

Q3 2023

Heimstaden  
BOSTAD



# Highlights

- The European residential markets continue to experience increased supply/demand imbalances putting further upward pressure on rents across our markets. The like-for-like rental growth was 4.2% (5.6%) and real economic occupancy remains high at 98.1% (98.1%) in Q3
- The strong operational performance is driven by both income growth and cost efficiency measures. The NOI margin in Q3 came in at 69.6% (69.0%) and the LTM NOI margin was 66.2% (66.0%)
- Fair value change was -1.5% (-2.1%) and had an impact on profit of SEK -4,9 billion (-7,4). After five quarters of declining portfolio values, valuations are now showing signs of stabilisation across most markets
- The Board of Directors approved to scale up the privatisation plan initiated earlier in 2023. Proceeds will be prioritised for debt service and liability management
- Obtained SEK 13 billion of secured bank financing in the quarter and have in total signed SEK 50 billion in funding the past 18 months
- Fitch affirmed BBB (investment grade rating), with revised outlook to negative watch from negative outlook. The S&P credit rating remains at BBB with a negative outlook

332 billion

Investment Properties, SEK

2.7 billion

Net operating income, SEK

55.1 %

Net loan-to-value

2.1x

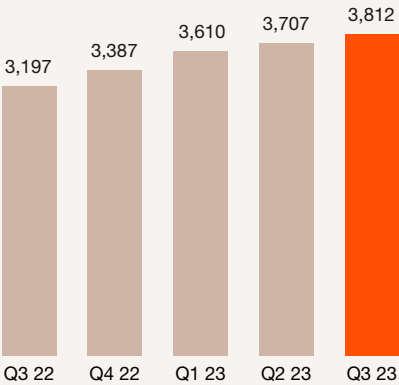
Interest coverage ratio

## Key Figures

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
<b>Financials</b>						
Rental income	SEK m	3,812	3,707	3,197	11,129	9,315
Growth y-o-y	%	19.2	19.4	48.7	19.5	49.8
Net operating income	SEK m	2,654	2,556	2,217	7,553	6,082
Net operating income margin	%	69.6	69.0	69.4	67.9	65.3
Total comprehensive income/loss	SEK m	-5,771	481	-2,176	-17,781	13,112
Capital expenditures	SEK m	1,989	1,900	2,425	5,879	6,929
<b>Portfolio Metrics</b>						
Fair value of investment properties	SEK m	331,754	339,736	336,967	331,754	336,967
Homes	Units	161,532	160,517	154,145	161,532	154,145
Real economic occupancy, residential	%	98.1	98.1	98.4	98.1	98.4
Like-for-like rental income growth	%	4.2	5.6	5.5	4.9	5.5
<b>Credit Metrics</b>						
Net loan-to-value	%	55.1	54.4	48.9	55.1	48.9
Net debt / Net debt + Equity, S&P method	%	57.2	56.6	52.1	57.2	52.1
Net debt / Total assets	%	48.6	47.7	43.3	48.6	43.3
Interest Coverage Ratio (ICR)	Multiple	2.1	2.4	3.9	2.1	3.9
Interest Coverage Ratio, S&P method	Multiple	1.8	2.1	2.9	1.8	2.9

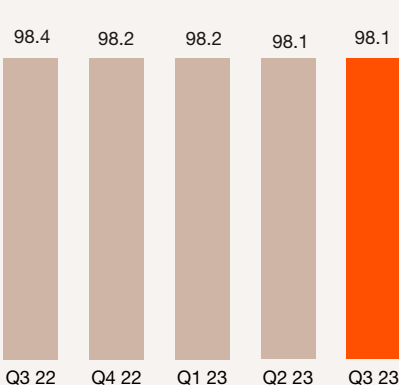
### Rental Income

SEK million



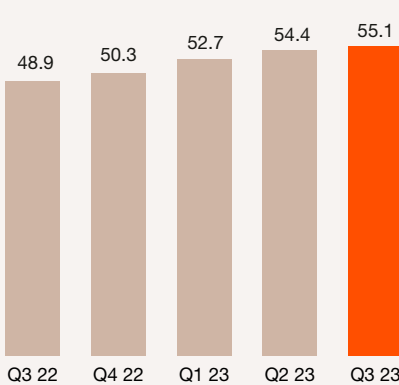
### Real Economic Occupancy

%



### Net LTV

%



# CEO letter

Favourable market fundamentals continue to benefit us. As a leading European residential real estate company with a highly diversified portfolio across nine markets, we consistently achieve strong operational performance. We have organically improved the Net Operating Income margin and we expect we will maintain this trajectory in the years ahead. Property values are stabilising, and we believe inflation and interest rate increases are largely in the past. To further support the Company's financial position, the Board has approved a privatisation plan. This, alongside the signing of significant volumes of bank financing, will prudently manage upcoming maturities and support our investment grade rating.

## Board announcement of the Privatisation Plan

Following last quarter's Board commitment to defending the 'BBB' rating, the Board has approved a Privatisation Plan which includes establishing a new business line, where we target to sell a part of our portfolio to the private home-owner market. The plan will be ramped up over the coming quarters and ultimately is expected to deliver SEK 20 billion by the end of 2025. We see this as an exciting new strategy that will support our deleveraging program while crystallising premiums to book values as a key support to our credit metrics.

We continue to address upcoming maturities with our strong bank partnerships across our portfolio. In the third quarter, we obtained SEK 13 billion in secured bank financing and have in total signed SEK 50 billion in funding the past 18 months. This includes last month's announcement of the EUR 700 million bank financing in the Czech Republic which demonstrates the financial attractiveness of our properties even in the current market environment. We have firm control over maturities until Q3 2025 and are now turning our attention to the rest of the 2025 and 2026 maturities.

## Attention from the media

Lately, certain media articles have incorrectly described Heimstaden Bostad as a company in crisis, suggesting a need for equity injection. Despite the real estate industry's rising yield requirements and resulting pressure on property values following years of robust growth, we do not require additional equity injection to handle upcoming maturities, thanks to our substantial reserves and operational results.

Since 2013, Heimstaden Bostad has on average delivered a 13.5% annual return to its institutional shareholders. In 2023, we maintain strong operational results underscoring the strong fundamentals of the business. While we don't require capital for ongoing operations, we plan to reduce our LTV to support the ICR and uphold a BBB rating. This can include equity injections, divestments, or a combination.

## Continued momentum in reaching our sustainability goals

Our sustainability efforts are made with purpose and passion, and continue to receive external validation on our sustainability reporting, which confirms we are on the right track. This quarter, Morningstar Sustainalytics and Danske Bank's annual ESG report gave Heimstaden Bostad top scores, spotlighting our key achievements, ambitious climate roadmap, and sustainability-linked financing framework.

## Welcoming Christian to his new role

In September, I was especially pleased to welcome Chief Investment Officer Christian Fladeland as Deputy CEO, a natural progression considering his substantial contributions to Heimstaden Bostad's positive development.

Helge Krogsbøl  
CEO Heimstaden Bostad





# Market update

The investment market faces low transaction volumes and uncertain residential value stability. Residential values are linked to yield spreads and inflation-linked income, with real interest rates as a key determinant. Investors and operators must now prove their operational excellence and deep understanding of residential real estate fundamentals. Privatising part of our portfolio will showcase the resilience of our high-quality assets.

## More to residential values than yields

I often hear concerns about how residential yields are too low to be sustainable and that they fall short of covering funding costs. Accordingly, this occasionally prompts questions about the potential impact on property valuations if yields were to increase significantly, creating a positive spread over funding costs. Based on pure math, a 100-200 bps yield expansion would result in 25-50% decline in values overnight.

Interestingly, during the past decade of declining interest rates, there was limited examination of why residential yields didn't decrease to a comparable extent. This period illustrates that residential values are influenced by many factors beyond nominal interest rates. The same obvious explanations remain relevant today, as we observe values declining less than can be explained by the observed yield expansion.

## The difference between nominal and real yields

Over the past decade, lower interest rates and low inflation, coupled with increased global productivity, balanced the impact of lenient monetary policies on inflation. During this period, moderate construction cost increases and low funding costs kept rental growth from soaring. Consequently, rental growth prospects, which contribute to the total return for residential real estate, have shifted along with rising interest rates and inflation. This shift should be factored in when comparing nominal funding costs and the actual returns in residential real estate, as the total return outlook for residential real estate has significantly improved.

## Residential rents have consistently tracked or outperformed inflation

Rental growth in our markets has matched or outperformed inflation over the past decades. While regulations may limit rental increases to match inflation, the real increase in wages is enhancing affordability and enabling unregulated markets to experience surplus growth. Currently, we are witnessing like-for-like rental growth matching core inflation, and we anticipate that the growth will surpass core inflation in the near future, making up for the shortfall observed over the past year.

## Privatisations are accretive to shareholders and support credit metrics

We are initiating a 5–8-year plan to streamline our portfolio through selective market-based privatisation. This will generate profits and optimise capital allocation as we transition units to the home-ownership market when tenants move out.

Based on a detailed analysis, we have identified appr. 25% of our portfolio, or about SEK 85 billion in book value, suitable for privatisation. This assessment considered achievable profits, operational fit, future returns, and existing funding. Consequently, we've selected five of our nine markets for inclusion and expect profits to exceed 20% of book value based on recent sales and market data. Our multi-year plan aims to begin accelerated execution in Q1 2024, targeting sale of SEK 20 billion in book value by the end of 2025.

The Board's directive is clear: prioritise all proceeds for debt servicing and liability management. These sale proceeds and expected profits will support our essential credit metrics, playing a key role in stabilising the ICR as we aim to defend our 'BBB' rating.

## The era of using real estate as a pure fixed income substitute has ended

The heavy focus on spreads between residential yields and nominal rates reflects the financial engineering of real estate in the recent decade. In a zero-interest rate environment, fundamentals took a back seat, but now it's time to remember what truly drives successful real estate investments: inflation protection.

Residential real estate has seen its fundamentals strengthened. As we navigate this transitional period, the primary emphasis is on adjusting for higher interest rates. However, it's hard to imagine that an undersupplied, non-cyclical real asset like residential real estate won't rebound from initial declines in nominal prices in a higher inflationary environment.

Christian Fladeland  
Deputy CEO Heimstaden Bostad

# Sustainability Highlights



## Environmental

We have improved our ESG risk rating with leading voices in European sustainability analysis.

Morningstar Sustainalytics' ESG now rates Heimstaden Bostad as "Negligible Risk" (from "Low Risk" last year), with full scores in 23 out of 50 categories in addition to a "Strong" rating of our ESG risk management – the highest possible score.

Danske Bank's annual ESG report for the real estate sector upgraded our ESG reporting from "Good" to "Excellent," spotlighting our key achievements, ambitious climate roadmap, and sustainability-linked financing framework.



"External validation from research, ratings, and analytics firms affirms our purposeful and passionate sustainability endeavors, confirming we're on the right track"

Katarina Skalare.  
Chief Sustainability Officer



## Social

In response to the Ukraine war, we provided 750 emergency apartments for Ukrainian refugees in the Czech Republic.

As the government adjusted the programme this summer, Heimstaden proactively engaged Ukrainian tenants, holding meetings to explain legislative changes and offer alternative long-term solutions. As a consequence, 73% of the Ukrainian refugees have chosen to continue to lease with us.



"Our Czech team has met the Ukrainian refugees with compassion, understanding, and a solution-oriented mindset. We are pleased to report that 73% of our Ukrainian tenants have transitioned from social contracts to regular lease agreements—a crucial step towards successful refugee integration into local communities"

Anette Konar Rippe  
Group Director Social Sustainability



## Governance

This quarter, the CEO approved the following updated policies:

- Corporate Communications Policy and Manual
- Risk Policy and Manual
- Financial Policy

We have executed training on the new Group Authorisation Matrix and on the Insider Framework, in addition to launching Anti Bribery and Corruption training for all employees through our employee portal Workday.



"Improving and streamlining our policy framework, supports a robust governance structure that creates value throughout the entire organisation"

Kristian Berentsen  
Chief Legal Officer

# 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 2.8% to SEK 3,812 million (3,707), driven primarily by favourable exchange rate developments and increased income from standing assets. Service charges paid by tenants decreased to SEK 389 million (414), mainly due to lower heating consumption.

Like-for-like rental income growth was 4.2% (5.6%). The comparable portfolio made up 88% (90%) of rental income.

Residential real economic occupancy remained stable at 98.1% (98.1%), excluding 2.3% (2.2%) in vacancy due to refurbishments and other non-market related vacancies.

### Operating expenses

Utility expenses decreased to SEK 454 million (490), mainly related to seasonality changing of consumption. Due to different rental regimes between markets, these costs impact net operating income margins differently. See Note 3 for more details.

Repair and maintenance decreased due to lower spend mainly in Germany and amounted to SEK 177 million (194). Costs for facility and property management slightly increased due to costs in Germany and Czech Republic to SEK 657 million (615).

### Capital expenditures and Repair & Maintenance

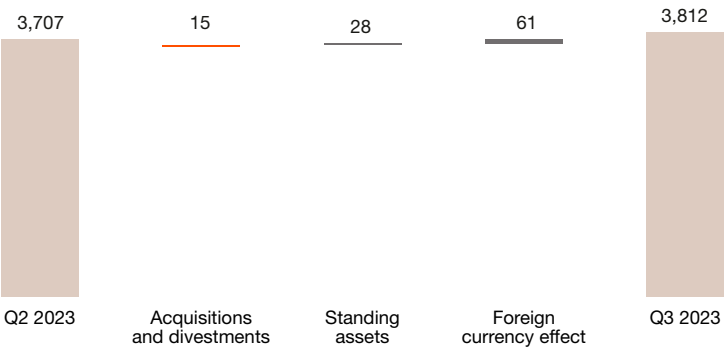
Total expenditure in standing assets was SEK 1,474 million (1,401), corresponding to 0.44% of fair value (0.41%), while investments in properties under construction, excluding forward purchase contracts, amounted to SEK 731 million (733) as the number of homes under construction was reduced from 3,155 to 3,100 at the end of third quarter. For more details, see page 10.

SEK million	Q3 2023	Q2 2023	YTD 2023	YTD 2022
<b>Income statement items</b>				
Expenses for repair & maintenance <sup>1</sup>	217	234	677	706
<b>Balance sheet items</b>				
Capitalised cost on standing assets excluding tenant improvements	812	631	2,022	2,785
Tenant improvements	445	536	1,453	925
Balance sheet expenditure	1,258	1,167	3,475	3,710
<b>Expenditure on standing assets</b>	<b>1,474</b>	<b>1,401</b>	<b>4,151</b>	<b>4,416</b>
Investment properties under construction	731	733	2,404	3,219
<b>Capital expenditures</b>	<b>1,989</b>	<b>1,900</b>	<b>5,879</b>	<b>6,929</b>

<sup>1</sup> Excluding group eliminations, see Note 3.

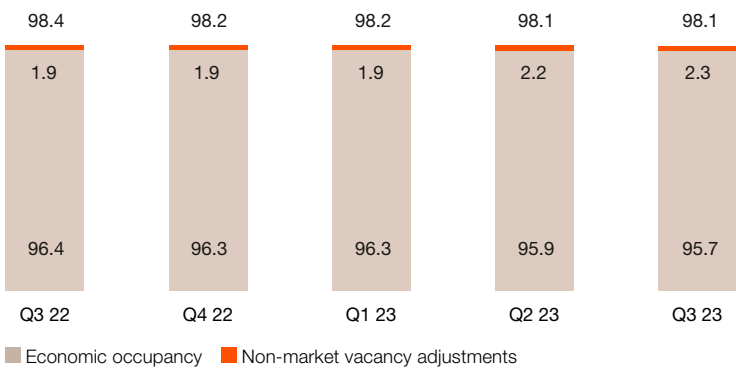
### Rental Income

SEK million



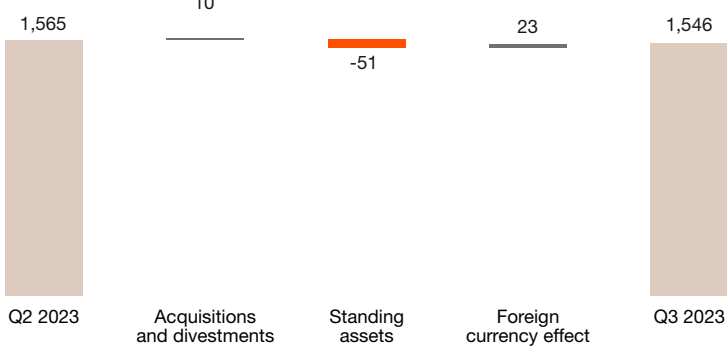
### Real economic occupancy residential

%



### Property Expenses

SEK million



### Net operating income

Net operating income grew by 3.8% to SEK 2,654 million (2,556), resulting in a net operating income margin of 69.6% (69.0%), mainly driven by lower utility costs, delivery of new builds and rent indexation.

### Change in fair value of investment properties<sup>1</sup>

Net loss from fair value adjustments on investment properties was SEK 4,924 million (7,351) corresponding to -1.5% of fair value. The yield requirement in the valuation amounted to an average of 3.49%, up from 3.41% at the end of the previous quarter mainly driven by sentiment-based yield increase.

