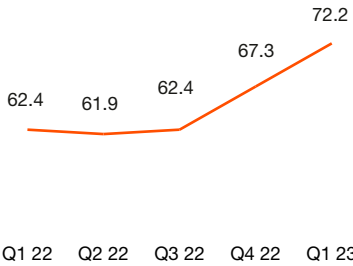
At 31 March 2023, Heimstaden Bostad agreed to divest three properties consisting of 475 homes in Sinsen, Oslo. The agreed purchase price amounted to the latest used valuation in Heimstaden Bostad.

		Q1 2023	Q4 2022	Q1 2022	2022
Rental income	SEK m	195	198	182	776
Net operating income	SEK m	150	145	104	529
Net operating income margin	%	77.3	73.0	57.1	68.1
Like-for-like rental income growth	%	7.4	8.4	4.1	8.2
Real economic occupancy	%	99.3	99.4	95.7	98.1
Fair value of investment properties	SEK m	18,363	20,338	21,341	20,338
Fair value change	SEK m	717	-723	1,091	254
Capital expenditures	SEK m	46	103	83	366
Average valuation yield requirement	%	3.0	3.0	2.6	3.0

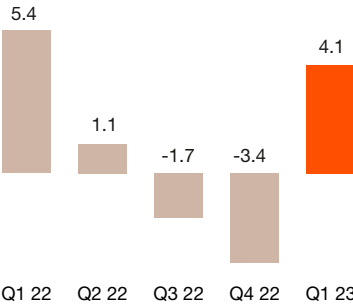
Rental income
SEK million



Net Operating Income Margin
Last twelve months, %



Fair Value Change
%



Finland

3.8 billion

Investment Properties, SEK

3,168

Homes, units

0.0 billion

Acquisitions, SEK

93.8

Real economic occupancy

65 million

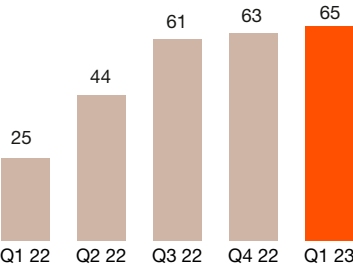
Rental Income, SEK

Rental income was SEK 65 million (63). Net operating income was SEK 28 million (24) resulting in a net operating income margin of 43.9% (38.1%).

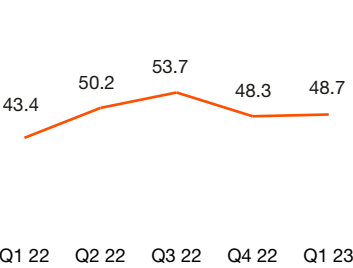
Like-for-like rental income growth compared to the same quarter last year was 0.5% (N/A) and the comparable portfolio comprised 33% (N/A) of rental income.

		Q1 2023	Q4 2022	Q1 2022	2022
Rental income	SEK m	65	63	25	193
Net operating income	SEK m	28	24	8	93
Net operating income margin	%	43.9	38.1	33.7	48.3
Like-for-like rental income growth	%	0.5	N/A	N/A	N/A
Real economic occupancy	%	93.8	95.6	95.2	95.6
Fair value of investment properties	SEK m	3,804	3,837	1,111	3,837
Fair value change	SEK m	-106	-46	90	154
Capital expenditures	SEK m	17	50	0	75
Average valuation yield requirement	%	4.2	4.7	5.4	4.7

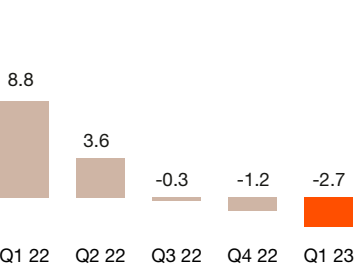
Rental income
SEK million



Net Operating Income Margin
Last twelve months, %



Fair Value Change
%



United Kingdom

3.6 billion

Investment Properties, SEK

197

Homes, units

0.0 billion

Acquisitions, SEK

85.7

Real economic occupancy

6 million

Rental Income, SEK

Heimstaden Bostad received it's first delivery of the newbuild project Soho Wharf and King-maker during the first quarter of 2023, bringing the portfolio size from 60 homes to 197. The pipeline of development in United Kingdom amounts per 31 March 2023 to 1,353 homes and SEK 3,569 million had been recognised on the balance sheet as fair value of investment prop-
erties.

		Q1 2023	Q4 2022	Q1 2022	2022
Rental income	SEK m	6	2	2	17
Net operating income	SEK m	0	0	0	3
Net operating income margin	%	N/A	N/A	N/A	N/A
Like-for-like rental income growth	%	7.1	N/A	N/A	N/A
Real economic occupancy	%	85.7	100.0	98.8	99.2
Fair value of investment properties	SEK m	3,569	2,854	1,659	2,854
Fair value change	SEK m	325	-33	144	131
Capital expenditures	SEK m	334	464	240	1,381
Average valuation yield requirement	%	4.2	4.6	4.5	4.6

Poland

1.2 billion

Investment Properties, SEK

399

Homes, units

0.1 billion

Acquisitions, SEK

96.3

Real economic occupancy

9 million

Rental Income, SEK

Heimstaden Bostad made its first investment in Poland in December 2020, followed by additional acquisitions in 2021. In the second quarter of 2022 a 400-apartment project was acquired in Warsaw. Completion is scheduled for mid-2024.

Heimstaden Bostads portfolio grew further during the quarter with the delivery of the first phase of the Moko Botanika project of 117 homes, bringing the portfolio size from 282 homes to 399 with strong occupancy. The pipeline of development in Poland amounts per 31 March 2023 to 3,459 homes and SEK 1,221 million has been recognised on the balance sheet as fair value of investment properties.

		Q1 2023	Q4 2022	2022
Rental income	SEK m	9	5	6
Net operating income	SEK m	4	-1	-9
Net operating income margin	%	43.5	N/A	N/A
Like-for-like rental income growth	%	N/A	N/A	N/A
Real economic occupancy	%	96.3	81.8	84.7
Fair value of investment properties	SEK m	1,221	1,026	1,026
Fair value change	SEK m	6	63	77
Capital expenditures	SEK m	50	–	–
Average valuation yield requirement	%	5.4	5.2	5.2

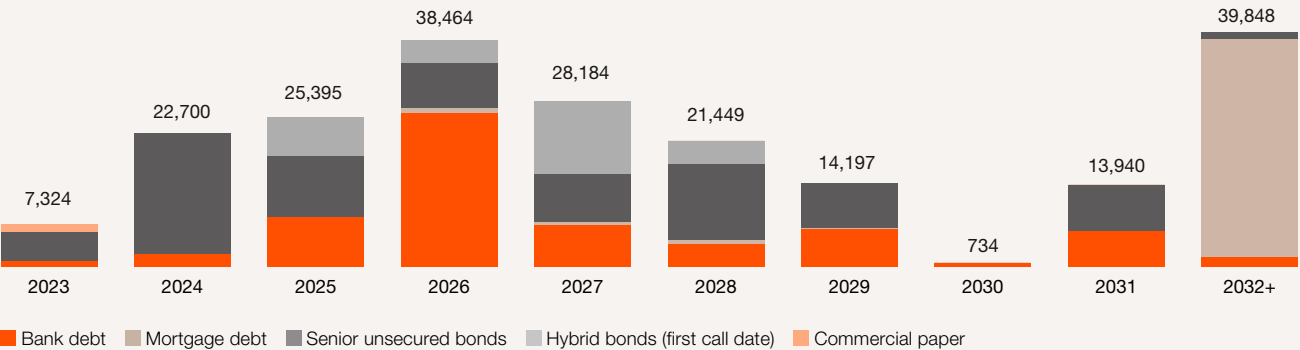
Financing Overview

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. Due to a changed inflationary environment with higher rental growth and higher interest rates and in accordance with S&P’s change of rating thresholds, the financial policy is currently under review in order to assess new viable thresholds aligned with Heimstaden Bostad’s commitment to maintain an investment grade rating.