SEK million	Q3 2023		YTD 2023	
	%	SEK million	%	SEK million
Sweden	-2.5	-2,321	-8.0	-7,920
Germany	-2.5	-2,130	-12.4	-11,975
Denmark	-0.4	-311	-5.1	-3,980
Netherlands	-0.5	-143	-10.8	-3,403
Czech Republic	1.6	400	4.2	1,026
Norway	-2.5	-464	1.4	243
United Kingdom	2.3	97	9.9	385
Finland	-2.7	-106	-6.1	-250
Poland	3.7	54	5.4	77
<b>Total</b>	<b>-1.5</b>	<b>-4,924</b>	<b>-7.2</b>	<b>-25,796</b>

<sup>1</sup> For more information regarding fair value assessments, see Note 7.

### Interest expenses

Interest expenses increased to SEK 1,334 million (1,202), and the average interest rate was 2.8% (2.5%). At the balance sheet date the interest rate hedge ratio was 75.6% (77.2%). The interest coverage ratio for the last 12 months was 2.1x (2.4x).

### Foreign currency

Heimstaden Bostad has holdings and operations in SEK, EUR, DKK, NOK, CZK, PLN and GBP. Exchange differences on translation of foreign operations gave other comprehensive loss of SEK 3,331 million (income 7,246), which was partially offset by SEK 1,308 million in foreign exchange gain (loss 3,296), the latter mainly related to bonds issued in EUR. For more details, see Note 13.

### Cash Flow

SEK million	Q3 2023	Q2 2023	YTD 2023	YTD 2022
Operating activities	534	511	1,380	2,821
Investing activities	-1,190	-2,120	-4,432	-21,347
Financing activities	-814	1,274	212	3,165
Currency effects	16	234	242	526
<b>Change</b>	<b>-1,455</b>	<b>-102</b>	<b>-2,598</b>	<b>-14,835</b>
Period opening balance - Cash and cash equivalents	8,242	8,344	9,385	19,508
<b>Closing balance - Cash and cash equivalents</b>	<b>6,787</b>	<b>8,242</b>	<b>6,787</b>	<b>4,673</b>

Cash generated from operation was SEK 2,342 million (1,494). Interest and taxes paid in period was SEK 1,808 million (983) resulting in a net cash flow from operating activities of SEK 534 million (511). The main difference between operating profit and cash flow from operations is fair value adjustments on investment properties of SEK -4,924 million (-7,351).

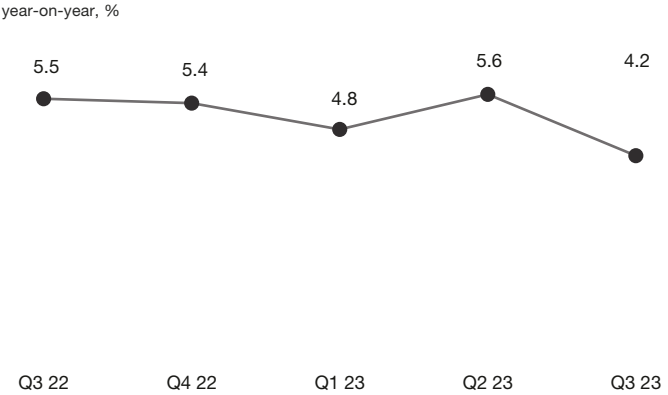
Cash flow from investing activities was SEK -1,190 million (-2,120) and included Capex on investment properties of SEK -2,007 million (-1,918), and net proceeds from divestments of properties of SEK 281 million (35).

Cash flow from financing activities was negative SEK 814 million (positive 1,274), where repayments of loans exceeded proceeds from new financing, with a net effect of SEK -873 million (1,522).

### Earnings per share

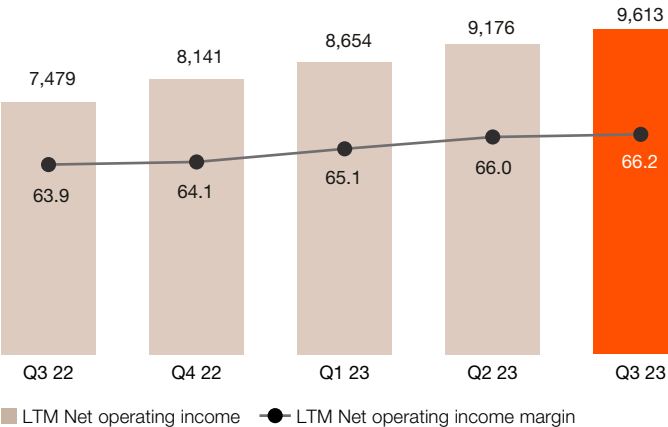
Heimstaden Bostad will no longer report earnings per share (EPS), a financial metric relevant only to companies where the shareholders do not have defined shareholdings across several share classes.

### Like-for-Like Rental Income Growth



### Net Operating Income and Margin

Last twelve months (LTM), SEK million / %



# Investment Properties

## Fair Value Development

Fair value of investment properties decreased to SEK 332 billion, down from SEK 340 billion at 30 June 2023, mainly through an unrealised fair value loss of SEK 4.9 billion, a foreign currency loss of SEK 4.6 billion, and offset by capital expenditures of SEK 2.0 billion. The portfolio includes 161,532 (160,517) homes across nine markets. Residential units made up 92.6% of fair value and 57.0% of residential income comes from regulated units.

The decrease in fair value in Q3 2023 was primarily driven by negative valuation movements in Sweden, Germany and Finland where sentiment-based yield increases (in some cases supported by a limited number of individual comparable transactions) outweighed the positive effects of rental increases. Norway also saw values decrease driven by negative owner-occupier price developments. Denmark and The Netherlands saw values stabilise as rental performance and owner-occupier price developments (and outlook) mitigated the effects of increasing yields. Strong rent roll performance saw increasing values in the Czech Republic, United Kingdom and Poland.

The elevated economic volatility in recent months has increased forward looking uncertainty. Assuming it moderates and based on Heimstaden Bostad’s expected portfolio operational performance and external valuer forward looking sentiment, on a like-for-like basis we expect the aggregate portfolio value to continue to trend towards stabilisation over the next 1-2 quarters (with some variance shown between individual country portfolios).

## Methodology

Heimstaden Bostad’s investment properties are valued externally on a quarterly basis, or with interim indexation applied to the latest annual valuation (Norway residential only). For all external valuations the Group instructs a real estate advisory company with appropriate qualifications, experience, and the capacity to carry out the valuation in accordance with the required standards.

In addition, Heimstaden Bostad uses a dedicated in-house valuation team to ensure quality control of all external valuations and the execution of standardised structures and processes across its markets.

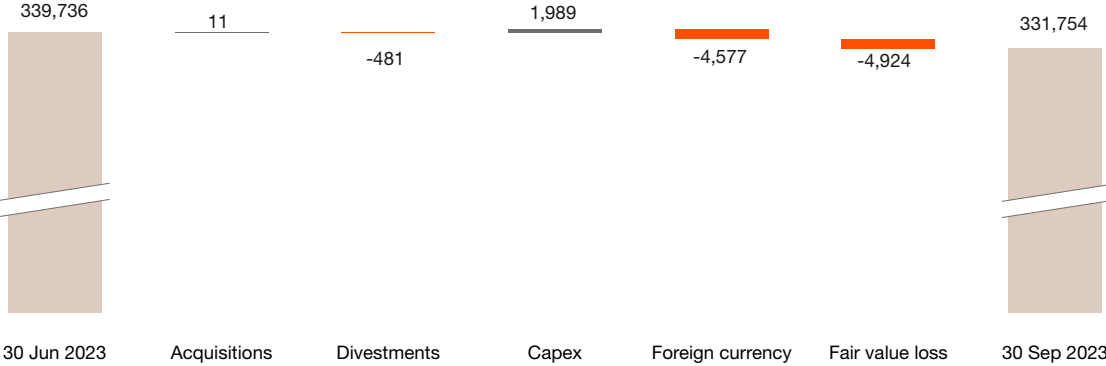
The valuation methodologies the external valuers adopt are based on best market practice in each respective country, typically an explicit income, implicit income, or direct owner-occupier sales comparison approach. In general, valuations are based on a “highest-and-best-use” principle, adopting the highest value given by a re-letting scenario (assuming a re-letting of units at market terms upon tenant churn) and a divestment scenario (assuming a sale of each unit upon tenant churn). For properties under construction, external valuers provide a market value on the special assumption the proposed development works have been completed and occupancy is stabilised, from which Heimstaden Bostad deducts remaining costs to complete and appropriate development risk premia to arrive at a fair value.

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 increasing. These non-recurring projects aim to upgrade, extend or improve the quality and lifetime of an existing asset with little mandatory commitment while maintaining high optionality.

Those segments are built upon four categories. Value preserving segment holds all maintenance Capex while the value increasing segment is comprised of Sustainability Capex, Tenant Improvements, and Value add 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 versus replace.

### Sustainability

Sustainability Capex projects contribute to the Company's

ESG targets and Climate Roadmap by reducing either energy consumption through efficiency measures or CO<sub>2</sub> emissions through fuel shifts. Projects are evaluated from both an emission reduction perspective as well as a financial.

### Tenant improvements

Unit refurbishments are 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 unit-by-unit basis with the core requirement of being accretive to both corporate ICR and asset level business plan.

### Value Add Capex

Value add projects carried out opportunistically within standing assets to increase the value and grow NOI. Projects include extensions adding rentable square meters, attic apartment conversions, infill buildings, and income producing property upgrades. All projects evaluated and approved on case-by-case basis as per group authority matrix.

### Capital Expenditures<sup>1</sup>

SEK million	Q3 2023		YTD 2023		Q3 2022		YTD 2022	
	% <sup>2</sup>	SEK million	% <sup>2</sup>	SEK million	% <sup>2</sup>	SEK million	% <sup>2</sup>	SEK million
Sweden	0.51	473	1.26	1,217	0.53	534	1.77	1,720
Germany	0.17	148	0.59	548	0.37	302	0.77	546
Denmark	0.23	178	0.51	379	0.15	108	0.51	340
Netherlands	0.65	188	2.15	647	0.64	198	1.94	530
Czech Republic	0.80	210	2.28	534	0.95	201	2.48	445
Norway	0.06	11	0.20	41	0.15	32	0.55	105
United Kingdom	0.03	1	0.05	1	–	–	–	–
Finland	1.21	48	2.79	107	0.28	10	2.40	24
<b>Total</b>	<b>0.37</b>	<b>1,258</b>	<b>1.01</b>	<b>3,475</b>	<b>0.41</b>	<b>1,385</b>	<b>1.24</b>	<b>3,710</b>

<sup>1</sup> Capital expenditure on standing assets  
<sup>2</sup> Capital expenditure on standing assets in relation to investment properties  
HEIMSTADEN BOSTAD THIRD QUARTER 2023

# Signed Acquisitions

Heimstaden Bostad expands and improves its portfolio through acquisitions of standing assets and newbuilds. No new signed acquisitions have been made during the quarter.

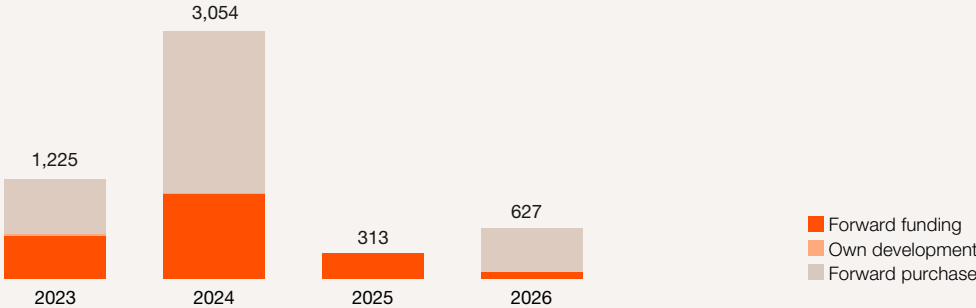
Newbuild investments are structured either as forward purchase or forward funding. In a forward purchase transaction, Heimstaden Bostad commits to buying new turnkey investment properties, which are not recognised on the balance sheet until delivery. In a forward funding transaction, Heimstaden Bostad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

In Q3 2023, Heimstaden Bostad reached agreements with developers on two turn-key projects whereby the developers have bought themselves out of their turnkey obligations via payment to Heimstaden Bostad. As a result of the agreement, Heimstaden Bostad also reduces future commitments by SEK 1,222 million.

Heimstaden Bostad has forward funding contracts with a total capital expenditure commitment of SEK 2.0 billion. The total pipeline of signed acquisitions, including standing assets and newbuilds, amounts to SEK 3.2 billion. For more details, see Note 14.

### Remaining Commitments

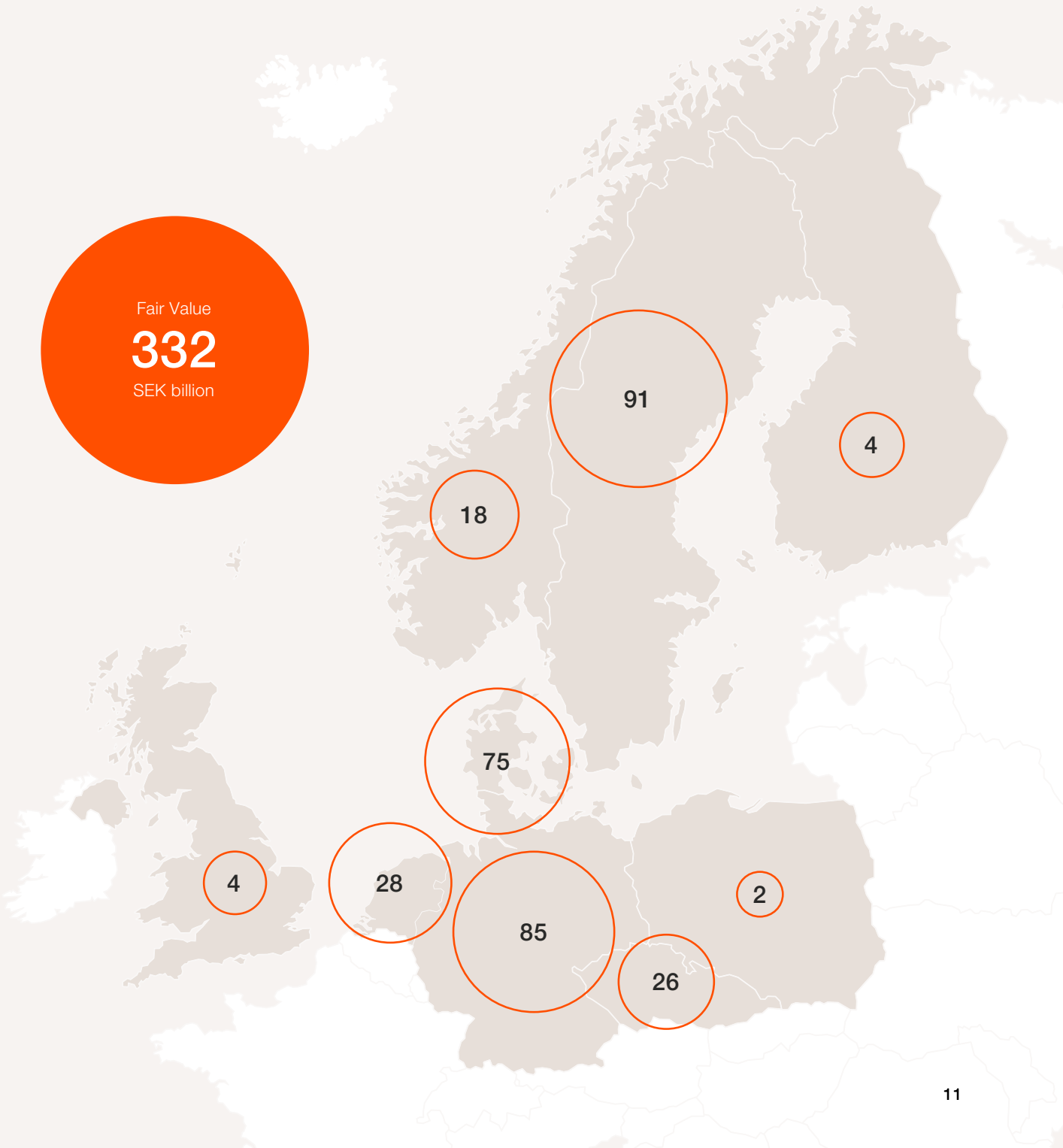
SEK million



# Portfolio Overview

Country	Fair Value, SEK million	Homes, units	Fair Value /sqm, SEK	Residen- tial, %	Regulated Income <sup>1</sup> , %	Real Economic Occupancy, %
Sweden	91,148	46,236	27,388	90.5	100.0	99.0
Germany	84,595	29,708	42,329	91.0	100.0	99.2
Denmark	74,516	20,793	36,866	94.5	14.4	97.2
Netherlands	28,181	13,351	26,756	98.1	59.2	99.7
Czech Republic	25,509	42,547	9,787	95.9	25.1	96.4
Norway	18,170	4,004	86,760	86.8	0.0	99.6
United Kingdom	4,268	949	56,580	99.7	0.0	83.2
Finland	3,853	3,167	20,698	95.6	0.0	93.6
Poland	1,515	777	40,468	88.8	0.0	97.1
Total	331,754	161,532	28,795	92.6	57.0	98.1