Net interest bearing debt amounts to SEK 176,473 million (173,306). The Net loan-to-value increased during the quarter to 52.7% (50.3%) due to negative unrealised fair value change on our investment properties.

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

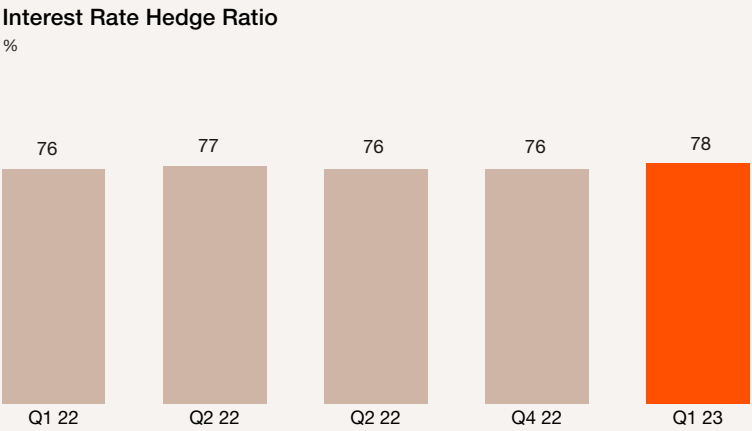
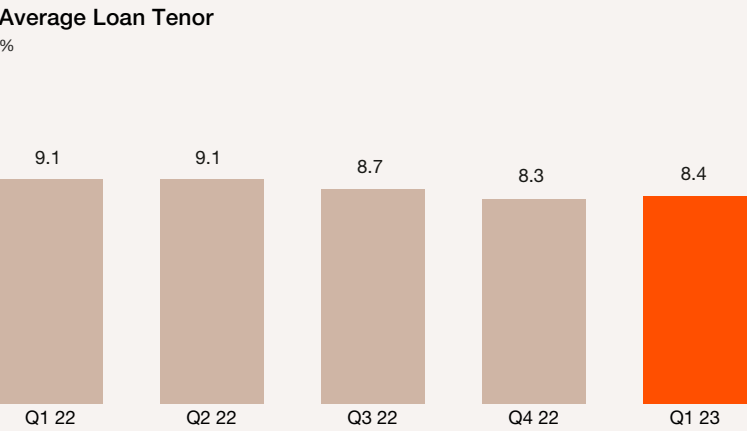
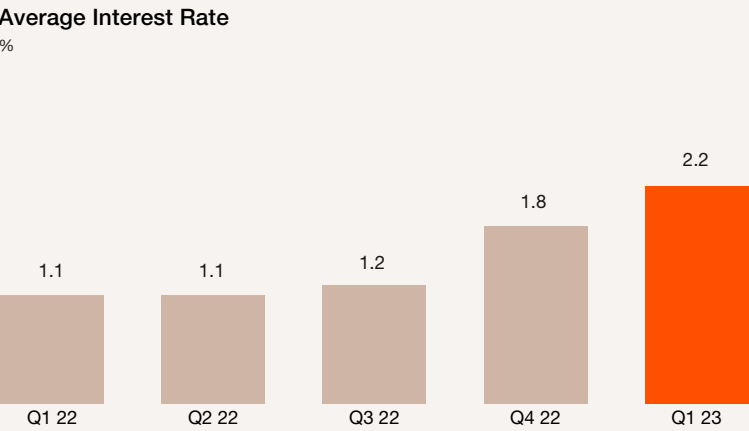
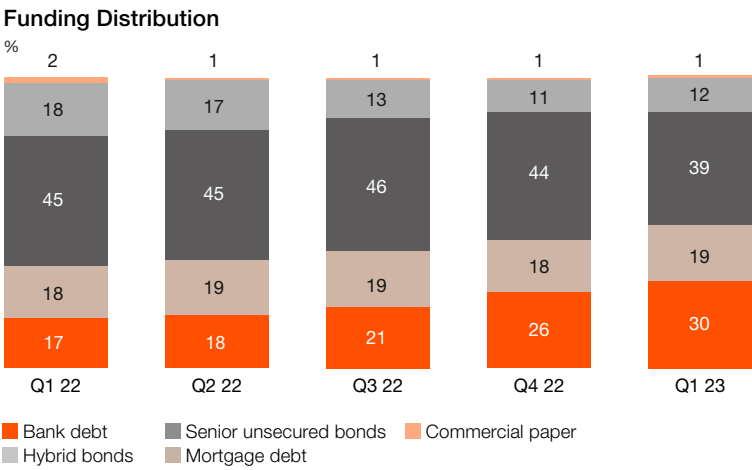
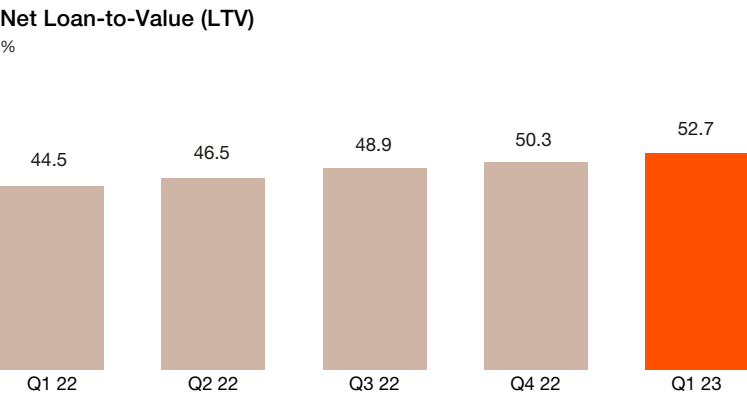
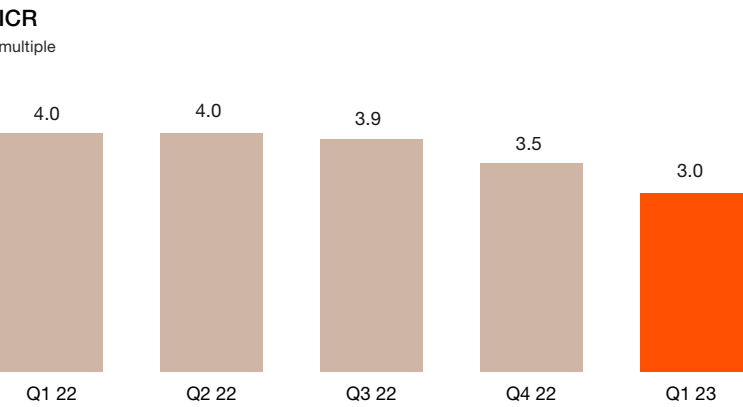
Maturity Profile
SEK million



Financial Policy

		Policy	Q1 2023
ICR, rolling 12 months, S&P method	Multiple	≥ 2.4	2.5
Net Debt / Net Debt + Equity, S&P method	%	≤ 55	55.5
Average Loan Tenor	Years	≥ 4	8.4
Loan Maturity in Individual Year	%	≤ 25	19
Share of Loans From Individual Lender	%	≤ 20	8.2
Interest Rate Hedge Ratio	%	≥ 75	77.6
Quick ratio	%	≥ 1.25	1.40

Credit Metrics



Condensed Consolidated Financial Statements and Notes

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Condensed Consolidated Statement of Comprehensive Income

SEK million	Note	Q1 2023	Q1 2022
Rental income	3,4	3,610	3,014
Service charges paid by tenants	3,4	516	326
Property expenses	3	-1,784	-1,510
Net operating income¹		2,342	1,829
Corporate administrative expenses		-212	-199
Other operating income		139	184
Other operating expenses	5	-89	-113
Profit before inventory properties and fair value adjustments		2,180	1,728
Fair value adjustment of investment properties	6	-13,517	9,237
Change in value and gains/losses from sale of inventory properties	9	20	-13
Operating profit/loss		-11,318	10,925
Share of net profits/losses of associated companies and joint ventures	8	-447	26
Impairment of intangible assets	7	-1,058	–
Interest income		39	66
Interest expenses		-999	-468
Net currency translation gains/losses		-617	-658
Fair value adjustment of derivative financial instruments		-448	421
Other financial items		691	300
Profit/loss before tax		-14,157	10,613
Current tax expense		-257	-344
Deferred tax income/expense		1,140	-2,259
Profit/loss for the period		-13,274	8,010
Other comprehensive income/loss	12	783	1,917
Total comprehensive income/loss		-12,491	9,927
Profit/loss attributable to:			
The Parent Company's shareholders		-12,727	7,947
Non-controlling interests		-546	63
Comprehensive income/loss attributable to:			
The Parent Company's shareholders		-11,976	9,864
Non-controlling interests		-515	63
Average number of shares outstanding		12,664,669	9,796,407
Earnings/loss per ordinary share (basic and diluted)		-1,044	847

¹ Excludes income from inventory properties.

Condensed Consolidated Statement of Financial Position

SEK million	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
ASSETS				
Investment properties	6	335,082	344,856	315,843
Intangible assets	7	18,760	19,693	16,578
Machinery and equipment		403	314	87
Quoted equity investments		–	–	8,482
Investments in associated companies and joint ventures	8	9,113	9,698	787
Derivative financial instrument	10,11	699	836	546
Deferred tax assets		919	982	–
Other non-current financial assets		3,484	3,703	2,943
Total non-current assets		368,458	380,082	345,266
Inventory properties	9	475	573	864
Rent and trade receivables		410	359	119
Other current financial assets	11	1,173	4,867	1,614
Derivative financial instrument	10,11	335	645	335
Prepayments		1,501	1,416	927
Cash and cash equivalents		8,344	9,385	16,321
Total current assets		12,238	17,245	20,180
Total assets		380,697	397,327	365,446

SEK million	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
EQUITY AND LIABILITIES				
Equity	12	164,393	180,854	174,483
Interest-bearing liabilities	10	170,920	171,119	150,402
Lease liabilities	10	1,330	1,331	1,393
Derivative financial instruments	10,11	66	51	255
Deferred tax liabilities		21,856	22,941	24,303
Other non-current financial liabilities		1,571	2,700	941
Total non-current liabilities		195,743	198,142	177,294
Interest-bearing liabilities	10	13,897	11,572	6,352
Lease liabilities	10	113	84	17
Trade payables		815	833	475
Other current liabilities		2,703	3,008	4,552
Derivative financial instruments	10,11	60	75	1
Accrued expenses		2,973	2,758	2,271
Total current liabilities		20,561	18,330	13,668
Total equity and liabilities		380,697	397,327	365,446

Condensed 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 2022	72	97,625	33,666	-2,060	30,969	160,273	65	160,338
Profit for the period	–	–	443	–	7,504	7,947	63	8,010
Other comprehensive income	–	–	–	1,917	–	1,917	–	1,917
Total comprehensive income	–	–	443	1,917	7,504	9,864	63	9,927
New share issue	15	23,341	–	–	–	23,356	–	23,356
Costs of issuance	–	-36	–	–	–	-36	–	-36
Dividends	–	–	-443	–	-26,585	-27,028	–	-27,028
Transactions with non-controlling interests	–	–	–	–	-209	-209	8,134	7,926
Total transactions with the Company's shareholders	15	23,305	-443	–	-26,794	-3,916	8,134	4,219
Equity, 31 March 2022	87	120,931	33,666	-142	11,680	166,222	8,262	174,483
Profit for the period	–	–	517	–	-13,569	-13,051	-279	-13,331
Other comprehensive income	–	–	–	11,785	–	11,785	–	11,785
Total comprehensive income	–	–	517	11,785	-13,569	-1,266	-279	-1,545
New share issue	6	7,629	–	–	–	7,635	–	7,635
Buy-back of hybrid bonds	–	–	-9,336	–	1,692	-7,644	–	-7,644
Dividends	–	–	-517	–	–	-517	–	-517
Transactions with non-controlling interests	–	–	–	–	-465	-465	8,907	8,443
Total transactions with the Company's shareholders	6	7,629	-9,853	–	1,227	-991	8,907	7,917
Equity, 31 December 2022	93	128,560	24,330	11,643	-662	163,964	16,891	180,854
Opening balance, 1 January 2023	93	128,559	24,330	11,643	-662	163,964	16,891	180,854
Profit for the period	–	–	491	–	-13,218	-12,728	-546	-13,274
Other comprehensive income	–	–	–	751	–	751	31	783
Total comprehensive income	–	–	491	751	-13,218	-11,977	-515	-12,491
New share issue	3	3,334	–	–	–	3,337	–	3,337
Cost of issuance	–	-3	–	–	–	-3	–	-3
Buyback of hybrid bonds	–	–	-82	–	10	-72	–	-72
Dividends	–	–	-491	–	-6,742	-7,232	–	-7,232
Total transactions with the Company's shareholders	3	3,331	-572	–	-6,732	-3,970	–	-3,970
Equity, 31 March 2023	97	131,890	24,249	12,394	-20,612	148,017	16,376	164,393