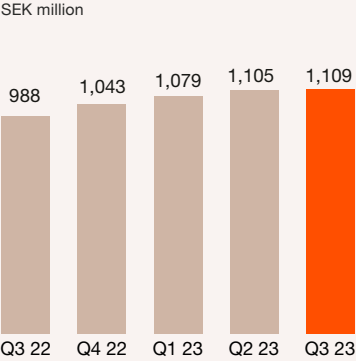
<sup>1</sup> Residential income



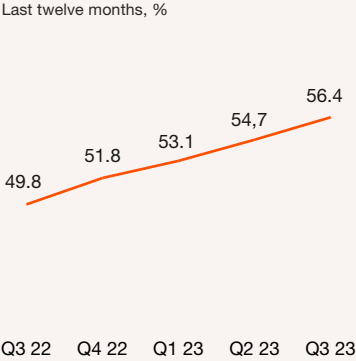
# Sweden

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	1,109	1,105	988	3,293	3,070
Net operating income	SEK m	723	666	582	1,930	1,616
Net operating income margin	%	65.2	60.3	58.9	58.6	52.6
Like-for-like rental income growth	%	4.8	5.4	3.2	4.5	3.0
Real economic occupancy	%	99.0	99.3	99.1	99.1	99.0
Fair value of investment properties	SEK m	91,148	92,695	99,812	91,148	99,812
Fair value change	SEK m	-2,321	-2,438	-2,965	-7,920	-2,092
Capital expenditures	SEK m	774	679	1,061	2,211	3,243
Average valuation yield requirement <sup>1</sup>	%	3.3	3.2	2.8	3.3	2.8
Acquisitions	SEK m	–	–	154	24	1,987
Divestments	SEK m	–	–	-15	-33	-471

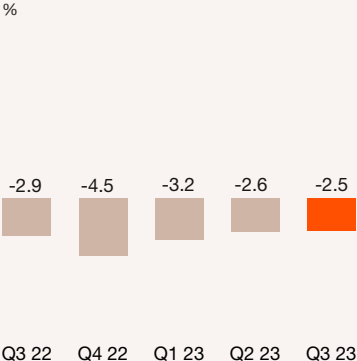
Rental Income



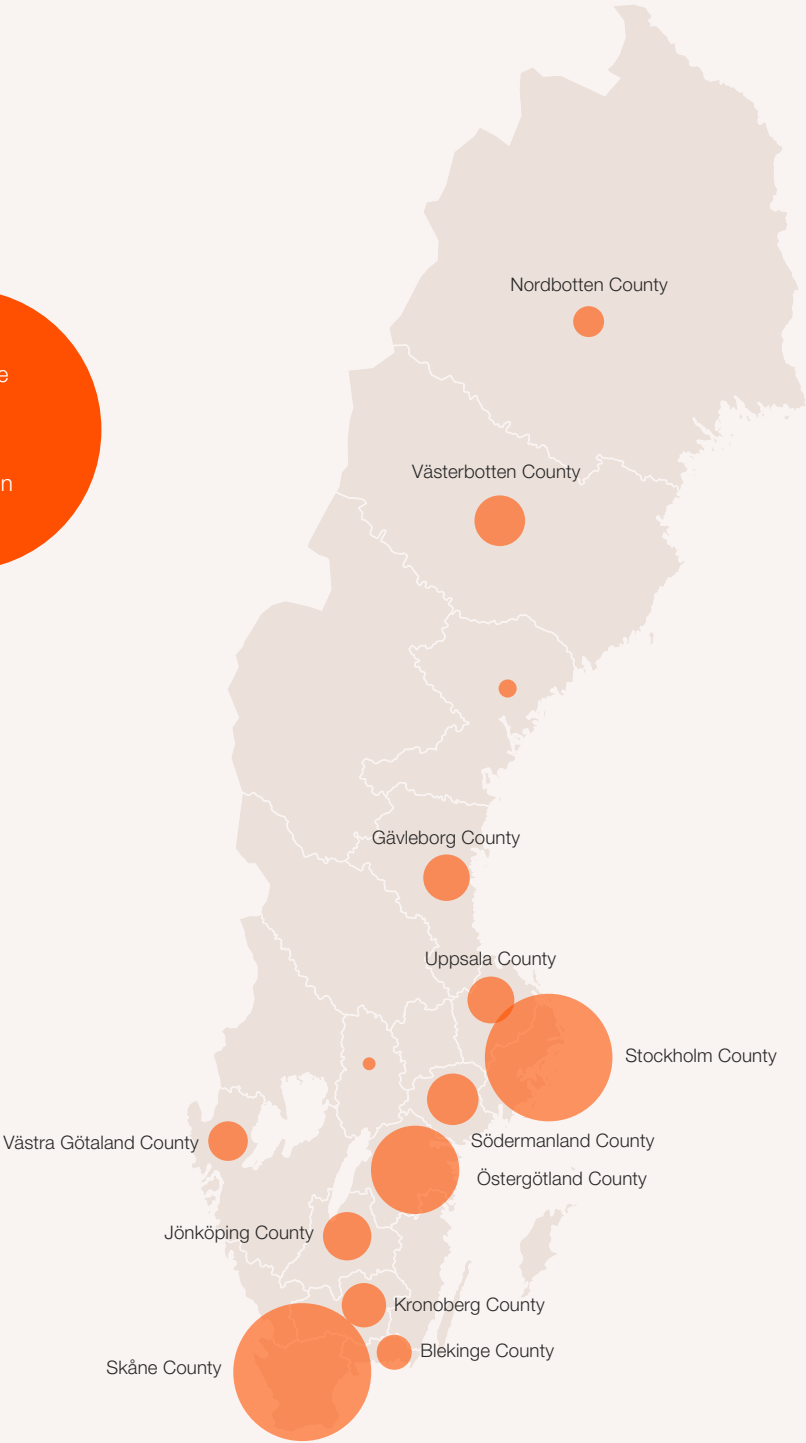
Net Operating Income Margin



Fair Value Change



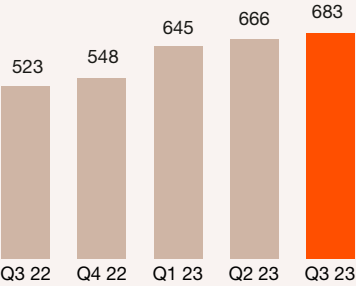
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.



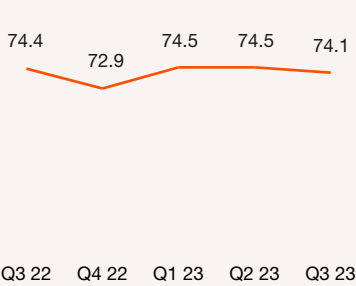
# Germany

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	683	666	523	1,994	1,517
Net operating income	SEK m	500	507	390	1,510	1,130
Net operating income margin	%	73.3	76.0	74.6	75.7	74.5
Like-for-like rental income growth	%	3.6	5.3	5.3	4.8	11.6
Real economic occupancy	%	99.2	98.8	98.5	99.1	98.4
Fair value of investment properties	SEK m	84,595	88,102	83,101	84,595	83,101
Fair value change	SEK m	-2,130	-3,656	-498	-11,975	4,534
Capital expenditures	SEK m	149	198	256	549	546
Average valuation yield requirement <sup>1</sup>	%	2.7	2.6	2.3	2.7	2.3
Acquisitions	SEK m	–	–	-2	–	2,618
Divestments	SEK m	–	–	-21	–	-25

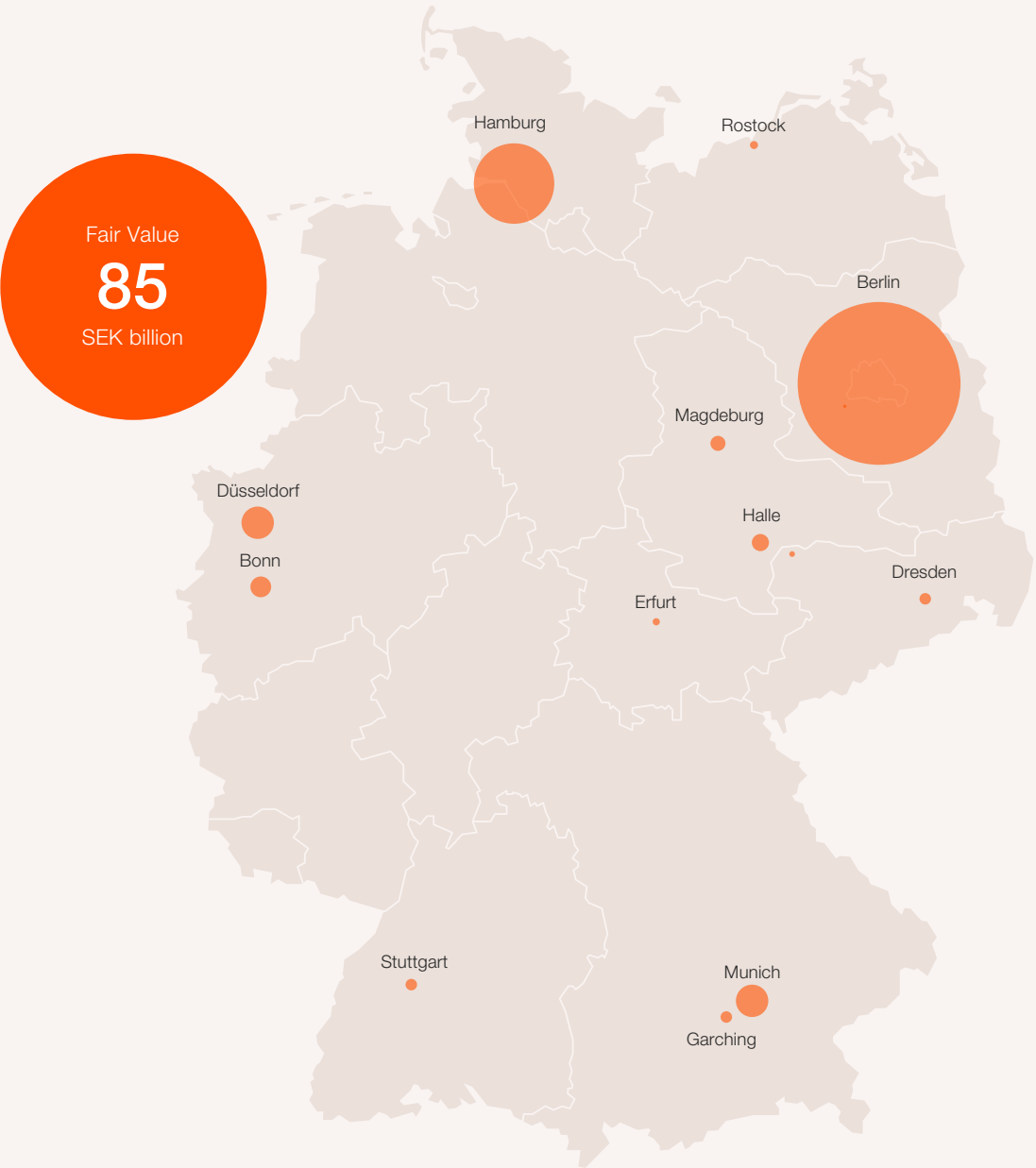
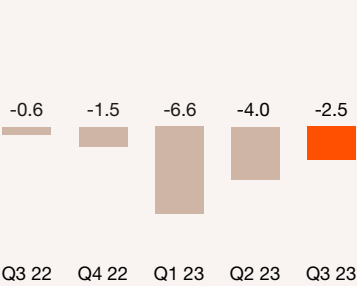
Rental Income  
SEK million



Net Operating Income Margin  
Last twelve months, %



Fair Value Change  
%

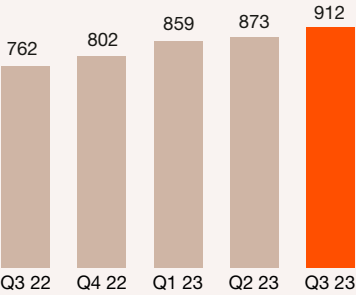


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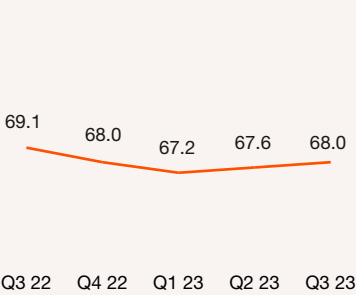
# Denmark

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	912	873	762	2,644	2,224
Net operating income	SEK m	649	605	534	1,822	1,537
Net operating income margin	%	71.2	69.3	70.1	68.9	69.1
Like-for-like rental income growth	%	0.5	1.0	5.2	1.0	6.1
Real economic occupancy	%	97.2	96.9	97.6	96.9	98.4
Fair value of investment properties	SEK m	74,516	75,930	74,429	74,516	74,429
Fair value change	SEK m	-311	-568	-1,949	-3,980	-143
Capital expenditures	SEK m	265	234	292	716	937
Average valuation yield requirement <sup>1</sup>	%	4.1	4.1	3.6	4.1	3.6
Acquisitions	SEK m	6	38	1,033	1,696	2,661
Divestments	SEK m	-19	–	-10	-19	-16

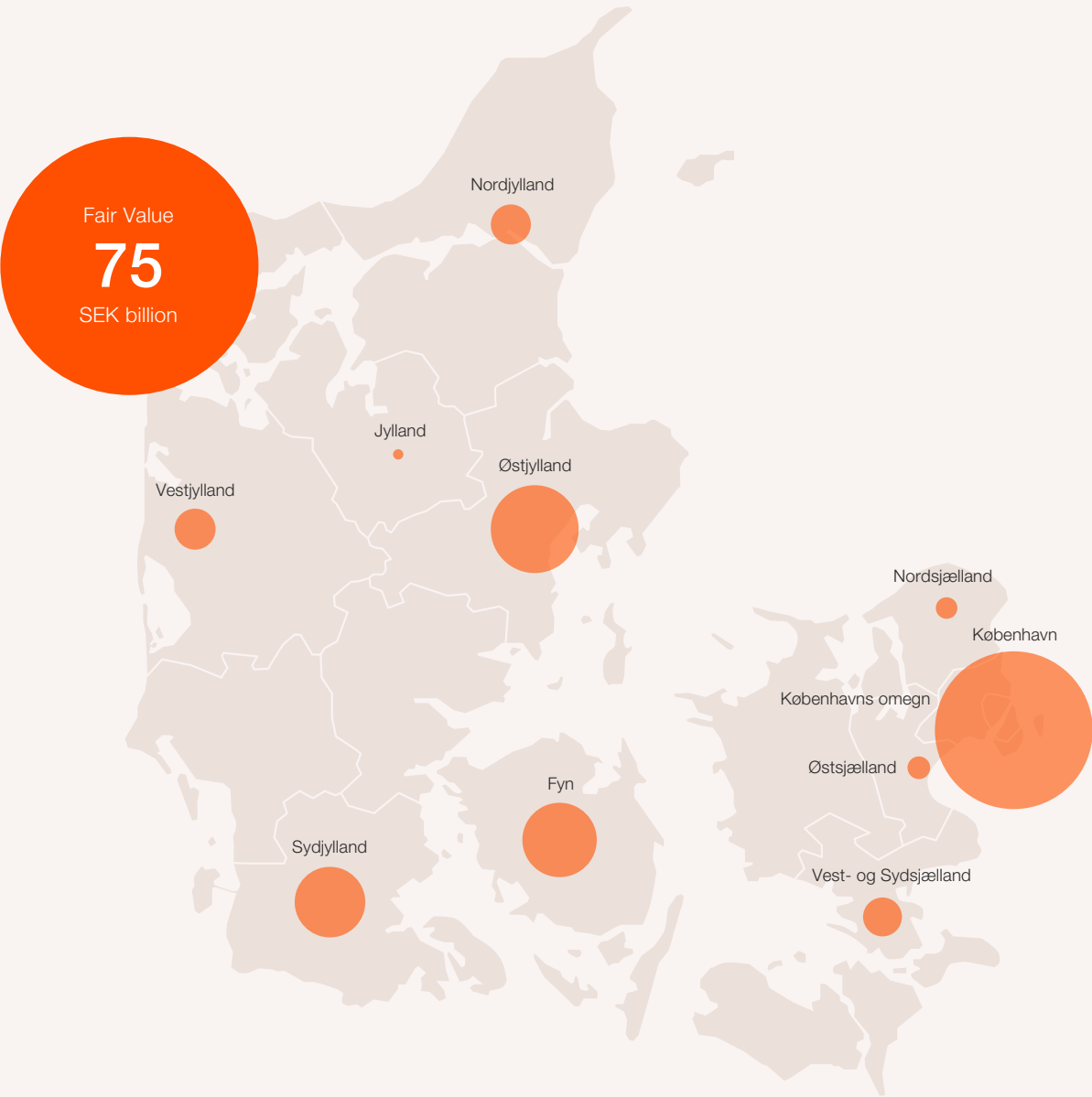
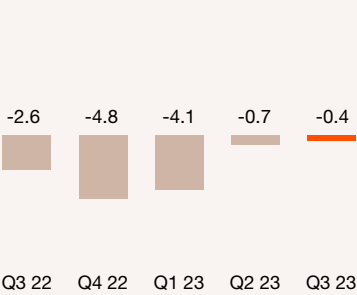
Rental Income  
SEK million



Net Operating Income Margin  
Last twelve months, %



Fair Value Change  
%



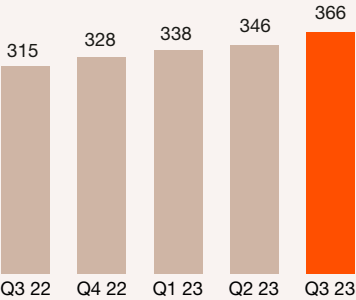
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