Condensed Consolidated Statement of Cash Flows

SEK million	Note	Q1 2023	Q1 2022
Operating activities			
Profit/loss before income tax		-14,157	10,613
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Fair value adjustment on investment properties	6	13,521	-9,244
Fair value adjustment of derivative financial instruments		448	-421
Finance expenses – net		960	445
Other adjustments		1,259	287
<i>Working capital changes</i>			
Increase/decrease(+) in rent and other receivables		-163	-458
Increase/decrease(-) in trade and other payables		18	-352
Cash generated from operations		1,887	890
Interest paid		-968	-224
Interest received		29	7
Paid income tax		-612	-233
Net cash flows from operating activities		335	440

SEK million	Note	Q1 2023	Q1 2022
Investing activities			
Purchase of investment properties		-1,169	-161
Capital expenditure on completed investment properties		-2,009	-2,245
Disposals of investment properties		1,487	10
Deposits for signed acquisitions		298	-112
Purchases of machinery and equipment		-22	-13
Investments in associated companies and joint ventures		264	-50
Purchase of quoted equity investments		–	-2,360
Other cash flows from investing activities		31	–
Net cash flows from investing activities		-1,122	-4,931
Financing activities			
Proceeds from interest-bearing liabilities	10	12,919	21,336
Repayment of interest-bearing liabilities	10	-11,670	-24,733
Dividends paid	12	-4,325	-3,229
Proceeds from non-controlling interests		3,550	7,926
Proceeds from share issuances	12	920	–
Buyback of hybrid bonds	12	-58	–
Repayments on hybrid bonds		-491	-443
Settlement of derivative financial instruments		–	230
Other cash flows from financing activities		-1,093	-67
Net cash flows from financing activities		-247	1,020
Net change in cash and cash equivalents		-1,033	-3,470
Cash and cash equivalents at the beginning of the period		9,385	19,508
Net currency exchange effect in cash and cash equivalents		-8	283
Cash and cash equivalents at the end of the period		8,344	16,321

Notes to the Condensed Consolidated 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 2022 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.

Associated companies and joint ventures

The Condensed Consolidated Statement of Comprehensive Income has been revised to provide the user of our consolidated financial statements with more relevant information, including relevant and comparable subtotals. Share of net profits/losses of associated companies and joint ventures are now excluded in the operating profit. The revised presentation did not have any impact on any financial statement line item, the group's profit for the year, the financial position or equity.

2. Related Parties

In addition to board fees, transactions with Heimstaden AB and its subsidiaries amounted to SEK 209 million (196) for management services received as of Q1 2023.

Heimstaden Bostad AB received an investment guarantee from Fredensborg AS in 2022, recognised in other current assets. The investment guarantee increased with SEK 20 million to SEK 695 million during Q1 2023, see note 9 for more information.

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 6 for fair value of investment properties per segment.

Q1 2023

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Finland	United Kingdom	Poland	Eliminations	Group in total
Statement of Comprehensive Income											
Rental income ¹	1,079	645	859	338	414	195	65	6	9	0	3,610
Service charges paid by tenants	20	236	1	–	242	13	3	0	1	0	516
Total income	1,100	881	860	338	656	207	68	6	10	0	4,126
Utilities	-260	-149	-36	–	-237	-21	-16	0	-1	1	-718
Repair and maintenance	-53	-41	-48	-30	-40	-8	-5	0	0	32	-194
Property tax	-26	-26	-48	-15	-2	-1	-2	0	-1	–	-122
Other	-48	-43	-36	-15	-25	-12	-4	-2	-1	2	-184
Property management	-171	-118	-124	-30	-51	-15	-13	-5	-4	-35	-566
Total property expenses	-558	-378	-293	-91	-355	-57	-39	-7	-6	0	-1,784
Net operating income	541	503	568	247	301	150	28	0	4	0	2,342
Net operating income margin, %	50.1	77.9	66.1	73.2	72.6	77.3	43.9	–	43.5	–	64.9

Q1 2022

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Finland	United Kingdom	Poland	Eliminations	Group in total
Statement of Comprehensive Income											
Rental income ¹	1,021	493	728	299	320	182	25	2	0	-55	3,014
Service charges paid by tenants	10	143	0	–	172	5	2	0	0	-5	326
Total income	1,031	635	729	299	491	186	26	2	0	-60	3,340
Utilities	-234	-81	-23	–	-169	-21	-5	0	0	22	-510
Repair and maintenance	-103	-35	-30	-32	-34	-25	-2	0	0	53	-210
Property tax	-23	-15	-36	-33	-2	-4	0	0	0	4	-109
Other	-40	-48	-28	-18	-16	1	-4	0	-1	-9	-163
Property management	-174	-100	-110	-36	-46	-32	-6	-1	-1	-10	-518
Total property expenses	-575	-278	-227	-119	-267	-83	-18	-1	-2	60	-1,510
Net operating income	457	357	502	180	224	104	8	0	-2	0	1,829
Net operating income margin, %	44.7	72.4	68.9	60.1	70.1	57.1	33.7	–	–	–	60.7

¹ The eliminations of the consolidated financials mainly consist of reclassifications due to internal services provided within countries.
The rental income from the portfolio in Sweden reflects all-inclusive rents, meaning that majority of property expenses is not recoverable towards the tenants.

4. Rental Income

Rental income distributed by property category

SEK million	Q1 2023	Q1 2022
Residential	3,314	2,784
Commercial premises	246	191
Garage and parking spaces	50	39
Total rental income	3,610	3,014

Service charges paid by tenants distributed by property category

SEK million	Q1 2023	Q1 2022
Residential	492	315
Commercial premises	23	11
Total service charges paid by tenants	516	326

5. Other Operating Expenses

During 2023, SEK 32 million (32) was expensed as donations to SOS Children's Villages. See [page 19](#) in the 2022 Annual Report for more information regarding the partnership A Home for a Home.

6. Investment Properties

Total properties value per segment

The total properties value, measured at fair value, as of 31 March 2023 was SEK 335,082 million (344,856). The fair value decreased by SEK 13,521 million (decrease 5,121) during the quarter. In percentage, the decrease in value was 3.9 (1.5) of the total properties value before changes in value. The decrease in fair value in Q1 2023 was primarily driven by sentiment-based yield increases (in some cases supported by a limited number of individual comparable transactions) outweighing the positive effects of rent increases and outlook in Heimstaden Bostad's larger markets (Sweden, Germany, Denmark, Netherlands, and Finland). In addition, in Netherlands, an increase in RETT combined with negative owner-occupier house price outlook further reduced values. These negative movements were mitigated to a small extent by value increases in Czech Republic, Poland, and United Kingdom as rental increases and outlook outweighed sentiment-based yield increases, and Norway benefitted from strong owner-occupier HPI increases. 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 December 2022	96,851	92,820	73,640	30,048	23,443	20,338	3,837	2,854	1,026	344,856
Acquisitions during the period	24	–	1,652	–	–	–	–	–	127	1,803
Disposals	-33	–	–	-15	–	-1,357	–	–	–	-1,405
Land leases	15	–	–	–	–	-78	19	–	–	-44
Capital expenditure on investment properties	365	202	80	230	135	21	17	–	–	1,050
Capital expenditure on investment properties under construction	393	–	138	–	–	25	–	334	50	939
Currency translation	–	966	406	312	918	-1,303	37	56	12	1,404
Fair value after transactions	97,615	93,987	75,915	30,574	24,496	17,647	3,910	3,244	1,215	348,603
Value change ¹	-3,161	-6,189	-3,101	-2,398	386	717	-106	325	6	-13,521
Fair value of investment properties, 31 March 2023	94,454	87,798	72,814	28,176	24,883	18,363	3,804	3,569	1,221	335,082