# Netherlands

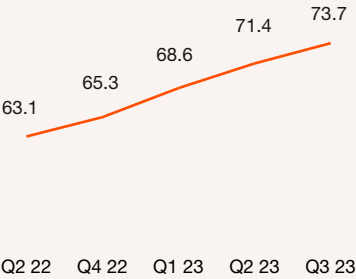
		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	366	346	315	1,050	914
Net operating income	SEK m	278	272	210	797	593
Net operating income margin	%	76.0	78.5	66.9	75.9	64.8
Like-for-like rental income growth	%	4.1	4.8	4.1	4.6	3.3
Real economic occupancy	%	99.7	99.7	99.7	99.7	99.7
Fair value of investment properties	SEK m	28,181	28,714	30,444	28,181	30,444
Fair value change	SEK m	-143	-862	-985	-3,403	634
Capital expenditures	SEK m	188	229	198	647	530
Average valuation yield requirement <sup>1</sup>	%	3.7	3.7	2.9	3.7	2.9
Acquisitions	SEK m	–	–	–	–	196
Divestments	SEK m	-82	-55	-11	-152	-16



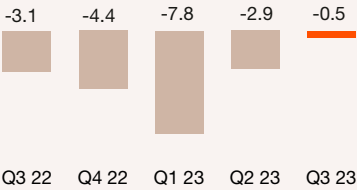
Rental Income  
SEK million



Net Operating Income Margin  
Last twelve months, %



Fair Value Change  
%

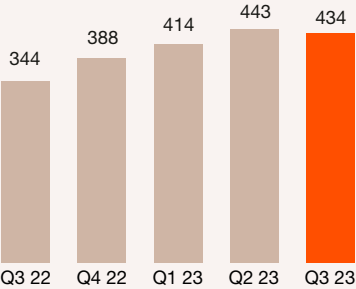


<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

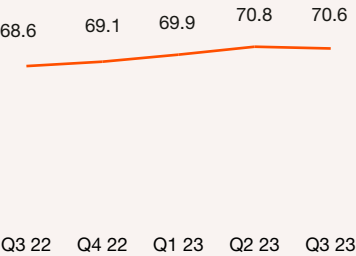
# Czech Republic

		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	434	443	344	1,292	994
Net operating income	SEK m	307	324	248	932	702
Net operating income margin	%	70.9	73.0	72.0	72.1	70.6
Like-for-like rental income growth	%	10.1	15.8	9.6	13.8	8.0
Real economic occupancy	%	96.4	96.8	97.0	96.8	96.8
Fair value of investment properties	SEK m	25,509	26,121	22,209	25,509	22,209
Fair value change	SEK m	400	240	337	1,026	2,321
Capital expenditures	SEK m	210	189	201	534	471
Average valuation yield requirement <sup>1</sup>	%	4.7	4.6	4.4	4.7	4.4
Acquisitions	SEK m	–	–	–	–	–
Divestments	SEK m	-19	-5	–	-24	-1

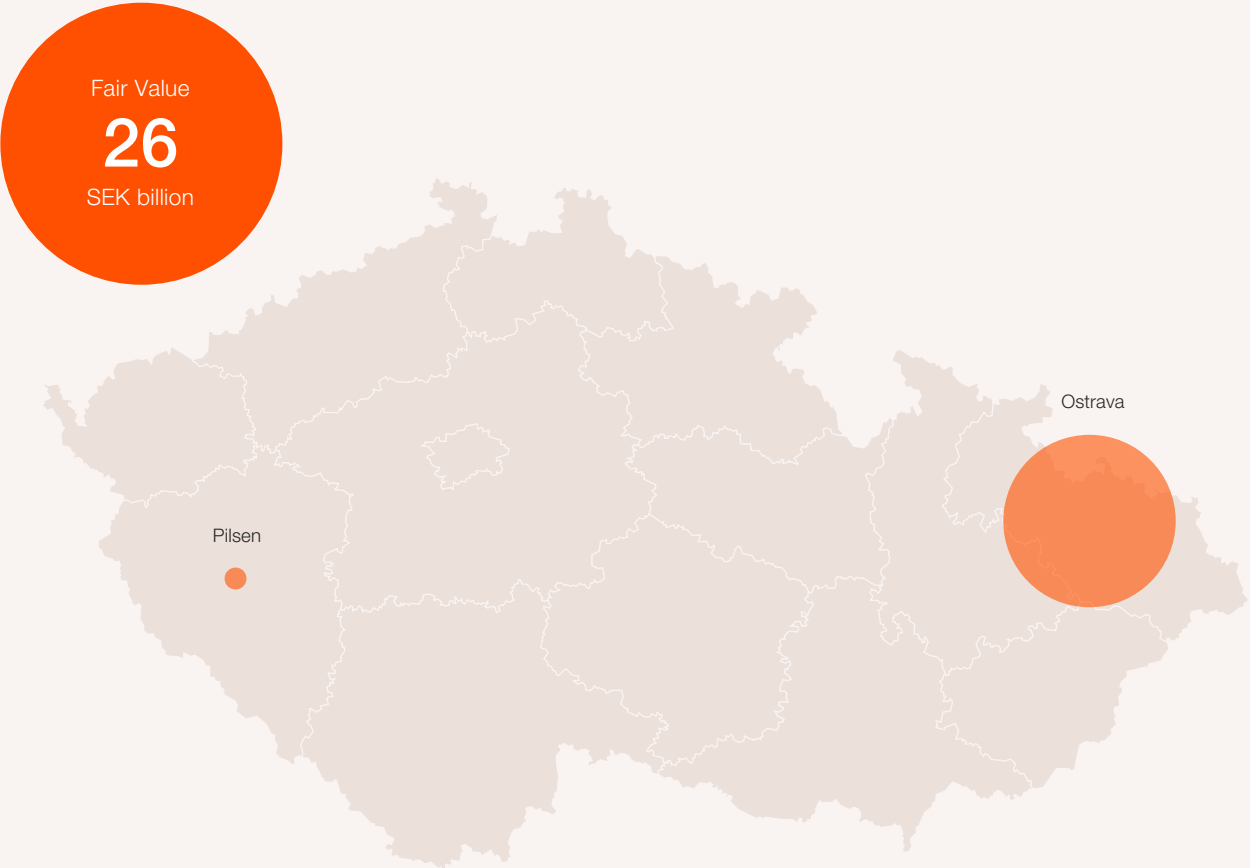
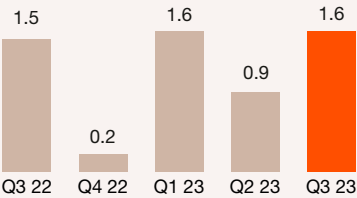
**Rental Income**  
SEK million



**Net Operating Income Margin**  
Last twelve months, %



**Fair Value Change**  
%



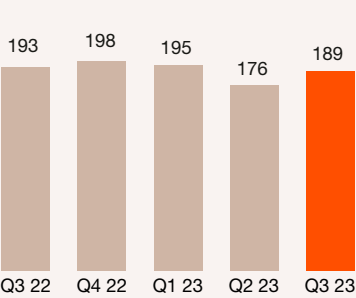
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

# Norway

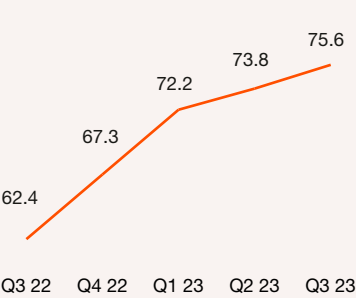
		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	189	176	193	561	560
Net operating income	SEK m	142	136	131	429	366
Net operating income margin	%	74.9	77.3	67.9	76.5	65.3
Like-for-like rental income growth	%	6.3	8.0	10.5	7.2	8.1
Real economic occupancy	%	99.6	99.2	98.7	99.4	97.6
Fair value of investment properties	SEK m	18,170	18,667	20,417	18,170	20,417
Fair value change	SEK m	-464	-10	-348	243	977
Capital expenditures	SEK m	31	64	55	141	262
Average valuation yield requirement <sup>1</sup>	%	3.2	3.0	2.9	3.2	2.9
Acquisitions	SEK m	–	–	–	–	125
Divestments	SEK m	-189	24	–	-1,522	-6



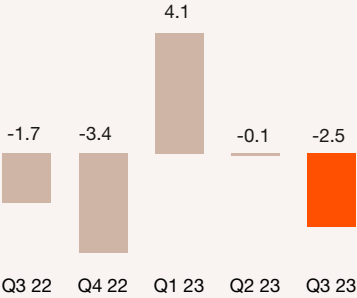
Rental Income  
SEK million



Net Operating Income Margin  
Last twelve months, %



Fair Value Change  
%



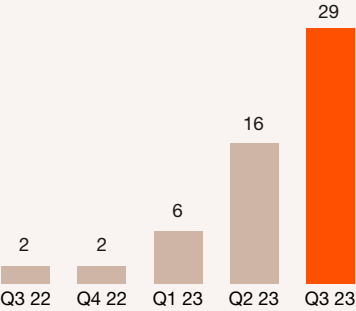
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

# United Kingdom

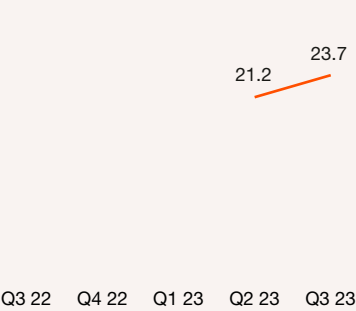
		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	29	16	2	52	6
Net operating income	SEK m	7	6	1	13	1
Net operating income margin	%	23.7	38.5	N/A	24.9	N/A
Like-for-like rental income growth	%	5.1	3.0	N/A	3.0	N/A
Real economic occupancy	%	83.2	83.8	99.6	83.4	99.2
Fair value of investment properties	SEK m	4,268	4,008	2,370	4,268	2,370
Fair value change	SEK m	97	-37	-66	385	164
Capital expenditures	SEK m	293	233	348	860	916
Average valuation yield requirement <sup>1</sup>	%	4.4	4.3	4.5	4.4	4.5
Acquisitions	SEK m	–	–	–	–	268
Divestments	SEK m	–	–	–	–	–



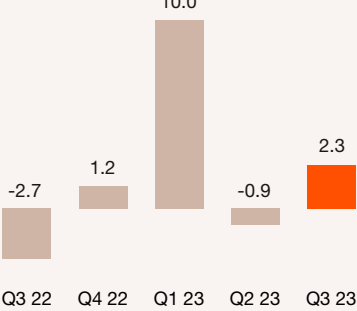
Rental Income  
SEK million



Net Operating Income Margin  
Last twelve months, %



Fair Value Change  
%



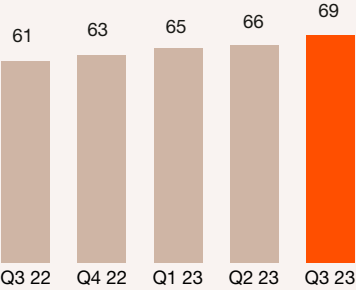
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

# Finland

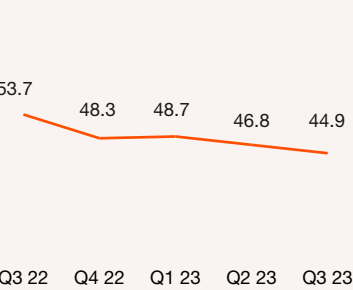
		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	69	66	61	199	130
Net operating income	SEK m	34	31	36	94	69
Net operating income margin	%	50.3	46.9	58.9	47.1	53.3
Like-for-like rental income growth	%	3.5	0.8	N/A	1.6	N/A
Real economic occupancy	%	93.6	93.3	95.5	93.6	95.6
Fair value of investment properties	SEK m	3,853	3,976	3,711	3,853	3,711
Fair value change	SEK m	-106	-38	-10	-250	200
Capital expenditures	SEK m	48	41	10	107	24
Average valuation yield requirement <sup>1</sup>	%	4.4	4.3	5.3	4.4	5.3
Acquisitions	SEK m	–	–	–	0	1,962
Divestments	SEK m	–	–	–	–	–



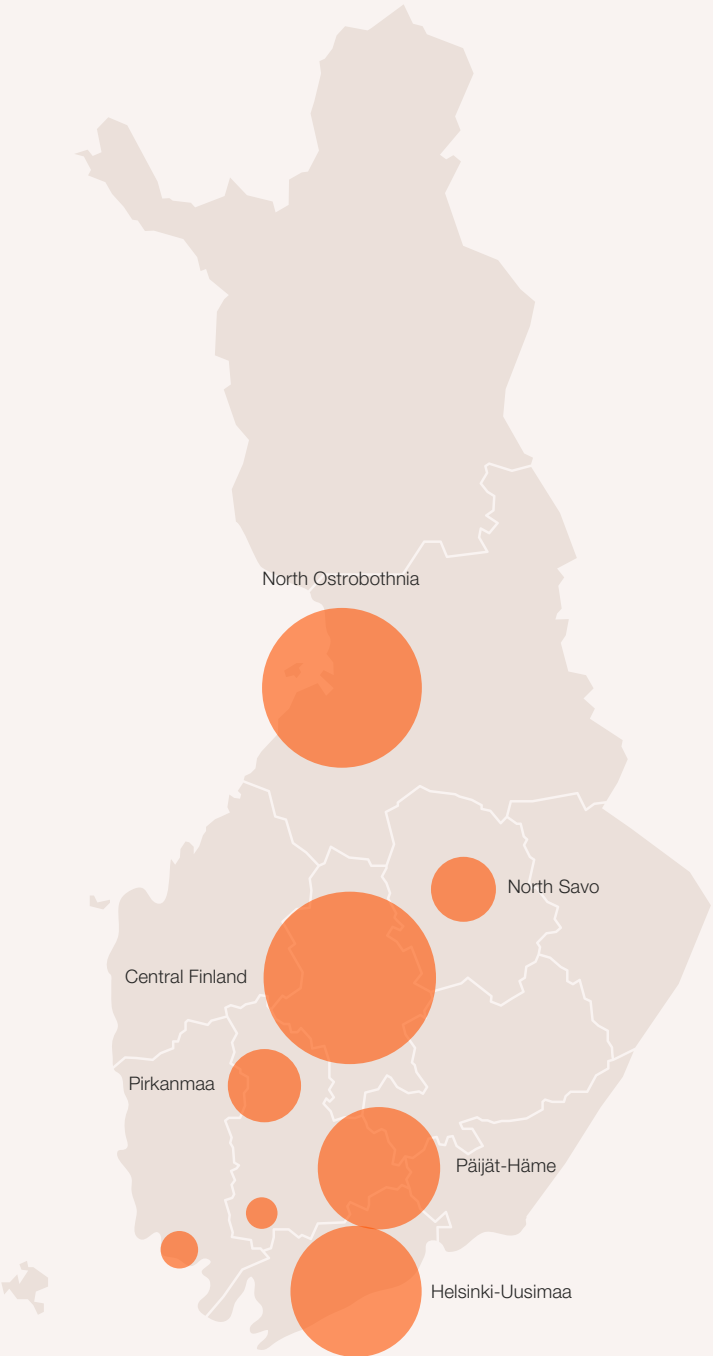
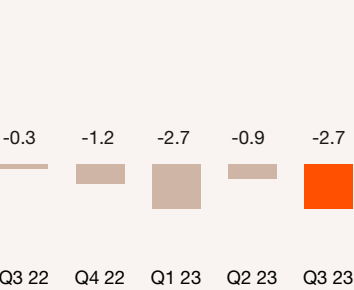
Rental Income  
SEK million



Net Operating Income Margin  
Last twelve months, %



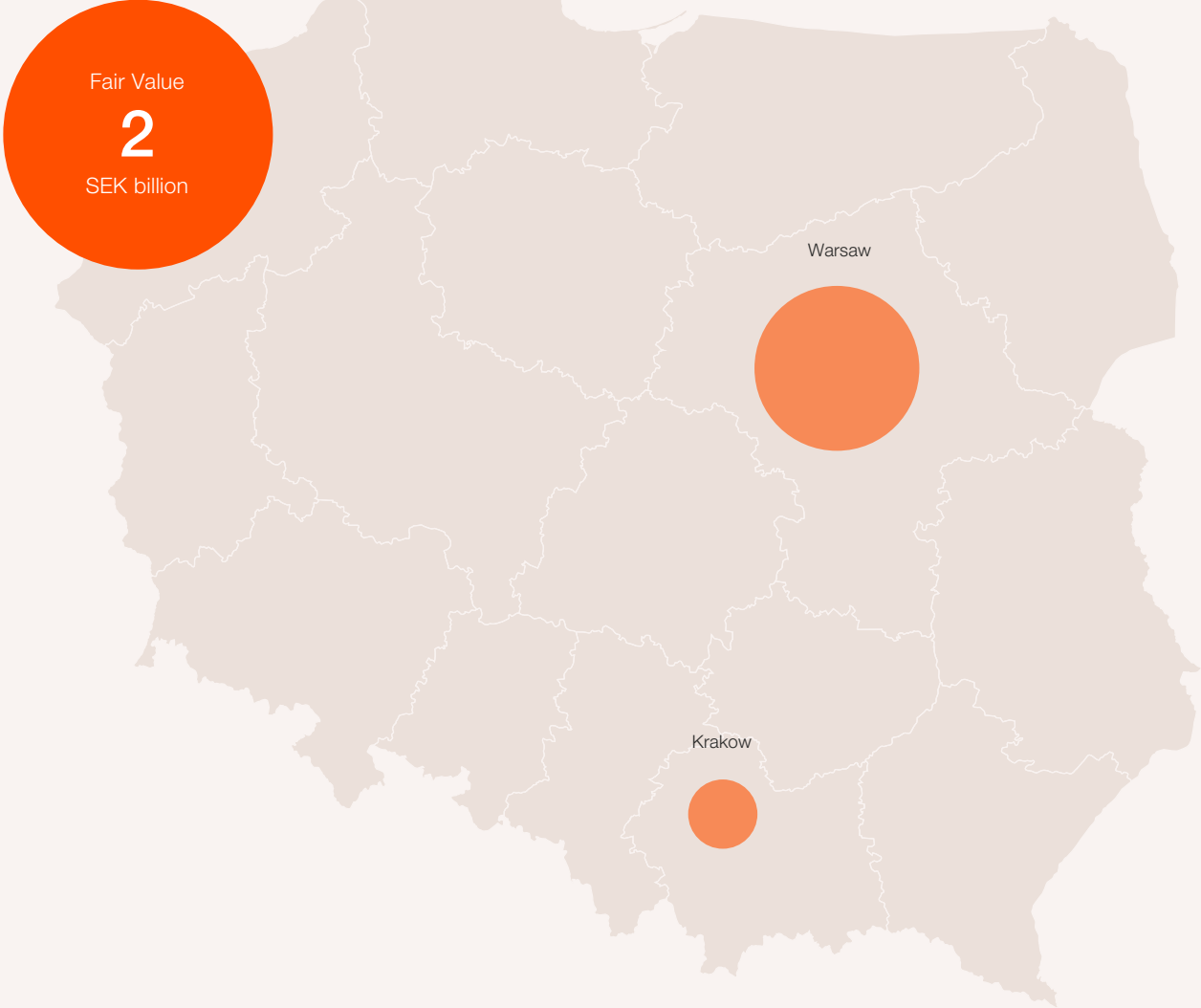
Fair Value Change  
%



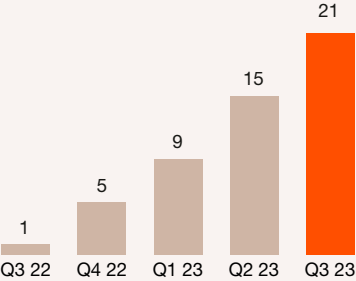
<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

# Poland

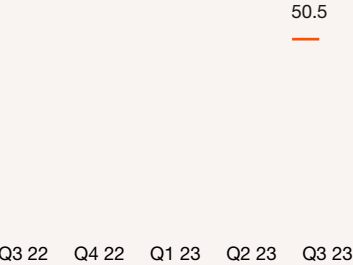
		Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Rental income	SEK m	21	15	1	45	1
Net operating income	SEK m	12	10	-3	26	-3
Net operating income margin	%	59.1	65.1	N/A	58.1	N/A
Like-for-like rental income growth	%	N/A	N/A	N/A	N/A	N/A
Real economic occupancy	%	97.1	92.4	94.6	95.3	94.6
Fair value of investment properties	SEK m	1,515	1,522	474	1,515	474
Fair value change	SEK m	54	17	14	77	14
Capital expenditures	SEK m	32	33	–	115	–
Average valuation yield requirement <sup>1</sup>	%	5.4	5.6	5.0	5.4	5.0
Acquisitions	SEK m	5	117	462	249	462
Divestments	SEK m	–	–	–	–	–



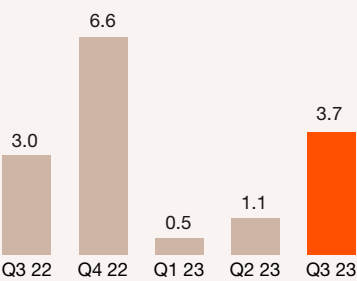
**Rental Income**  
SEK million



**Net Operating Income Margin**  
Last twelve months, %



**Fair Value Change**  
%



<sup>1</sup> The yield applied on the valuation-assumed property-generated cashflow to determine the valuation of said property. The yield corresponds to the valuers market assumptions in each region.

# Financing Overview

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

### Funding strategy

In the current market conditions, the focus is on obtaining secured financing by utilising the property portfolio’s geographical diversification, and access bank financing in the respective local markets. Despite recent macroeconomic volatility, the banking sector continues to provide financing to entities like Heimstaden Bostad. In Q3 2023 we have increased the committed secured credit lines with SEK 13 billion (whereof SEK 5 billion is disbursed), foremost with Czech, German and Danish banks. We have further decided to repay a EUR bond of EUR 450 million with cash at hand as financing with unsecured bonds remains unattractive compared to other sources of funding. The share of secured loans has consequently increased to 58% (55%) and the secured LTV increased to 29.1% (27.5%).

### Finance Policy and rating<sup>1</sup>

To adapt to the current market circumstances, the Board of Directors in Q2 2023 did a thorough review and updated the financial policy. This better aligns with the current market circumstances and longer-term fluctuations of business cycles of varying inflationary and interest rates environments and is in accordance with S&P’s ‘BBB’ rating guidelines. In line with the policy, we remain committed to a BBB rating.

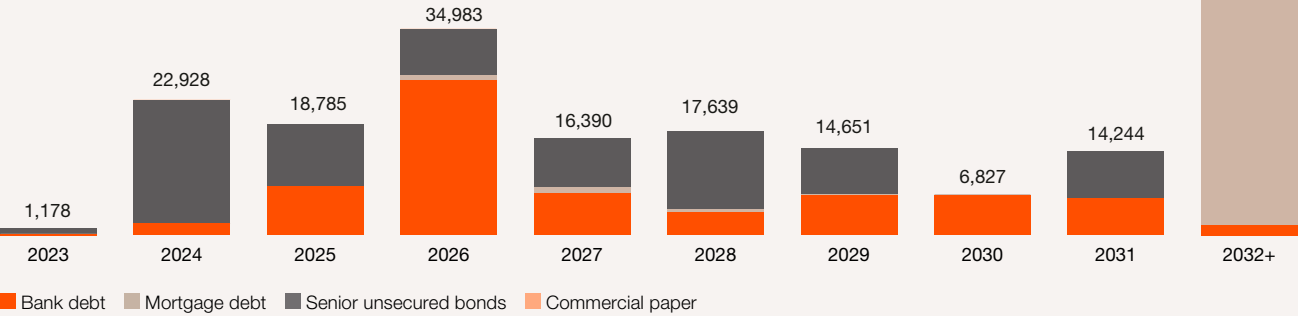
The key credit metrics Interest Coverage Ratio (ICR) and Net loan-to-Value (LTV) continued to weaken due to increasing cost of debt and valuation yields. Fitch affirmed the BBB Investment grade rating, but revised from negative outlook to rating watch negative, due to the continued pressure on the ICR.

For more detailed information on Heimstaden Bostad’s debt instruments, visit [www.heimstadenbostad.com](http://www.heimstadenbostad.com).

<sup>1</sup> The financial policy represents public guidance determined by the Board of Directors.

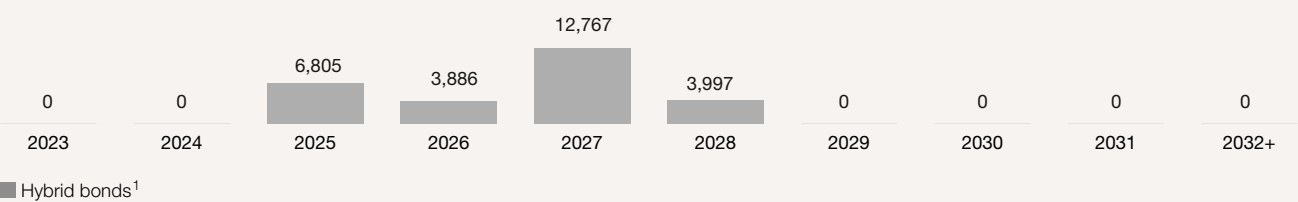
### Interest bearing liabilities maturity

SEK million



### Hybrid bonds reset dates

SEK million

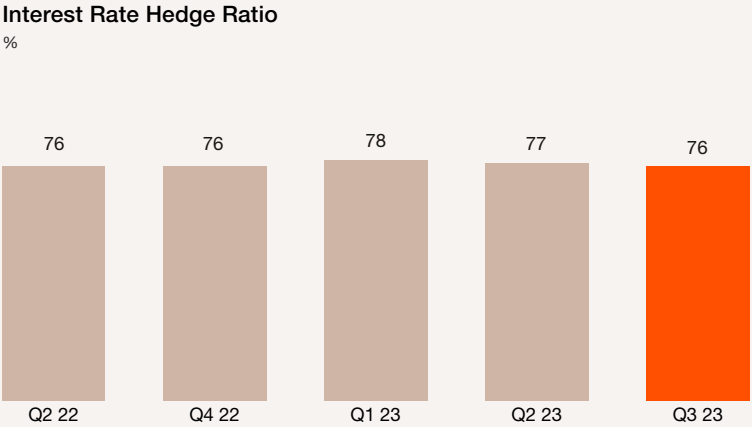
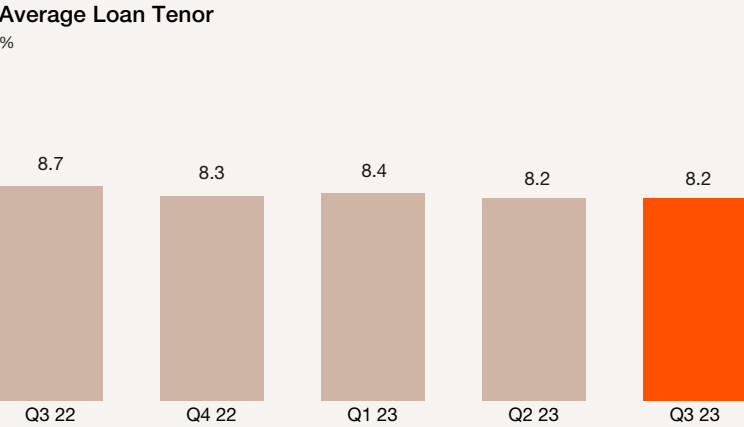
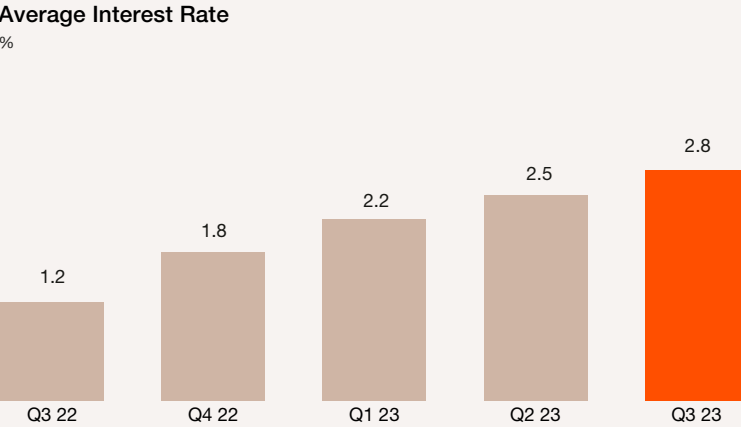
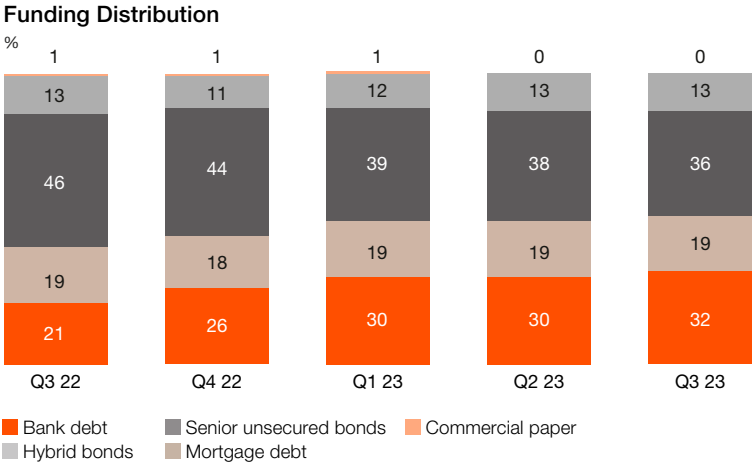
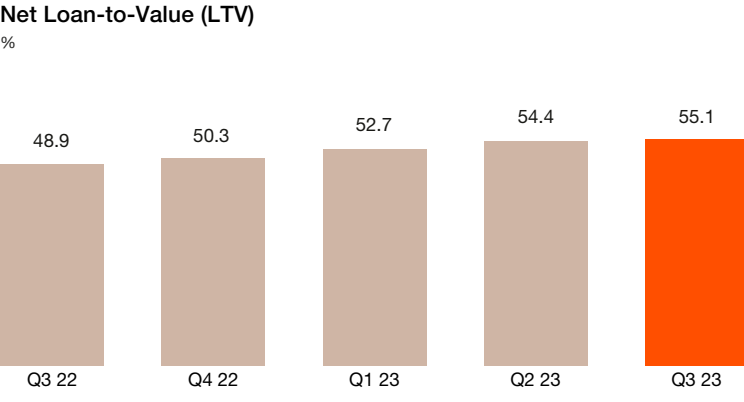
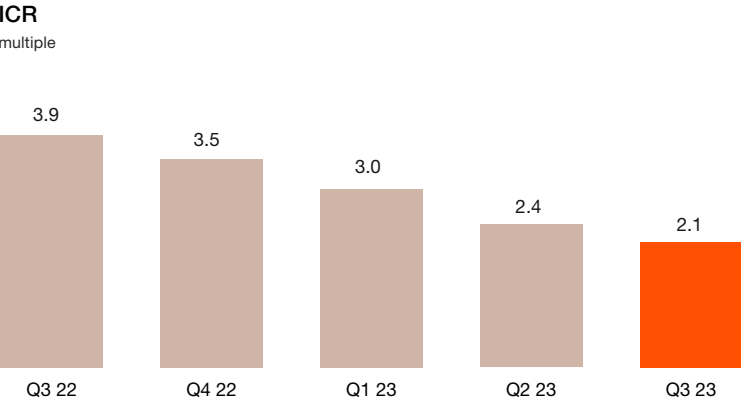


<sup>1</sup> Net the issuers own holding of respective hybrid.

### Financial Policy

		Policy	Q3 2023
ICR, rolling 12 months, S&P method	Multiple	≥ 1.8	1.8
Net Debt / Net Debt + Equity, S&P method	%	≤ 60	57.2
Average Loan Tenor	Years	≥ 4	8.2
Loan Maturity in Individual Year	%	≤ 25	18
Share of Loans From Individual Lender	%	≤ 20	8.2
Interest Rate Hedge Ratio	%	≥ 75	76
Liquidity ratio	Multiple	≥ 1.25	2.40

Credit Metrics



# Condensed Consolidated Financial Statements and Notes

## Condensed Consolidated Financial Statements

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# Condensed Consolidated Statement of Comprehensive Income

SEK million	Note	Q3 2023	Q3 2022 <sup>2</sup>	YTD 2023	YTD 2022 <sup>2</sup>	FY 2022 <sup>2</sup>
Rental income	3,4	3,812	3,197	11,129	9,315	12,702
Service charges paid by tenants	3,4	389	271	1,319	831	1,217
Property expenses	3	-1,546	-1,250	-4,894	-4,065	-5,778
<b>Net operating income<sup>1</sup></b>		<b>2,654</b>	<b>2,217</b>	<b>7,553</b>	<b>6,082</b>	<b>8,141</b>
Corporate administrative expenses		-218	-247	-648	-658	-887
Other operating income		56	37	239	434	468
Other operating expenses	5	-96	-25	-268	-195	-231
Realised gains/losses from divestment of properties	6	28	-7	52	-10	10
<b>Profit before unrealised fair value adjustment</b>		<b>2,425</b>	<b>1,976</b>	<b>6,928</b>	<b>5,653</b>	<b>7,501</b>
Fair value adjustment of investment properties	7	-4,924	-6 473	-25,796	6 608	-5,121
Value adjustment of inventory properties	10	18	-11	32	-35	402
<b>Operating profit/loss</b>		<b>-2,481</b>	<b>-4,508</b>	<b>-18,836</b>	<b>12,226</b>	<b>2,782</b>
Share of net profits/losses of associated companies and joint ventures	9	-1,225	1,553	-1,558	1,383	410
Impairment of intangible assets	8	–	–	-1,058	–	–
Interest income		115	46	162	107	316
Interest expenses		-1,334	-543	-3,536	-1,426	-2,275
Net currency translation gains/losses		1,308	-1,408	-2,604	-4,376	-6,578
Fair value adjustment of derivative financial instruments		-19	80	-210	964	1,115
Other financial items		-71	-745	535	-2,273	-2,131
<b>Profit/loss before tax</b>		<b>-3,707</b>	<b>-5,525</b>	<b>-27,105</b>	<b>6,605</b>	<b>-6,362</b>
Current tax expense		-221	-253	-725	-853	-836
Deferred tax income/expense		1,489	1,358	5,352	-1,237	1,878
<b>Profit/loss for the period</b>		<b>-2,440</b>	<b>-4,420</b>	<b>-22,478</b>	<b>4,515</b>	<b>-5,321</b>
Other comprehensive income/loss	13	-3,331	2,244	4,697	8,597	13,703
<b>Total comprehensive income/loss</b>		<b>-5,771</b>	<b>-2,176</b>	<b>-17,781</b>	<b>13,112</b>	<b>8,382</b>
<b>Profit/loss attributable to:</b>						
The Parent Company's shareholders		-1,944	-4,218	-21,084	4,649	-5,105
Non-controlling interests		-496	-202	-1,395	-135	-216
<b>Comprehensive income/loss attributable to:</b>						
The Parent Company's shareholders		-5,231	-1,974	-16,493	13,246	8,598
Non-controlling interests		-540	-202	-1,288	-135	-216

<sup>1</sup> Excludes income from inventory properties.