Breakdown by category

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	Finland	United Kingdom	Poland	Total
Investment properties	89,628	87,798	71,456	28,176	24,667	17,775	3,448	770	783	324,502
Investment properties under construction	4,338	–	1,230	–	–	–	–	2,800	438	8,806
Land and building rights	246	–	127	–	215	–	–	–	–	589
Land leases reclassified from RoU assets	241	–	–	–	–	588	356	–	–	1,185
Total	94,454	87,798	72,814	28,176	24,883	18,363	3,804	3,569	1,221	335,082

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

7. Intangible Assets

At the end of the first quarter in 2023 the carrying amount of goodwill is SEK 18,597 million, of which SEK 15,738 million is goodwill identified in the acquisition of Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS and Akelius GmbH, and the remaining part, SEK 2,859 million, is goodwill identified in connection with the acquisition of country management organisations from Heimstaden AB.

Goodwill identified in a business combination is allocated to the Group's cash generating units (CGUs) and tested for impairment. In the quarter an impairment of SEK 1,058 million was recognised through profit and loss. The impairment is related to goodwill originally identified in connection with the business combination from the acquisition of Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS and Akelius GmbH.

For more information of assumptions regarding the methodology for calculating recoverable amount and WACC, see Note 3.2 in Annual Report 2022.

8. Investments in Associated companies and Joint Ventures

Q1 2023							Heimstaden Bostad's holding of profit/loss Q1 2023
SEK million	Share in %	Rental income	Property costs	Finacial items, net	Unrealised value change	Profit/loss Q1 2023	
Kojamo Oyj	20	1,209	-532	-370	-3,070	-2,178	-436
Rosengård Fastighets AB	25	40	-26	-4	-42	-26	-6
Upplands Bro Brogårds Etapp 2 AB	50	4	-2	-14	-1	-13	-6
Kiinteistö Oy Hiihtomäentie 14	53	2	-2	0	2	2	2
Other	20-50	8	-8	-1	1	0	0
Total		1,263	-569	-389	-3,110	-2,215	-447

Heimstaden has due to the decreased share price of Kojamo Oyj during Q1 2023, performed an impairment test for its holding in the Company. To identify the recoverable amount, the management calculated the “value in use” by discounting the estimated future cash flows of the investment. The economic benefits derived from the combined asset base is higher than the associated company's carrying amount. This means that no impairment is necessary.

Q1 2022							Heimstaden Bostad's holding of profit/loss Q1 2022
SEK million	Share in %	Rental income	Property costs	Finacial items, net	Unrealised value change	Profit/loss Q1 2022	
Rosengård Fastighets AB	25	39	-25	-3	–	8	2
Upplands Bro Brogårds Etapp 2 AB	50	–	-1	-9	-4	-13	-6
Kiinteistö Oy Hiihtomäentie 14	53	2	-2	0	6	5	3
Other	20-50	14	-10	-3	62	56	28
Total		54	-38	-14	65	57	26

9. Inventory Properties

SEK million	31 March 2023	31 December 2022
Opening balance	573	846
Capital expenditures	20	15
Currency translation	-37	27
Disposals of inventory properties	-82	–
Value change ¹	–	-315
Closing balance	475	573

¹ Change in value and gains/losses from sale of of inventory properties in the income statement, SEK 20 million, also includes return on investment guarantee from Fredensborg of SEK 20 million (0).

In 2018, Fredensborg AS sold the Norwegian housing portfolio to Heimstaden Bostad. As part of the commercial agreement between the parties, Fredensborg AS guaranteed that the development projects would provide an annual equity return of at least 7.5% until April 2025. The guarantee is settled in cash on an ongoing basis for completed projects that do not generate a return above the minimum level, and the total guarantee responsibility must be settled in cash at the end of the guarantee period, with potential subsequent settlement for projects that have been started but not completed at this time.

The investment guarantee is not reflected in the table above. The balance as per 31 March 2023 is recognised as other current assets.

10. Financial Assets and Liabilities

Heimstaden Bostad is exposed to a number of risk factors. Further description is included on pages 37–38 in the 2022 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 for commodities, electricity, and fuel, which has again led to record high inflation in the countries Heimstaden Bostad operates in. Heimstaden Bostad has no presence in the Ukraine but may be affected with higher costs in our operational countries as a consequence of the geopolitical climate. 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. This may cause Heimstaden Bostad’s funding costs to increase through higher base rates and potentially higher margins. It has also impacted the liquidity and availability of public debt market funding and Heimstaden Bostad is increasing its focus on secured lending in response.

During Q1, 2023, Heimstaden Bostad bought back SEK 10,346 million of outstanding senior unsecured bonds, obtaining an average discount of 7.8% and resulted in a SEK 805 million gain, net of SEK 175 million in tax, recognised in other financial items.

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 24,249 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	82,696	0	45	
Mortgages	39,607	100	21	
Bank loans	63,128	98	34	17,570
Total	185,431	55	100	17,570
Deferred charges	-614			
Total	184,817			

Movements of interest bearing liabilities

SEK million	Corporate bonds	Mortgages/ bank loans	Deferred charges	Lease liabilities	Total
Opening balance, 1 January 2023	91,779	91,471	-559	1,416	184,107
Loan repayments	-10,394	-2,081	–	-53	-12,528
New borrowings	719	12,200	–	80	12,999
Assumed debt in connection with acquisitions	–	591	–	–	591
Currency exchange effect on loans	592	552	–	1	1,145
Capitalisation of debt issuance cost, net of amortisation	–	–	-55	–	-55
Closing balance, 31 March 2023	82,696	102,735	-614	1,443	186,260

31 March 2023

Years	Interest maturity, loans			Interest maturity, incl. financial instruments		
	SEK million	Share, %	Interest, incl. margin, %	SEK million	Share, %	Interest, incl. margin, %
0-1	13,161	7	3.89	68,092	37	3.61
1-2	21,415	12	0.41	26,960	15	0.16
2-3	21,463	12	1.50	19,799	11	1.48
3-4	37,559	20	1.67	11,207	6	1.67
4-5	8,350	5	2.75	7,502	4	2.82
>5 years after balance sheet date	83,482	45	1.55	51,870	28	1.75
Total	185,431	100	2.61	185,431	100	2.21

Average remaining term of fixed interest in the loan portfolio, including derivatives: 3.07 years

Years	Loan tenor		Lines of credit	
	SEK million	Share, %	SEK million	Share, %
0-1	13,161	7	–	–
1-2	21,415	12	6,966	40
2-3	21,463	12	10,326	59
3-4	37,559	20	–	–
4-5	8,350	5	278	2
>5 years after balance sheet date	83,482	45	–	–
Total	185,431	100	17,570	100