<sup>2</sup> Comparables restated, see [note 1](#)

# Condensed Consolidated Statement of Financial Position

SEK million	Note	30 September 2023	31 December 2022	30 September 2022
<b>ASSETS</b>				
Investment properties	7	331,754	344,856	336,967
Intangible assets	8	19,022	19,693	19,987
Machinery and equipment		340	314	309
Investments in associated companies and joint ventures	9	8,220	9,698	10,322
Derivative financial instruments	11,12	509	836	1,018
Deferred tax assets		1,223	982	–
Other financial assets	12	3,028	3,703	3,345
<b>Total non-current assets</b>		<b>364,097</b>	<b>380,082</b>	<b>371,948</b>
Inventory properties	10	538	573	826
Rent and trade receivables		487	359	207
Other financial assets	12	2,383	4,867	1,391
Derivative financial instruments	11,12	541	645	312
Prepayments		1,369	1,416	978
Cash and cash equivalents		6,787	9,385	4,673
<b>Total current assets</b>		<b>12,104</b>	<b>17,245</b>	<b>8,386</b>
<b>Total assets</b>		<b>376,201</b>	<b>397,327</b>	<b>380,334</b>

SEK million	Note	30 September 2023	31 December 2022	30 September 2022
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	13	<b>158,739</b>	<b>180,854</b>	<b>176,540</b>
Interest-bearing liabilities	11	179,163	171,119	159,434
Lease liabilities	11	1,133	1,331	1,294
Derivative financial instruments	11,12	46	51	139
Deferred tax liabilities		18,340	22,941	24,639
Other financial liabilities		1,705	2,700	1,046
<b>Total non-current liabilities</b>		<b>200,386</b>	<b>198,142</b>	<b>186,553</b>
Interest-bearing liabilities	11	10,314	11,572	9,898
Lease liabilities	11	91	84	74
Trade payables		434	833	448
Other liabilities		3,504	3,008	4,002
Derivative financial instruments	11,12	15	75	2
Accrued expenses and prepaid income		2,719	2,758	2,818
<b>Total current liabilities</b>		<b>17,076</b>	<b>18,330</b>	<b>17,241</b>
<b>Total equity and liabilities</b>		<b>376,201</b>	<b>397,327</b>	<b>380,334</b>

## 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
<b>Opening balance, 1 January 2022</b>	<b>72</b>	<b>97,625</b>	<b>33,666</b>	<b>-2,060</b>	<b>30,969</b>	<b>160,273</b>	<b>65</b>	<b>160,338</b>
Profit/loss for the period	–	–	950	–	3,699	4,649	-135	4,515
Other comprehensive income	–	–	–	8,597	–	8,597	–	8,597
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>950</b>	<b>8,597</b>	<b>3,699</b>	<b>13,246</b>	<b>-135</b>	<b>13,112</b>
New share issue	22	30,220	–	–	–	30,242	–	30,242
Costs 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
Transactions with non-controlling interests	–	–	–	–	-440	-440	8,134	7,694
<b>Total transactions with the Company's shareholders</b>	<b>22</b>	<b>30,185</b>	<b>-9,805</b>	<b>–</b>	<b>-25,445</b>	<b>-5,043</b>	<b>8,134</b>	<b>3,092</b>
<b>Equity, 30 September 2022</b>	<b>93</b>	<b>127,810</b>	<b>24,812</b>	<b>6,537</b>	<b>9,224</b>	<b>168,476</b>	<b>8,065</b>	<b>176,541</b>
Profit/loss for the period	–	–	10	–	-9,764	-9,754	-81	-9,836
Other comprehensive income	–	–	–	5,106	–	5,106	–	5,106
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>5,106</b>	<b>-9,764</b>	<b>-4,649</b>	<b>-81</b>	<b>-4,730</b>
New share issue	–	749	–	–	–	749	–	749
Buyback of hybrid bonds	–	–	-481	–	111	-370	–	-370
Dividends	–	–	-10	–	–	-10	–	-10
Transactions with non-controlling interests	–	–	–	–	-233	-233	8,907	8,674
<b>Total transactions with the Company's shareholders</b>	<b>–</b>	<b>749</b>	<b>-491</b>	<b>–</b>	<b>-122</b>	<b>137</b>	<b>8,907</b>	<b>9,044</b>
<b>Equity, 31 December 2022</b>	<b>93</b>	<b>128,559</b>	<b>24,330</b>	<b>11,643</b>	<b>-662</b>	<b>163,964</b>	<b>16,891</b>	<b>180,854</b>
<b>Opening balance, 1 January 2023</b>	<b>93</b>	<b>128,559</b>	<b>24,330</b>	<b>11,643</b>	<b>-662</b>	<b>163,964</b>	<b>16,891</b>	<b>180,854</b>
Profit/loss for the period	–	–	841	–	-21,924	-21,084	-1,395	-22,478
Other comprehensive income	–	–	–	4,591	–	4,591	106	4,697
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>841</b>	<b>4,591</b>	<b>-21,924</b>	<b>-16,493</b>	<b>-1,288</b>	<b>-17,781</b>
New share issue	3	3,334	–	–	–	3,337	–	3,337
Cost of issuance	–	-6	–	–	–	-6	–	-6
Buyback of hybrid bonds	–	–	-82	–	-1	-83	–	-83
Dividends	–	–	-841	–	-6,742	-7,583	–	-7,583
<b>Total transactions with the Company's shareholders</b>	<b>3</b>	<b>3,328</b>	<b>-922</b>	<b>–</b>	<b>-6,743</b>	<b>-4,335</b>	<b>–</b>	<b>-4,335</b>
<b>Equity, 30 September 2023</b>	<b>97</b>	<b>131,887</b>	<b>24,249</b>	<b>16,233</b>	<b>-29,329</b>	<b>143,136</b>	<b>15,602</b>	<b>158,739</b>

# Condensed Consolidated Statement of Cash Flows

SEK million	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022
<b>Operating activities</b>					
Profit/loss before tax		-3,707	-5,525	-27,105	6,605
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Fair value adjustment on investment properties	7	4,924	6 487	25,796	-6,573
Fair value adjustment of derivative financial instruments		19	150	210	-733
Finance expenses – net		1,220	548	3,374	1,460
Other adjustments		-118	558	4,368	5,244
<i>Working capital changes</i>					
Increase/decrease(+) in rent and other receivables		271	339	-679	-93
Increase/decrease(-) in trade and other payables		-266	-655	-241	-1,354
<b>Cash generated from operations</b>		<b>2,342</b>	<b>1,902</b>	<b>5,722</b>	<b>4,556</b>
Interest paid		-1,405	-485	-3,502	-1,101
Interest received		115	10	162	26
Paid income tax		-518	-168	-1,002	-660
<b>Net cash flows from operating activities</b>		<b>534</b>	<b>1,259</b>	<b>1,380</b>	<b>2,821</b>

SEK million	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022
<b>Investing activities</b>					
Acquisition of businesses, net of cash		–	-2,681	–	-2,681
Purchase of investment and inventory properties		80	-847	-1,232	-7,161
Capital expenditure on investment and inventory properties	7,10	-2,007	-2,438	-5,934	-6,942
Divestments of investment properties	6	281	57	1,803	535
Deposits for signed acquisitions		–	-112	–	-554
Purchases of machinery and equipment		-3	-11	-38	-11
Investments in associated companies and joint ventures		184	128	674	-59
Purchase of quoted equity investments		–	-775	–	-4,474
Other cash flows from investing activities		275	3	296	0
<b>Net cash flows from investing activities</b>		<b>-1,190</b>	<b>-6,676</b>	<b>-4,432</b>	<b>-21,347</b>
<b>Financing activities</b>					
Proceeds from interest-bearing liabilities	11	8,313	5,516	23,968	31,155
Repayment of interest-bearing liabilities	11	-9,186	-1,975	-22,070	-31,741
Dividends paid	13	–	–	-4,325	-3,229
Proceeds from non-controlling interests		-12	–	3,539	7,694
Proceeds from share issuances	13	–	6,885	920	6,885
Buyback of hybrid bonds	13	–	-6,783	-58	-6,783
Repayments on hybrid bonds		–	-115	-841	-950
Settlement of derivative financial instruments		–	–	176	230
Other cash flows from financing activities		71	-37	-1,096	-97
<b>Net cash flows from financing activities</b>		<b>-814</b>	<b>3,492</b>	<b>212</b>	<b>3,165</b>
Net change in cash and cash equivalents		-1,471	-1,925	-2,840	-15,361
Cash and cash equivalents at the beginning of the period		8,242	6,725	9,385	19,508
Net currency exchange effect in cash and cash equivalents		16	-128	242	526
<b>Cash and cash equivalents at the end of the period</b>		<b>6,787</b>	<b>4,673</b>	<b>6,787</b>	<b>4,673</b>

# Notes to the Condensed Consolidated Financial Statements

## 1. Accounting Principles

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### 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, except for items specified below.

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

### Associated companies and joint ventures

Effective 1 January 2023, the Condensed Statement of Comprehensive Income has been revised to provide the user of the 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 reclassified from operating profit/loss to profit/loss for the period. 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. The comparative financial data has been reclassified accordingly.

### Realised gains/losses from divestment of properties

The Board of Directors have approved a Privatisation Plan that represents a new line of business that works across all segments. The goal of this plan is to sell a significant part of our portfolio to the private home-owner market. In response to the new strategy the accounting policy for divestment of properties has been revised. The new policy separates realised gains/losses from unrealised change in value. Gains/losses from divestments, both from Privatisation and other divestments, are realised and shown on a new financial statement line, “Realised gains/losses from divestment of properties”. This also includes realised gain/losses from inventory properties. Gain/loss is calculated based on the valuation in the latest interim financial statement and net of direct transactions cost.

To clarify the distinction of realised gains/losses and unrealised value change the following line items have been changed:

- “Profit before inventory properties and fair value adjustments” renamed to “Profit before unrealised fair value adjustments”
- “Change in value and gains/losses from sale of inventory properties” renamed to “Value adjustment of inventory properties”

The revised presentation did not have any impact on the group’s profit/loss before tax for the year, the financial position or equity. Comparable figures in the Condensed Consolidated Statement of Comprehensive Income statement of have been changed accordingly.

## 2. Related Parties

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In addition to board fees, transactions with Heimstaden AB and its subsidiaries amounted to SEK 639 million (559) for management services received as of Q3 2023.

Heimstaden Bostad AB received an investment guarantee from Fredensborg AS in 2018, recognised in other current assets. The investment guarantee increased with SEK 9 million to SEK 715 million during Q3 2023, see note 10 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 investment properties in the identified segments; other 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 2023

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	United Kingdom	Finland	Poland	Eliminations	Group in total
<b>Statement of Comprehensive Income</b>											
Rental income <sup>1</sup>	1,109	683	912	366	434	189	29	69	21	0	3,812
Service charges paid by tenants	20	267	1	–	89	4	–	3	5	0	389
<b>Total income</b>	<b>1,129</b>	<b>950</b>	<b>913</b>	<b>366</b>	<b>523</b>	<b>193</b>	<b>29</b>	<b>72</b>	<b>26</b>	<b>0</b>	<b>4,200</b>
Utilities	-146	-172	-31	–	-85	-9	-2	-9	-2	1	-454
Repair and maintenance	-46	-47	-40	-24	-42	-10	-2	-5	0	39	-177
Property tax	-26	-26	-52	-16	-2	-1	-2	-2	-1	–	-129
Other <sup>2</sup>	-28	-34	-27	-15	-22	0	1	-5	-1	2	-129
Property management	-159	-170	-113	-33	-64	-32	-19	-16	-9	-42	-657
<b>Total property expenses</b>	<b>-406</b>	<b>-449</b>	<b>-264</b>	<b>-88</b>	<b>-215</b>	<b>-51</b>	<b>-22</b>	<b>-37</b>	<b>-14</b>	<b>0</b>	<b>-1,546</b>
<b>Net operating income</b>	<b>723</b>	<b>500</b>	<b>649</b>	<b>278</b>	<b>307</b>	<b>142</b>	<b>7</b>	<b>34</b>	<b>12</b>	<b>0</b>	<b>2,654</b>
<b>Net operating income margin, %</b>	<b>65.2</b>	<b>73.3</b>	<b>71.2</b>	<b>76.0</b>	<b>70.9</b>	<b>74.9</b>	<b>23.7</b>	<b>50.3</b>	<b>59.1</b>	<b>–</b>	<b>69.6</b>

Q3 2022

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	United Kingdom	Finland	Poland	Eliminations	Group in total
<b>Statement of Comprehensive Income</b>											
Rental income <sup>1</sup>	988	523	762	315	344	193	2	61	1	8	3,197
Service charges paid by tenants	20	166	0	–	71	10	–	4	0	0	271
<b>Total income</b>	<b>1,008</b>	<b>689</b>	<b>762</b>	<b>315</b>	<b>415</b>	<b>203</b>	<b>2</b>	<b>65</b>	<b>1</b>	<b>8</b>	<b>3,468</b>
Utilities	-163	-99	-29	–	-68	-12	0	-9	0	1	-379
Repair and maintenance	-44	-35	-36	-29	-33	-23	0	-4	–	107	-97
Property tax	-30	-14	-40	-28	-2	-3	0	-1	–	–	-119
Other <sup>2</sup>	-34	-48	-32	-14	-14	3	5	-4	0	0	-138
Property management	-156	-103	-91	-33	-50	-36	-7	-11	-3	-26	-517
<b>Total property expenses</b>	<b>-427</b>	<b>-299</b>	<b>-228</b>	<b>-104</b>	<b>-167</b>	<b>-72</b>	<b>-2</b>	<b>-29</b>	<b>-4</b>	<b>81</b>	<b>-1,250</b>
<b>Net operating income</b>	<b>582</b>	<b>390</b>	<b>534</b>	<b>210</b>	<b>248</b>	<b>131</b>	<b>1</b>	<b>36</b>	<b>-3</b>	<b>89</b>	<b>2,217</b>
<b>Net operating income margin, %</b>	<b>58.9</b>	<b>74.6</b>	<b>70.1</b>	<b>66.9</b>	<b>72.0</b>	<b>67.9</b>	<b>–</b>	<b>58.9</b>	<b>–</b>	<b>–</b>	<b>69.4</b>

<sup>1</sup> 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.

<sup>2</sup> Other property costs consist of property insurance, property security, running costs for broadband/TV, recurring inspections and similar items.

YTD 2023

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	United Kingdom	Finland	Poland	Eliminations	Group in total
<b>Statement of Comprehensive Income</b>											
Rental income <sup>1</sup>	3,293	1,994	2,644	1,050	1,292	561	52	199	45	-1	11,129
Service charges paid by tenants	62	748	4	–	460	26	–	9	10	0	1,319
<b>Total income</b>	<b>3,355</b>	<b>2,742</b>	<b>2,648</b>	<b>1,050</b>	<b>1,751</b>	<b>587</b>	<b>52</b>	<b>208</b>	<b>55</b>	<b>-1</b>	<b>12,447</b>
Utilities	-561	-476	-96	–	-447	-43	-3	-35	-4	3	-1,662
Repair and maintenance	-145	-153	-137	-68	-128	-28	-2	-15	-1	112	-565
Property tax	-79	-71	-148	-45	-7	-3	-2	-7	-3	–	-365
Other <sup>2</sup>	-109	-112	-95	-45	-71	-22	-2	-14	-2	7	-466
Property management	-530	-421	-350	-94	-167	-62	-30	-44	-19	-120	-1,838
<b>Total property expenses</b>	<b>-1,424</b>	<b>-1,232</b>	<b>-826</b>	<b>-253</b>	<b>-819</b>	<b>-158</b>	<b>-39</b>	<b>-114</b>	<b>-29</b>	<b>1</b>	<b>-4,894</b>
<b>Net operating income</b>	<b>1,930</b>	<b>1,510</b>	<b>1,822</b>	<b>797</b>	<b>932</b>	<b>429</b>	<b>13</b>	<b>94</b>	<b>26</b>	<b>0</b>	<b>7,553</b>
<b>Net operating income margin, %</b>	<b>58.6</b>	<b>75.7</b>	<b>68.9</b>	<b>75.9</b>	<b>72.1</b>	<b>76.5</b>	<b>24.9</b>	<b>47.1</b>	<b>58.1</b>	<b>–</b>	<b>67.9</b>

YTD 2022

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	United Kingdom	Finland	Poland	Eliminations	Group in total
<b>INCOME STATEMENT</b>											
Rental income <sup>1</sup>	3,070	1,517	2,224	914	994	560	6	130	1	-101	9,315
Service charges paid by tenants	50	447	1	–	317	20	–	6	0	-11	831
<b>Total income</b>	<b>3,120</b>	<b>1,964</b>	<b>2,225</b>	<b>914</b>	<b>1,312</b>	<b>580</b>	<b>6</b>	<b>136</b>	<b>1</b>	<b>-111</b>	<b>10,147</b>
Utilities	-551	-253	-75	–	-312	-38	0	-20	0	27	-1,222
Repair and maintenance	-216	-105	-106	-92	-102	-80	0	-6	–	215	-491
Property tax	-77	-42	-115	-81	-6	-12	0	-4	–	8	-329
Other	-143	-135	-89	-43	-46	4	5	-10	-1	-3	-462
Property management	-518	-299	-303	-105	-144	-89	-9	-27	-8	-60	-1,561
<b>Total property expenses</b>	<b>-1,504</b>	<b>-834</b>	<b>-688</b>	<b>-321</b>	<b>-609</b>	<b>-214</b>	<b>-5</b>	<b>-67</b>	<b>-9</b>	<b>186</b>	<b>-4,065</b>
<b>Net operating income</b>	<b>1,616</b>	<b>1,130</b>	<b>1,537</b>	<b>593</b>	<b>702</b>	<b>366</b>	<b>1</b>	<b>69</b>	<b>-8</b>	<b>75</b>	<b>6,082</b>
<b>Net operating margin, %</b>	<b>52.6</b>	<b>74.5</b>	<b>69.1</b>	<b>64.8</b>	<b>70.6</b>	<b>65.3</b>	<b>–</b>	<b>53.3</b>	<b>–</b>	<b>–</b>	<b>65.3</b>

<sup>1</sup> 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.