Average loan tenor: 8.41 years

Financial instruments

Years	Type	Maturity, interest rate derivatives		
		SEK million	Share, %	Interest, % ¹
0-1	Paying	23,077	51	-1.52
1-2	Paying	10,962	24	-0.22
2-3	Paying	401	1	0.24
3-4	Paying	99	0	1.53
4-5	Paying	3,005	7	2.93
>5 years after balance sheet date	Paying	7,765	17	2.88
Total		45,310	100	-0.81

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

11. Fair Value Measurements of Financial Instruments

SEK million	31 March 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Derivative financial instruments	1,034	1,034	1,481	1,481
Other non-current financial assets	3,484	3,484	3,703	3,703
Trade receivables	410	410	359	359
Other financial receivables	1,173	1,173	4,867	4,867
Cash and cash equivalents	8,344	8,344	9,385	9,385
Total	14,445	14,445	19,796	19,796
Financial liabilities:				
Derivate financial instruments	126	126	127	127
Long-term interest-bearing liabilities	170,920	155,217	171,119	155,011
Other non-current financial liabilities	1,571	1,571	2,700	2,700
Current interest-bearing liabilities	13,897	13,897	11,572	11,572
Lease liabilities	1,443	1,443	1,416	1,416
Trade payables	815	815	833	833
Other liabilities	2,703	2,703	3,008	3,008
Total	191,474	175,771	190,773	174,665

Fair value hierarchy of the Group's financial assets and financial liabilities as of 31 March 2023:

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:	1,034	–	859	175
Derivative financial assets				
Interest rate swaps	859	–	859	–
Forward purchase contracts	175	–	–	175
Financial liabilities measured at fair value:	-126	–	-126	–
Derivative financial liabilities				
Interest rate swaps	-126	–	-126	–

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. 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 three months ended 31 March 2023.

12. Equity

Other capital contributions

In Q1 2023, SEK 3,337 million has been raised from new equity offerings, whereof SEK 2,803 million as a result of raising equity from existing shareholders. SEK 2,418 million of dividends were set-off against the subscribed price in the share issue.

Hybrid Bonds

In Q1 2023, Heimstaden Bostad bought back hybrid bonds. The hybrid bond buyback included SEK 82 million in outstanding hybrid bonds, obtaining an average discount of 34.6% and resulted in a SEK 25 million gain, net of SEK 6 million in tax, recognised in retained earnings.

Non-controlling interests

Non-controlling interests consist of external ownership interests in subsidiaries and their subsidiaries. Non-controlling interests refers primarily to Allianz Real Estate's investments in Heimstaden Bostad. In 2022, Allianz Real Estate invested in Heimstaden Bostad's portfolio in Sweden and its properties purchased from Akelius in 2021. The partnership was expanded at the end of 2022 by forming a new joint partnership comprising Allianz's German residential real estate portfolio.

Specification of Other Comprehensive Income

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

Basis 1 local currency to 1 SEK		Closing rate		Average rate	
Country	Currency code	31 Mar 2023	31 Dec 2022	Q1 2023	Q1 2022
Czech Republic	CZK	0.4796	0.4617	0.4713	0.4254
Denmark	DKK	1.5103	1.5020	1.5054	1.4081
Netherlands, Germany & Finland	EUR	11.2801	11.1592	11.2053	10.4772
Norway	NOK	0.9916	1.0629	1.0203	1.0548
Poland	PLN	2.4058	2.3818	2.3801	2.2707
United Kingdom	GBP	12.8302	12.6154	12.6908	12.5264

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

SEK million		Q1 2023	Q1 2022
Country	Currency code		
Czech Republic	CZK	875	404
Denmark	DKK	206	240
Netherlands, Germany & Finland	EUR	1,018	544
Norway	NOK	-1,438	737
Poland	PLN	37	-6
United Kingdom	GBP	54	-2
Non-controlling interests	EUR	31	–
Total		783	1,917

13. Commitments and Contingencies

Investment obligations and capital expenditures

Heimstaden Bostad has signed agreements to buy turnkey investment properties under construction after the balance sheet date. As at 31 March 2023, Heimstaden Bostad had total investment obligations of SEK 4,447 million. Additionally, 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 3,072 million.

SEK million	2023	2024	2025	2026	2027	2028	2029	Total
Forward purchase	816	2,119	294	1,218	–	–	–	4,447
Forward funding	1,800	748	319	45	–	–	–	2,912
Own development	155	6	–	–	–	–	–	161
Total	2,771	2,873	612	1,263	–	–	–	7,519

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.

14. Subsequent Events

Subsequent events are viewed as new information on the Company's Balance Sheet that becomes known after the reporting period. In evaluating such, the Group distinguishes between adjusting and non-adjusting events after the reporting period. Adjusting events refer to those that provide evidence of conditions that existed at the end of the reporting period, whereas non-adjusting events refer to those that are indicative of conditions that arose after the reporting period. Events after the reporting period that do not affect the company's Balance Sheet at the end of the reporting period, but which will affect the Company's Balance Sheet in the future, are disclosed if significant.

Adjusting subsequent events:

No adjusting events have occurred after the Balance Sheet date.

Non-adjusting subsequent events:

No non-adjusting events have occurred after the Balance Sheet date.

Parent Company Income Statement

SEK million	Q1 2023	Q1 2022
Management service revenues	103	–
Other operating expenses	-9	-11
Administrative expenses	-234	-252
Operating profit/loss	-139	-263
Dividends from associated companies and joint ventures	215	–
Interest income	557	446
Interest expenses	-527	-282
Net currency translation gains/losses	-973	-269
Fair value adjustment of derivative financial instruments	1	45
Other financial items	-40	-24
Profit/loss after financial items	-906	-346
Income tax expense	158	–
Profit/loss for the period	-748	-346

Parent Company Statement of Comprehensive Income

SEK million	Q1 2023	Q1 2022
Profit/loss for the period according to the Income Statement	-748	-346
Other comprehensive income/loss	–	–
Comprehensive income/loss	-748	-346

Parent Company Statement of Financial Position

SEK million	31 Mar 2023	31 Dec 2022
ASSETS		
Shares in subsidiaries	55,643	55,643
Investments in associated companies and joint ventures	9,544	9,544
Equity securities	5,236	511
Deferred tax assets	713	555
Non-current receivables, subsidiaries	92,572	97,472
Total non-current assets	163,709	163,725
Current receivables, subsidiaries	47,848	48,374
Other financial assets	672	4,016
Cash and cash equivalents	3,812	4,735
Total current assets	52,332	57,125
Total assets	216,041	220,850

SEK million	31 Mar 2023	31 Dec 2022
EQUITY AND LIABILITIES		
Equity	114,678	119,397
Interest-bearing liabilities	22,517	18,775
Derivative financial instruments	126	127
Deferred tax liability	531	518
Non-current liabilities, subsidiaries	73,562	72,158
Total non-current liabilities	96,736	91,577
Interest-bearing liabilities	4,248	9,600
Trade and other payables	46	2
Accrued expenses and prepaid income	333	275
Total current liabilities	4,627	9,877
Total equity and liabilities	216,041	220,850

Parent Company Statement of Changes in Equity

SEK million	Share capital	Share premium reserve	Hybrid bonds	Retained earnings	Total equity
Opening balance, 1 January 2022	72	95,176	33,652	-4,626	124,274
Profit/loss for the period	–	–	960	-1,604	-644
Total profit/loss	–	–	960	-1 604	-644
New share issue	22	30,970	–	–	30,991
Costs of issuance	–	-36	–	–	-36
Buyback of hybrid bonds	–	–	-9,336	1,692	-7,644
Dividends	–	–	-960	-26,585	-27,545
Total transactions with the Company's shareholders	22	30,934	-10,296	-24,893	-4,233
Equity, 31 December 2022	93	126,110	24,316	-31,122	119,397
Opening balance, 1 January 2023	93	126,110	24,316	-31,122	119,397
Profit/loss for the period	–	–	491	-1,239	-748
Total profit/loss	–	–	491	-1,239	-748
New share issue	3	3,334	–	–	3,337
Cost of issuance	–	-3	–	–	-3
Buyback of hybrid bonds	–	–	-82	10	-72
Dividends	–	–	-491	-6,742	-7,232
Total transactions with the Company's shareholders	3	3,331	-572	-6,732	-3,970
Equity, 31 March 2023	97	129,440	24,234	-39,093	114,678

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, 26 April 2023

Helge Krogsbøl CEO	Casper von Koskull Chairman of the Board	Ivar Tollefsen Board Member	Fredrik Reinfeldt 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 31 March 2023. 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, 26 April 2023
Ernst & Young AB

Jonas Svensson
Authorised Public Accountant

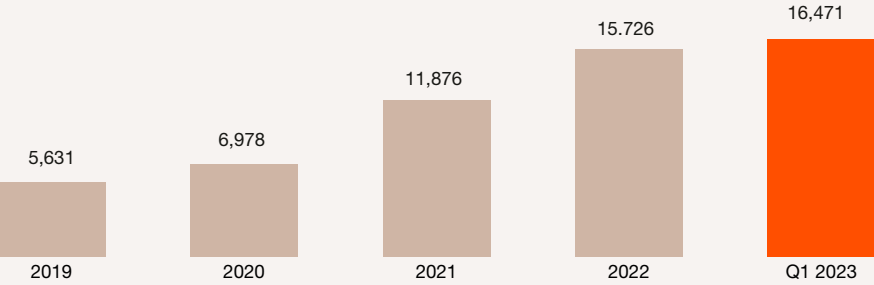
Earnings Capacity

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 31 March 2023. 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	Q1 2023
Rental income	14,576
Service charges paid by tenants	1,896
Property expenses	-6,704
Net operating income	9,767
Corporate administrative expenses	-866
Profit before financial items	8,901
Financial costs - interest-bearing liabilities	-4,213
Profit	4,688
Net operating income margin, %	67.0
Interest coverage ratio	2.1

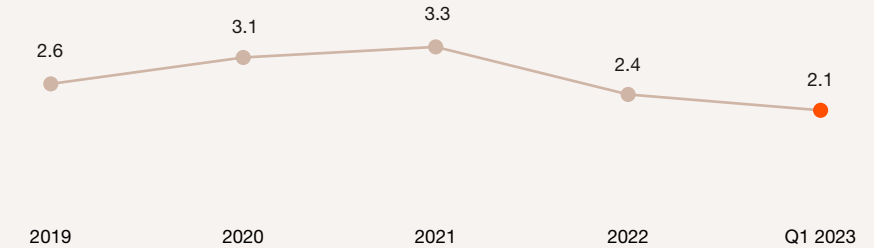
Earnings Capacity Rental Income

SEK million



Earnings Capacity ICR

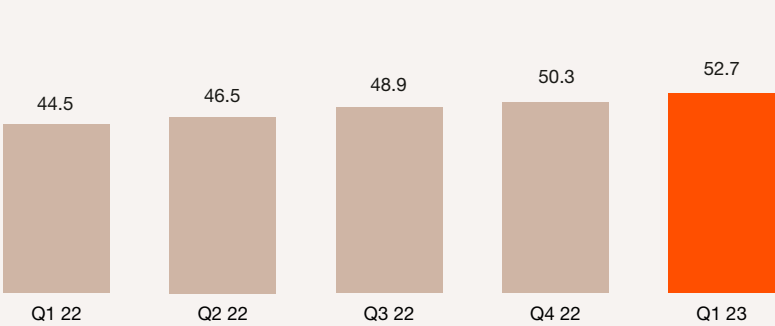
multiple



Alternative Performance Measures

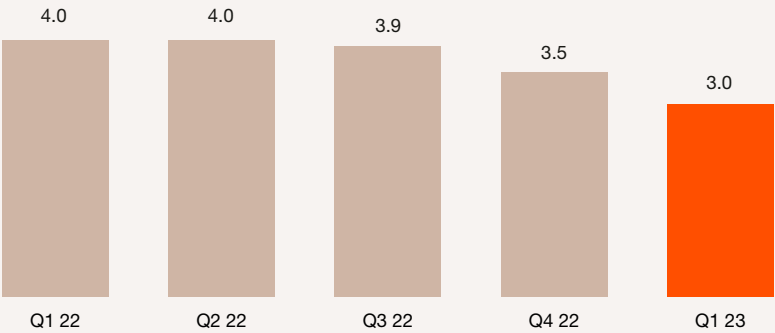
For more information, definitions, and methodology please refer to www.heimstadenbostad.com

Net loan-to-Value
%



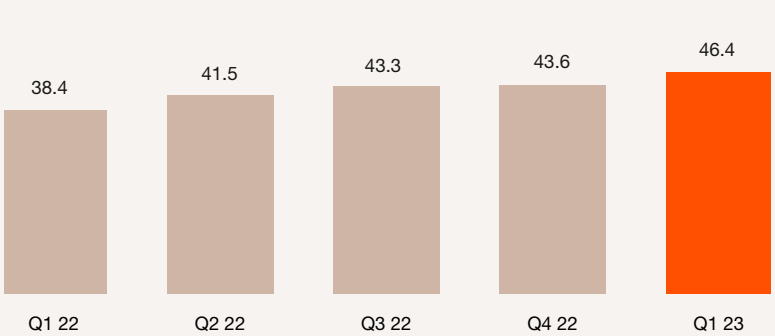
SEK million	Q1 2023	Q4 2022	Q1 2022
Interest-bearing secured liabilities	101,435	89,612	65,457
Interest-bearing unsecured liabilities	83,382	93,079	91,298
Cash and cash equivalents	8,344	9,385	16,321
Net interest-bearing liabilities	176,473	173,306	140,434
Fair value of investment properties	335,082	344,856	315,843
Net LTV, %	52.7	50.3	44.5