<sup>2</sup> Other property costs consist of property insurance, property security, running costs for broadband/TV, recurring inspections and similar items.

## 4. Rental Income

### Rental income distributed by property category

SEK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Residential	3,501	2,926	10,216	8,579
Commercial premises	258	225	760	609
Garage and parking spaces	53	45	153	127
<b>Total rental income</b>	<b>3,812</b>	<b>3,197</b>	<b>11,129</b>	<b>9,315</b>

### Service charges paid by tenants distributed by property category

SEK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Residential	366	249	1,245	788
Commercial premises	23	22	73	43
<b>Total service charges paid by tenants</b>	<b>389</b>	<b>271</b>	<b>1,319</b>	<b>831</b>

## 5. Other Operating Expenses

During 2023, SEK 107 million (109) was expensed, of which SEK 42 million (36) in the quarter, 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. Realised Gains/Losses from Divestment of Properties

### Realised gains/losses from divestment of investment properties and inventory properties

SEK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Net proceeds from divestments of properties	338	50	1,803	526
Book value of divestments of properties	-309	-57	-1,751	-535
<b>Realised gain/loss on divestments of properties</b>	<b>28</b>	<b>-7</b>	<b>52</b>	<b>-10</b>

## 7. Investment Properties

### Property value per segment

The value of investment properties, measured at fair value, as of 30 September 2023 was SEK 331,754 million (344,856). The fair value decreased by SEK 25,796 million (decrease 5,121) during the first nine months. In percentage, the decrease in value was 7.2 (1.5) of fair value of investment properties. The decrease in fair value during the first nine months 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 the Netherlands, an increase in Real Estate Transfer Tax (RETT) combined with negative owner-occupier house price development earlier in the year further negatively impacted values. These negative movements were mitigated to a small extent by value increases in the Czech Republic, Poland, and the United Kingdom where rental increases outweighed sentiment-based yield increases, and Norway benefitted from owner-occupier HPI increases early in the year. The total properties value per operating segment is shown below. Over the last quarter, Denmark and The Netherlands saw values stabilise as rental performance and owner-occupied price developments (and outlook) mitigated the effect of increasing yields.

### Valuation gain or loss investment properties

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	United Kingdom	Finland	Poland	Total
<b>Fair value of investment properties, 31 December 2022</b>	<b>96,851</b>	<b>92,820</b>	<b>73,640</b>	<b>30,048</b>	<b>23,443</b>	<b>20,338</b>	<b>2,854</b>	<b>3,837</b>	<b>1,026</b>	<b>344,856</b>
Acquisitions during the period	24	–	1,696	–	–	–	–	0	249	1,969
Divestments	-33	–	-19	-152	-24	-1,522	–	–	–	-1,751
Land leases	15	–	–	–	–	-242	–	37	–	-190
Capital expenditure on investment properties	1,217	548	379	647	534	41	1	107	–	3,475
Capital expenditure on investment properties under construction	994	1	337	–	–	100	858	–	115	2,404
Currency translation	–	3,201	2,463	1,042	530	-788	169	123	48	6,787
<b>Fair value after transactions</b>	<b>99,068</b>	<b>96,569</b>	<b>78,496</b>	<b>31,584</b>	<b>24,483</b>	<b>17,927</b>	<b>3,883</b>	<b>4,103</b>	<b>1,438</b>	<b>357,550</b>
Value change	-7,920	-11,975	-3,980	-3,403	1,026	243	385	-250	77	-25,796
<b>Fair value of investment properties, 30 September 2023</b>	<b>91,148</b>	<b>84,595</b>	<b>74,516</b>	<b>28,181</b>	<b>25,509</b>	<b>18,170</b>	<b>4,268</b>	<b>3,853</b>	<b>1,515</b>	<b>331,754</b>

### Breakdown by category

SEK million	Sweden	Germany	Denmark	Netherlands	Czech Republic	Norway	United Kingdom	Finland	Poland	Total
Investment properties	88,266	84,595	73,995	28,181	25,298	17,746	3,332	3,479	1,515	326,405
Investment properties under construction	2,454	–	460	–	–	–	936	–	–	3,850
Land and building rights	187	–	62	–	211	–	–	–	–	460
Land leases	241	–	–	–	–	424	–	374	–	1,039
<b>Total</b>	<b>91,148</b>	<b>84,595</b>	<b>74,516</b>	<b>28,181</b>	<b>25,509</b>	<b>18,170</b>	<b>4,268</b>	<b>3,853</b>	<b>1,515</b>	<b>331,754</b>

## 8. Intangible Assets

As of 30 September 2023, the carrying amount of goodwill is SEK 18,859 (19,569) million, of which SEK 15,972 (16,700) million is goodwill identified in the acquisition of Akelius Lägenheter Aktiebolag, Akelius Bolig Holding Aps and Akelius GmbH. The remaining SEK 2,887 (2,869) 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 annually or when impairment indicators are present. In Q1 2023, the Company recorded an impairment of SEK 1,058 million. The impairment is related to goodwill identified in connection with the business combination from the acquisition of the Akelius portfolio.

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

## 9. Investments in Associated companies and Joint Ventures

SEK million	
<b>Opening balance, 1 January 2023</b>	<b>9,698</b>
Investment for the period	6
Divestments of associated companies and joint ventures	-22
Change in value from foregin currency	311
Dividend from associated companies and joint ventures	-216
Share of net profits/losses of associated companies and joint ventures	-1,558
<b>Closing balance, 30 September 2023</b>	<b>8,220</b>

Heimstaden Bostad follows the development of the share price of Kojamo Oyj closely and have due to the difference of share price to book value of equity performed an impairment test. To identify the recoverable amount, the management calculated the “value in use” by discounting the estimated future cash flows of the investment. The discounted cash flow is higher than the associated company’s carrying amount. Accordingly, no impairment has been recognised.

YTD 2023							Heimstaden Bostad's share of profit/loss YTD 2023
SEK million	Share in %	Rental income	Property costs	Finacial items, net	Unrealised value change	Profit/loss YTD 2023	
Kojamo Oyj	20	3,325	-1,501	-933	-10,137	-7,540	-1,507
Rosengård Fastighets AB	25	126	-84	-26	-125	-88	-22
Upplands Bro Brogårds Etapp 2 AB	50	14	-7	-53	-7	-50	-25
Kiinteistö Oy Hiihtomäentie 14	53	5	-4	0	3	4	3
Other	20-50	26	-24	-5	-6	-8	-8
<b>Total</b>		<b>3,496</b>	<b>-1,620</b>	<b>-1,016</b>	<b>-10,272</b>	<b>-7,683</b>	<b>-1,558</b>

## 10. Inventory Properties

SEK million	
<b>Opening balance, 1 January 2023</b>	<b>573</b>
Capital expenditures	56
Currency translation	-23
Divestments of inventory properties	-81
Value change <sup>1</sup>	13
<b>Closing balance, 30 September 2023</b>	<b>538</b>

<sup>1</sup> Change in value and gains/losses from sale of inventory properties in the income statement, SEK 32 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 30 September 2023 is recognised as other current assets.*

## 11. Financial Assets and Liabilities

Despite macroeconomic challenges, we are cautiously optimistic that the market conditions will improve. Inflation is trending down in many European markets, which may end the hiking cycle, but we expect the higher interest rate environment to remain. From Heimstaden Bostad's perspective, rental market fundamentals remain strong. Inflation has driven rental growth and positively impacted operating results. While sentiment-driven yield expansion initially negatively impacted portfolio values, this effect is now gradually countered by rising net operating income due to rent indexation. Increasing residential transaction volumes, yield rebalancing, and reduced bid-offer spreads further reinforce expectations of short-term value stabilisation. The current interest rate environment impacts Heimstaden Bostad's funding expenses and future borrowing costs. Heimstaden Bostad is currently prioritising to obtain secured financing due to limited liquidity in the public debt market. The banking sector continue to provide financing to counterparts such as Heimstaden Bostad. Managing the financial risk is a key priority by maintaining strong liquidity and proactive maturity management. Heimstaden Bostad proactively identifies and addresses significant business risks. Refer to [pages 37-74](#) of the 2022 Annual Report for a detailed description of the risk factors.

In 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. See [page 74](#) in the 2022 Annual Report for more information regarding the hybrid bonds.

As of 30 September 2023, SEK 893 million of the total unutilised credit commitments, is related to future ESG Capex and Construction Facilities.

### Specification of interest bearing liabilities

SEK million	Interest-bearing liabilities	Secured loans, %	Share, %	Unutilised credit commitment
Corporate bonds	79,136	–	42	
Mortgages	41,956	100	22	
Bank loans	68,735	98	36	24,988
<b>Total</b>	<b>189,827</b>	<b>58</b>	<b>100</b>	<b>24,988</b>
Deferred charges	-350			
<b>Total</b>	<b>189,476</b>			

### Movements of interest bearing liabilities

SEK million	Corporate bonds	Mortgages/ bank loans	Deferred charges	Lease liabilities	Total
<b>Opening balance, 1 January 2023</b>	<b>91,779</b>	<b>91,471</b>	<b>-559</b>	<b>1,416</b>	<b>184,107</b>
Loan repayments	-15,955	-6,920	–	-310	-23,185
New borrowings	719	23,249	–	128	24,096
Assumed debt in connection with acquisitions	–	546	–	–	546
Currency exchange effect on loans	2,592	2,346	–	-10	4,928
Capitalisation of debt issuance cost, net of amortisation	–	–	209	–	209
<b>Closing balance, 30 September 2023</b>	<b>79,136</b>	<b>110,691</b>	<b>-350</b>	<b>1,224</b>	<b>190,700</b>

### 30 September 2023

Years	Interest maturity, loans			Interest maturity, incl. financial instruments		
	SEK million	Share, %	Interest, incl. margin, %	SEK million	Share, %	Interest, incl. margin, %
0-1	79,662	42	5.06	62,418	33	4.54
1-2	27,598	15	0.64	31,050	16	0.72
2-3	12,768	7	2.69	14,570	8	2.80
3-4	14,488	8	2.54	15,624	8	2.58
4-5	17,216	9	2.17	20,242	11	2.29
>5 years after balance sheet date	38,095	20	2.20	45,923	24	2.32
<b>Total</b>	<b>189,827</b>	<b>100</b>	<b>3.23</b>	<b>189,827</b>	<b>100</b>	<b>2.84</b>

Average remaining term of fixed interest in the loan portfolio, including derivatives: 2.96 years

Years	Loan tenor		Lines of credit	
	SEK million	Share, %	SEK million	Share, %
0-1	9,430	5	85	0
1-2	30,949	16	4,966	20
2-3	27,473	14	11,467	46
3-4	23,854	13	–	–
4-5	19,657	10	8,087	32
>5 years after balance sheet date	78,464	41	383	2
<b>Total</b>	<b>189,827</b>	<b>100</b>	<b>24,988</b>	<b>100</b>

Average loan tenor: 8.23 years

Financial instruments

Years	Type	Maturity, interest rate derivatives		
		SEK million	Share, %	Interest, % <sup>1</sup>
0-1	Paying	19,733	52	0.99
1-2	Paying	4,260	11	1.39
2-3	Paying	1,802	5	3.56
3-4	Paying	1,137	3	3.05
4-5	Paying	3,026	8	2.93
>5 years after balance sheet date	Paying	7,827	21	2.88
<b>Total</b>		<b>37,785</b>	<b>100</b>	<b>1.77</b>

Years	Type	Maturity, interest rate derivatives		
		SEK million	Share, %	Interest, % <sup>1</sup>
0-1	Received	36,977	98	-3.78
1-2	Received	808	2	-1.70
2-3	Received	–	–	–
3-4	Received	–	–	–
4-5	Received	–	–	–
>5 years after balance sheet date	Received	–	–	–
<b>Total</b>		<b>37,785</b>	<b>100</b>	<b>-3.73</b>

<sup>1</sup> Indicates average interest rate. A negative value indicates received interest.

12. Fair Value Measurements of Financial Instruments

SEK million	30 September 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>				
Derivative financial instruments	1,050	1,050	1,481	1,481
Other non-current financial assets	3,028	3,028	3,703	3,703
Rent and trade receivables	487	487	359	359
Other financial receivables	2,383	2,383	4,867	4,867
Cash and cash equivalents	6,787	6,787	9,385	9,385
<b>Total</b>	<b>13,734</b>	<b>13,734</b>	<b>19,796</b>	<b>19,796</b>
<b>Financial liabilities:</b>				
Derivate financial instruments	61	61	127	127
Long-term interest-bearing liabilities	179,163	148,892	171,119	155,011
Other non-current financial liabilities	1,705	1,705	2,700	2,700
Current interest-bearing liabilities	10,314	10,314	11,572	11,572
Lease liabilities	1,224	1,224	1,416	1,416
Trade payables	434	434	833	833
Other liabilities	3,504	3,504	3,008	3,008
<b>Total</b>	<b>196,403</b>	<b>166,133</b>	<b>190,773</b>	<b>174,665</b>

Fair value hierarchy of the Group's financial assets and financial liabilities as of 30 September 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)
<b>Financial assets measured at fair value:</b>	<b>1,050</b>	<b>–</b>	<b>905</b>	<b>145</b>
Derivative financial assets	–	–	–	–
Interest rate swaps	905	–	905	–
Forward purchase contracts	145	–	–	145
<b>Financial liabilities measured at fair value:</b>	<b>-61</b>	<b>–</b>	<b>-61</b>	<b>–</b>
Derivative financial liabilities	–	–	–	–
Interest rate swaps	-61	–	-61	–

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 nine months ended 30 September 2023.

## 13. 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

During Q1 2023, Heimstaden Bostad bought back hybrid bonds amounting to SEK 82 million. The company realised an average discount of 34.6%, corresponding to net gain of SEK 25 million after tax.

### Non-controlling interests

Non-controlling interests consist of external ownership interests in subsidiaries. Non-controlling interests refer primarily to Allianz Real Estate's investments in Heimstaden Bostad's Swedish and German subsidiaries. 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 SEK Country		Closing rate		Average rate	
		30 Sept 2023	31 Dec 2022	Q3 2023	Q3 2022
Czech Republic	CZK	0.4727	0.4617	0.4817	0.4275
Denmark	DKK	1.5516	1.5020	1.5409	1.4145
Netherlands, Germany & Finland	EUR	11.5529	11.1592	11.4787	10.5240
Norway	NOK	1.0209	1.0629	1.0117	1.0518
Poland	PLN	2.4965	2.3818	2.5068	2.2540
United Kingdom	GBP	13.3109	12.6154	13.1892	12.4250

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

SEK million		Q3 2023	Q3 2022	YTD 2023	YTD 2022
Country	Currency code				
Czech Republic	CZK	-1,144	444	506	1,336
Denmark	DKK	-507	616	1,276	2,215
Netherlands, Germany & Finland	EUR	-1,517	1,350	3,266	4,949
Norway	NOK	285	-133	-827	81
Poland	PLN	-240	-27	200	12
United Kingdom	GBP	-165	-7	170	4
Non-controlling interests	EUR	-44	–	106	–
<b>Total</b>		<b>-3,331</b>	<b>2,244</b>	<b>4,697</b>	<b>8,597</b>

## 14. Commitments and Contingencies

### Investment obligations and capital expenditures

Heimstaden Bostad has signed agreements to buy turnkey investment properties under construction to be delivered after the balance sheet date. As at 30 September 2023, Heimstaden Bostad had total investment obligations of SEK 3,223 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 1,997 million.

SEK million	2023	2024	2025	2026	Total
Forward funding	530	1,037	313	80	1,961
Own development	19	17	–	–	36
Forward purchase	676	2,000	–	547	3,223
<b>Total</b>	<b>1,225</b>	<b>3,054</b>	<b>313</b>	<b>627</b>	<b>5,220</b>

### Disputes

As of the balance sheet date and to the best of our knowledge, Heimstaden Bostad 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.

## 15. Subsequent Events

No significant subsequent events have occurred after the balance sheet date.

# Parent Company Income Statement

SEK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Management service revenues	100	–	297	28	450
Other operating expenses	-18	-14	-36	-46	-58
Administrative expenses	-185	-221	-586	-666	-777
<b>Operating profit/loss</b>	<b>-103</b>	<b>-236</b>	<b>-324</b>	<b>-684</b>	<b>-385</b>
Dividends from subsidiaries	64	–	64	–	–
Dividends from associated companies and joint ventures	–	–	215	–	–
Result from divestment of shares in subsidiaries	–	-2,018	–	-2,018	-2,018
Impairment of shares in subsidiaries and associated companies	-1,242	–	-1,448	–	-175
Interest income	613	476	1,644	1,351	2,012
Interest expenses	-473	-341	-1,475	-902	-1,333
Net currency translation gains/losses	1,300	-1,140	-2,392	-3,417	-4,902
Fair value adjustment of derivative financial instruments	30	-26	241	160	174
Other financial items	13	2,881	-30	-25	-74
<b>Profit/loss after financial items</b>	<b>202</b>	<b>-404</b>	<b>-3,504</b>	<b>-5,536</b>	<b>-6,701</b>
Closing dispositions	–	–	–	–	5,517
<b>Profit/loss before tax</b>	<b>202</b>	<b>-404</b>	<b>-3,504</b>	<b>-5,536</b>	<b>-1,184</b>
Current tax expense	-339	5	209	-24	540
<b>Profit/loss for the period</b>	<b>-137</b>	<b>-399</b>	<b>-3,295</b>	<b>-5,560</b>	<b>-644</b>

# Parent Company Statement of Comprehensive Income

SEK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Profit/loss for the period according to the Income Statement	-137	-399	-3,295	-5,560	-644
Other comprehensive income/loss	–	–	–	–	–
<b>Comprehensive income/loss</b>	<b>-137</b>	<b>-399</b>	<b>-3,295</b>	<b>-5,560</b>	<b>-644</b>

# Parent Company Statement of Financial Position

SEK million	30 September 2023	31 December 2022	30 September 2022
<b>ASSETS</b>			
Shares in subsidiaries	56,163	55,643	54,884
Investments in associated companies and joint ventures	8,096	9,544	9,588
Bonds	5,236	511	–
Deferred tax assets	777	555	-462
Receivables, subsidiaries	88,462	97,472	100,385
<b>Total non-current assets</b>	<b>158,734</b>	<b>163,726</b>	<b>164,395</b>
Receivables, subsidiaries	48,535	48,374	46,757
Other financial assets	512	4,016	160
Accrued income, group companies	159	97	527
Cash and cash equivalents	1,957	4,638	229
<b>Total current assets</b>	<b>51,163</b>	<b>57,125</b>	<b>47,673</b>
<b>Total assets</b>	<b>209,897</b>	<b>220,850</b>	<b>212,068</b>

SEK million	30 September 2023	31 December 2022	30 September 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>111,767</b>	<b>119,397</b>	<b>114,111</b>
Interest-bearing liabilities	19,427	18,775	20,774
Derivative financial instruments	61	127	140
Deferred tax liability	555	518	–
Liabilities, subsidiaries	75,250	72,158	69,383
<b>Total non-current liabilities</b>	<b>95,294</b>	<b>91,577</b>	<b>90,298</b>
Interest-bearing liabilities	2,314	9,600	7,142
Trade and other payables	–	2	18
Accrued expenses group companies	173	163	152
Accrued expenses and prepaid income	350	112	346
<b>Total current liabilities</b>	<b>2,837</b>	<b>9,877</b>	<b>7,659</b>
<b>Total equity and liabilities</b>	<b>209,897</b>	<b>220,850</b>	<b>212,068</b>

# 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	–	–	950	-6,509	-5,559
Total profit/loss for the period	–	–	950	-6,509	-5,559
New share issue	22	30,220	–	–	30,242
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	22	30,185	-9,805	-25,004	-4,604
Equity, 30 September 2022	93	125,360	24,797	-36,139	114,111
Profit/loss for the period	–	–	10	4,905	4,915
Total profit/loss for the period	–	–	10	4,905	4,915
New share issue	–	749	–	–	749
Buyback of hybrid bonds	–	–	-481	111	-370
Dividends	–	–	-10	–	-10
Total transactions with the Company's shareholders	–	749	-491	111	370
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	–	–	841	-4,136	-3,295
Total profit/loss	–	–	841	-4,136	-3,295
New share issue	3	3,334	–	–	3,337
Cost of issuance	–	-6	–	–	-6
Buyback of hybrid bonds	–	–	-82	-1	-83
Dividends	–	–	-841	-6,742	-7,583
Total transactions with the Company's shareholders	3	3,328	-922	-6,743	-4,335
Equity, 30 September 2023	97	129,437	24,234	-42,001	111,767

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, 23 October 2023

Helge Krogsbøl CEO	Helge Leiro Baastad Chairman of the Board	Ivar Tollefsen Board Member	Fredrik Reinfeldt Board Member	Vibeke Krag Board Member	John Giverholt Board Member	Klas Åkerbäck Board Member	Bente A. Landsnes Board Member	Rebecka Elkert Board Member	Axel Brändström Board Member
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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 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, 23 October 2023  
Ernst & Young AB

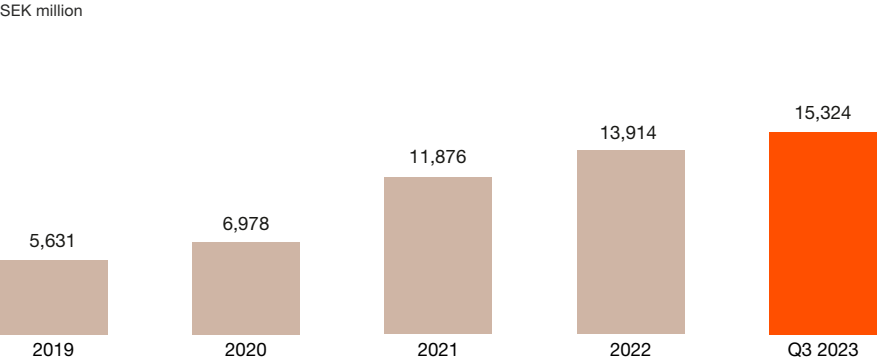
Jonas Svensson  
Authorised Public Accountant

# 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 30 September 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 divestments. Earnings capacity should not be considered a forecast for the current year or for the next 12-month period.

SEK million	Q3 2023
Rental income	15,324
Service charges paid by tenants	1,807
Property expenses	-6,861
<b>Net operating income</b>	<b>10,270</b>
Corporate administrative expenses	-860
<b>Profit before financial items</b>	<b>9,410</b>

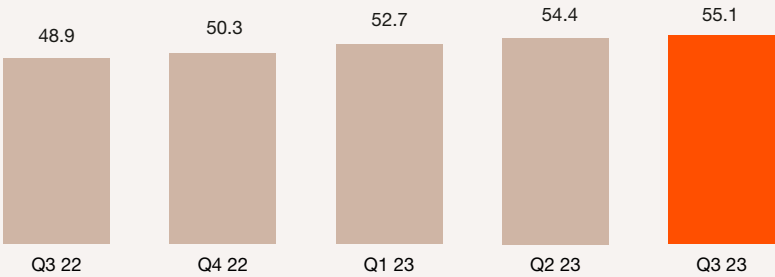
## Earnings Capacity Rental Income



# Alternative Performance Measures

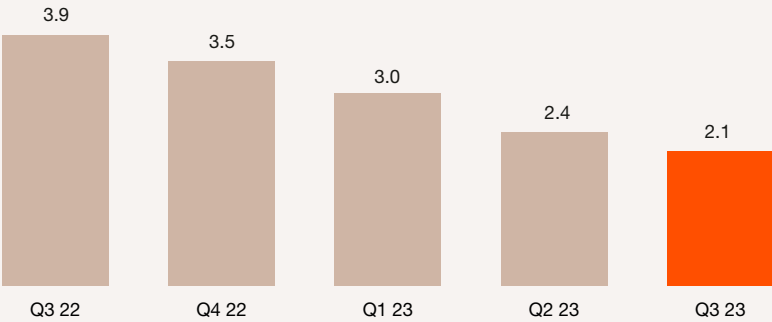
For more information, definitions, and methodology please refer to [www.heimstadenbostad.com](http://www.heimstadenbostad.com)

Net loan-to-Value  
%



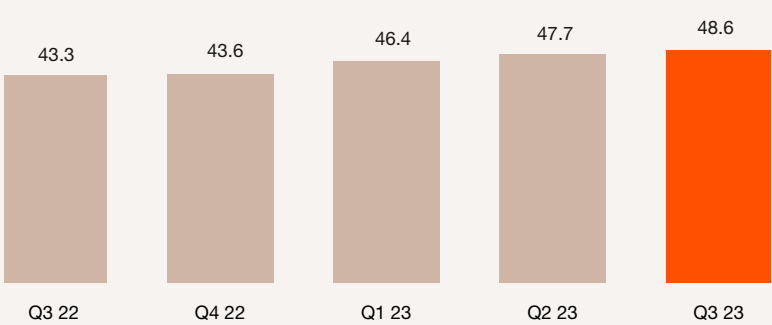
SEK million	Q3 2023	Q2 2023	Q3 2022
Interest-bearing secured liabilities	109,328	106,740	76,616
Interest-bearing unsecured liabilities	80,149	86,295	92,716
Less: Cash and cash equivalents	6,787	8,242	4,673
Net interest-bearing liabilities	182,689	184,793	164,659
Fair value of investment properties	331,754	339,736	336,967
Net LTV, %	55.1	54.4	48.9

Interest Coverage Ratio (ICR)  
multiple



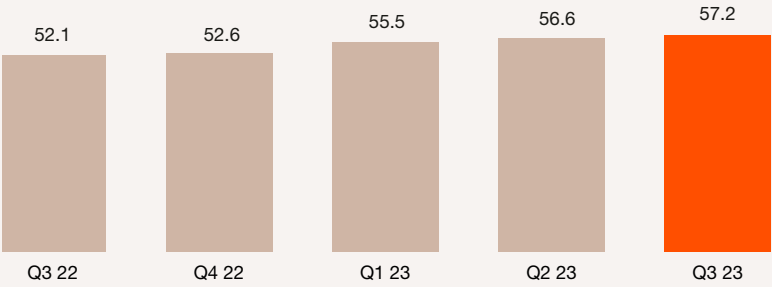
SEK million Rolling 12 months	Q3 2023	Q2 2023	Q3 2022
Profit before unrealised fair value adjustment	8,776	8,328	4,603
Transaction costs from business combination	–	–	2,053
Reduction of gain from reclassification	–	–	156
Interest income	370	297	214
Adjustment interest reclassification	-51	-63	-30
Profit before financial items plus financial income	9,095	8,562	6,996
Interest expenses	4,385	3,590	1,827
Adjustment interest reclassification	-51	-63	-30
ICR	2.1	2.4	3.9

Net Debt / Total Assets  
%



SEK million	Q3 2023	Q2 2023	Q3 2022
Net interest-bearing liabilities	182,689	184,793	164,659
Total assets	376,201	387,460	380,334
Net Debt / Total Assets, %	48.6	47.7	43.3

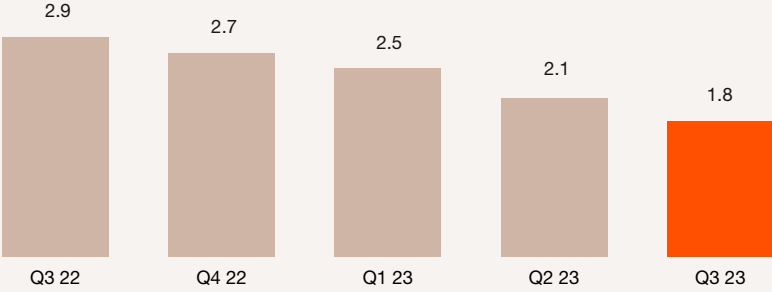
**Net debt / Net debt + Equity (S&P method)**  
multiple



SEK million	Q3 2023	Q2 2023	Q3 2022
Equity	158,739	164,495	176,540
50% hybrid	12,124	12,124	12,406
<b>Equity adj.</b>	<b>146,614</b>	<b>152,371</b>	<b>164,134</b>
Total interest-bearing liabilities	189,476	193,035	169,332
Lease liabilities	1,224	1,444	1,368
Less: Cash and cash equivalents	-6,787	-8,242	-4,673
50% of hybrid equity as debt (S&P adj.)	12,124	12,124	12,406
<b>Net interest-bearing liabilities, Adj. (Net debt)</b>	<b>196,037</b>	<b>198,362</b>	<b>178,434</b>
<b>Net debt + equity</b>	<b>342,652</b>	<b>350,732</b>	<b>342,567</b>
<b>Net debt / (net debt + equity)</b>	<b>57.2</b>	<b>56.6</b>	<b>52.1</b>

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

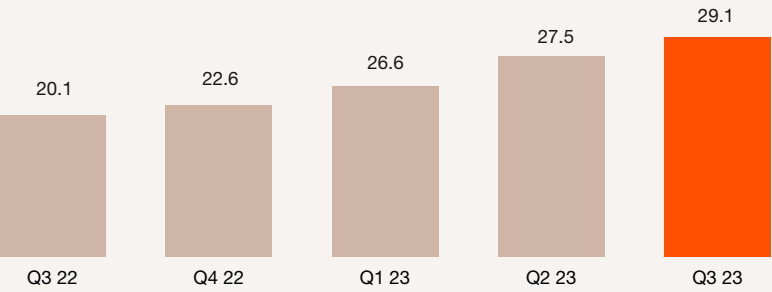
**ICR (S&P method)**  
multiple



SEK million Rolling 12 months	Q3 2023	Q2 2023	Q3 2022
<b>Profit before unrealised fair value adjustment</b>	<b>8,776</b>	<b>8,328</b>	<b>4,603</b>
Depreciation and amortisation	9	16	5
SOS Partnership	141	135	133
Transaction costs from business combination	–	–	2,053
<b>EBITDA, adj.</b>	<b>8,926</b>	<b>8,479</b>	<b>6,794</b>
Interest expenses	4,385	3,590	1,827
Adjustment interest reclassification	-51	-63	-30
Capitalised interest	163	141	75
50% interim-equity hybrid dividend annual (S&P)	419	419	511
<b>Interest expense, adj.</b>	<b>4,915</b>	<b>4,088</b>	<b>2,383</b>
<b>ICR incl. hybrid bonds as 50% debt</b>	<b>1.8</b>	<b>2.1</b>	<b>2.9</b>

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

**Secured loan-to-value**  
%



	Q3 2023	Q2 2023	Q3 2022
Interest-bearing secured liabilities	109,328	106,740	76,616
<b>Total assets</b>	<b>376,201</b>	<b>387,460</b>	<b>380,334</b>
<b>Secured loan-to-value, %</b>	<b>29.1</b>	<b>27.5</b>	<b>20.1</b>

All figures in SEK million unless otherwise specified.

Residential share of investment properties, %	Q3 2023	Q4 2022
Fair value residential properties, standing assets	302,109	310,684
Fair value investment properties, standing assets	326,405	334,040
<b>Residential share of investment properties, %</b>	<b>92.6</b>	<b>93.0</b>

Like-for-like rental income growth	Q3 2023 <sup>1</sup>	Q3 2022 <sup>2</sup>
Rental income current period	3,361	2,015
Rental income previous period	3,226	1,910
<b>Like-for-like rental income growth, %</b>	<b>4.2</b>	<b>5.5</b>

<sup>1</sup> 2023: only properties owned as of 2021-12-31 are included.

<sup>2</sup> 2022: only properties owned as of 2020-12-31 are included.

Net operating income margin	YTD 2023	YTD 2022
Rental income	11,129	9,315
Net operating income	7,553	6,082
<b>Net operating income, %</b>	<b>67.9</b>	<b>65.3</b>

Economic occupancy, residential	Q3 2023	Q3 2022
Theoretical rental income on residential units	3,658	3,069
Economic vacancy	-156	-109
<b>Rental income on residential units</b>	<b>3,503</b>	<b>2,960</b>
<b>Economic occupancy, %</b>	<b>95.7</b>	<b>96.4</b>

Real economic occupancy, residential	Q3 2023	Q3 2022
Theoretical rental income on residential units	3,658	3,069
Adj. to real vacancy	-70	-51
<b>Adj. Theoretical rental income</b>	<b>3,588</b>	<b>3,019</b>
<b>Real economic occupancy, %</b>	<b>98.1</b>	<b>98.4</b>

Equity ratio	Q3 2023	Q4 2022
Equity	158,739	180,854
Assets	376,201	397,327
<b>Equity ratio, %</b>	<b>42.2</b>	<b>45.5</b>

EBITDA	Q3 2023	Q4 2022
Rolling 12 months		
Profit before unrealised fair value adjustment	8,776	7,901
Transaction cost from business combination	–	-182
Depreciation and amortisation	9	4
<b>EBITDA</b>	<b>8,785</b>	<b>7,722</b>

Debt/EBITDA	Q3 2023	Q4 2022
Rolling 12 months		
Interest-bearing liabilities	187,505	167,896
EBITDA	8,785	7,722
<b>Debt / EBITDA, multiple</b>	<b>21.3</b>	<b>21.7</b>

Financial calendar

Annual Report 2023	27 February 2024
Q1 2024 Report	24 April 2024
Q2 2024 Report	16 August 2024
Q3 2024 Report	25 October 2024

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This information is such that Heimstaden Bostad AB (publ) is required to disclose under the EU Market Abuse Regulation.  
The information was submitted for publication through the agency of the above contact persons at 08:00 CET on 24 October 2023.



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