Interest Coverage Ratio (ICR)
multiple



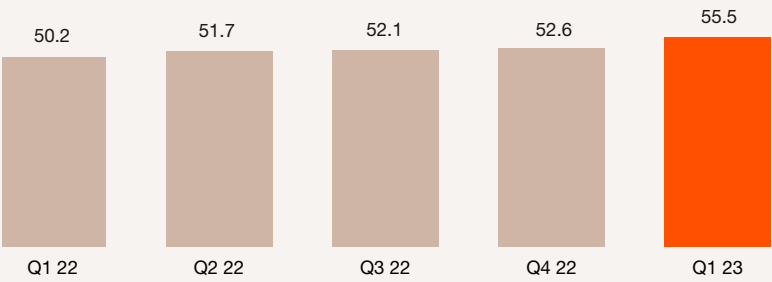
SEK million Rolling 12 months	Q1 2023	Q4 2022	Q1 2022
Profit before financial items	7,970	7,901	3,466
Transaction costs from business combination	–	-182	2,054
Adjustment for operating result of associated companies and joint ventures	–	-262	–
Financial income	220	240	175
Profit before financial items plus financial income	8,190	7,697	5,695
Financial costs - interest-bearing liabilities	2,738	2,200	1,424
ICR	3.0	3.5	4.0

Net Debt / Total Assets
%



SEK million	Q1 2023	Q4 2022	Q1 2022
Net interest-bearing liabilities	176,473	173,306	140,434
Total assets	380,697	397,327	365,446
Net Debt / Total Assets, %	46.4	43.6	38.4

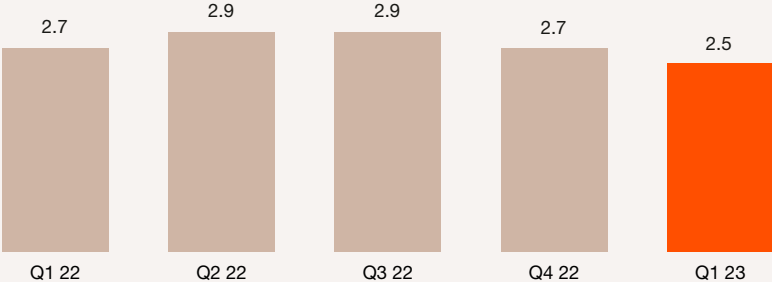
Net debt / Net debt + Equity (S&P method)
multiple



SEK million Rolling 12 months	Q1 2023	Q4 2022	Q1 2022
Equity	164,393	180,854	174,483
50% hybrid	12,124	12,165	16,833
Equity adj.	152,269	168,689	157,650
Total interest-bearing liabilities	184,817	182,691	156,755
Right-of-use-liabilities	1,443	1,416	1,410
Less: Cash and cash equivalents	-8,344	-9,385	-16,321
50% of hybrid equity as debt (S&P adj.)	12,124	12,165	16,833
Net interest-bearing liabilities, Adj. (Net debt)	190,040	186,887	158,677
Net debt + equity	342,309	355,576	316,327
Net debt / (net debt + equity)	55.5	52.6	50.2

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

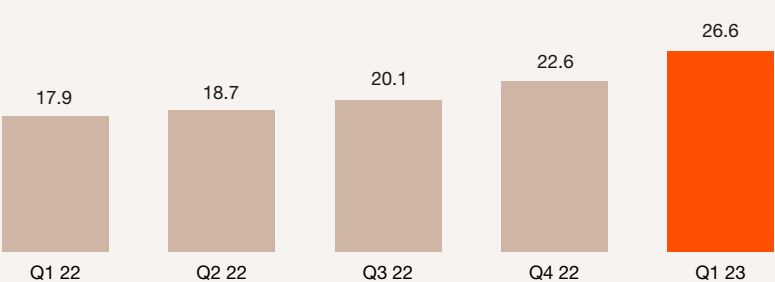
ICR (S&P method)
multiple



SEK million Rolling 12 months	Q1 2023	Q4 2022	Q1 2022
Operating profit before inventory properties and fair value adjustments	7,970	7,901	3,466
Depreciation and amortisation	2	4	1
SOS Partnership	143	143	81
Transaction costs from business combination	–	-182	2,054
Share of net profits of associated companies and joint ventures	–	-410	-358
EBITDA, adj.	8,115	7,456	5,244
Interest expenses on interest-bearing liabilities	2,738	2,200	1,424
Capitalised interest	117	89	55
50% interim-equity hybrid dividend annual (S&P)	447	473	451
Interest expense, adj.	3,302	2,761	1,931
ICR incl. hybrid bonds as 50% debt	2.5	2.7	2.7

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

Secured loan-to-value
%



	Q1 2023	Q4 2022	Q1 2022
Interest-bearing secured liabilities	101,435	89,612	65,457
Total assets	380,697	397,327	365,446
Secured loan-to-value, %	26.6	22.6	17.9

All figures in SEK million unless otherwise specified.

Residential, %	Q1 2023	Q4 2022
Fair value residential properties	301,508	310,684
Fair value investment properties	324,502	334,040
Residential, %	92.9	93.0

Like-for-like rental income growth	Q1 2023 ¹	Q1 2022 ²
Rental income current period	3,311	1,989
Rental income previous period	3,158	1,883
Like-for-like rental income growth, %	4.8	5.6

¹ Only properties owned as of 31 December 2021 included.

² Only properties owned as of 31 December 2020 included.

Net operating income margin	Q1 2023	Q1 2022
Rental income	3,610	3,014
Net operating income	2,342	1,829
Net operating income, %	64.9	60.7

Economic occupancy, residential	Q1 2023	Q1 2022
Theoretical rental income on residential units	3,410	2,862
Economic vacancy	-127	-92
Rental income on residential units	3,283	2,770
Economic occupancy, %	96.3	96.8

Real economic occupancy, residential	Q1 2023	Q1 2022
Theoretical rental income on residential units	3,410	2,862
Adj. for non-market vacancy	-62	-44
Adj. Theoretical rental income	3,347	2,819
Real economic occupancy, %	98.2	98.5

Equity ratio	Q1 2023	Q4 2022
Equity	164,393	180,854
Assets	380,697	397,327
Equity ratio, %	43.2	45.5

Solvency ratio	Q1 2023	Q4 2022
Equity	164,393	180,854
Liabilities	216,304	216,472
Solvency ratio, %	43.2	45.5

Net asset value (NAV)	Q1 2023	Q4 2022
Equity	164,393	180,854
Deferred tax attributable to fair value gain	8,302	9,211
NAV	172,695	190,066

EBITDA	Q1 2023	Q4 2022
Rolling 12 months		
Operating profit before investment properties and fair value adjustments	7,970	7,901
Transaction cost from business combination	–	-182
Amortisation and depreciation	7	4
EBITDA	7,977	7,722

Debt/EBITDA	Q1 2023	Q4 2022
Rolling 12 months		
Interest-bearing liabilities	174,912	167,896
EBITDA adjusted	7,977	7,722
Debt / EBITDA, multiple	21.9	21,7

NAV per ordinary share	Q1 2023	Q4 2022
Equity	164,393	180,854
Less Preference capital A	178	683
Less Preference capital B	95,260	95,012
Less Preference capital C	1	1
Less Hybrid capital & minority	40,786	42,167
Deferred tax attributable to fair value gain	8,302	9,211
Equity excluding preference capital	36,470	52,203
Number of ordinary shares	12,914,568	12,563,147
NAV per ordinary share, SEK	2,824	4,155

Financial calendar

Q2 report	18 August 2023
Q3 report	24 October 2023

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