

This is a translation of the Swedish original version

Pro Forma Financial Information

Heimstaden AB (publ) ("Heimstaden" or "The Company") has since 31 December 2018 carried out a number of major property transactions and a bond issue (the "Transactions"). The Transactions will affect the company's future earnings, financial position and cash flows. The pro forma financial information has therefore been created as an illustration of how the result for the period January 1, 2018 - December 31, 2018 could have looked if these transactions were carried out on January 1, 2018, and the pro forma balance sheet and earning capacity are only intended to describe the hypothetical financial position and earnings capacity as if the Transactions had been completed as of December 31, 2018.

The pro forma accounts are only intended to describe a hypothetical situation and have been produced for illustrative purposes only. It is not intended to show the financial position or the result for the period if the above events had occurred at the above-mentioned date. It also does not show the financial position or the results of the business at a future point in time.

Transactions covered by the pro forma financial information

The transactions that Heimstaden either carried out or entered into an agreement to implement and for which pro forma adjustments were made are described below.

George Vastgoed Holding B.V. and Woonfonds Holding 1-5 B.V.

Heimstaden has agreed to acquire properties in the Netherlands for SEK 15.6 billion (EUR 1.4 billion). The acquisition comprises 6 legal groups with a total of 536 residential properties and 9,544 apartments. The acquisition is carried out as a purchase of companies. The lettable area amounts to approximately 805,900 sqm, of which about 793,800 sqm of living space and about 12,100 sqm of commercial space. Heimstaden will be the third largest private property owner in the Netherlands as a result of the acquisition. The acquired properties are geographically spread across the Netherlands with a concentration in the Randstad region. Rental income amounts to approximately SEK 729 million annually and the operating net to approximately SEK 403 million.

TG Partners III A / S

Heimstaden acquires a portfolio of 24 properties located primarily in Esbjerg, Aalborg, Aarhus, Svendborg and Copenhagen (ranking by share of value). The portfolio consists of a total of approximately 116,600 sqm divided into 1,375 apartments and approximately 50 commercial premises. The properties were built between 1886 and 2008 and include both older turn-of-the-century buildings with regulated housing rent (approx. 67,900 sqm) and also relatively newly-built properties with market rent (approx. 33,000 sqm) and commercial premises (approx. 15,700 sqm).

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The agreed property value is SEK 2,087 million (DKK 1,520 million) and the transaction is carried out as a purchase of companies. The transaction is financed by existing cash and new external debt.

Bond

On February 26, Heimstaden's subsidiary, Heimstaden Bostad AB, issues a EUR bond loan under its existing EMTN program. The issue amount amounts to SEK 7,178 million (EUR 700 million) with a term of 4.5 years. The issue amount is used to repay short-term bank debt and gives a net contribution of SEK 2,941 billion.

Subordinated shareholder loan from Fredensborg AS

Majority owner Fredensborg AS gives Heimstaden a shareholder loan of SEK 1,025 million (EUR 100 million).

Basis for pro forma financial information

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The pro forma financial information has been prepared in accordance with Heimstaden's accounting principles, taking into account the pro forma adjustments described below.

The income statement and balance sheet that forms the basis of the pro forma financial information is presented in Heimstaden's year-end report for January - December 2018. Adjustments for the Transactions have, in the income statement, been made as if all transactions were completed on January 1, 2018. The pro forma balance sheet and earning capacity describe the hypothetical financial position as well as the earning capacity as if the Transactions had been implemented as of December 31, 2018.

Income Statement Proforma 1 January 2018 - 31 December 2018

SEK million	Heimstaden	George Vastgoed Holding B.V.	Woonfonds Holding 1 B.V.	Woonfonds Nederland 2 B.V.	Woonfonds Holding 3 B.V.	Woonfonds Holding 4 B.V.	Woonfonds Holding 5 B.V.	TG Partners III A/S	Proforma adjustments			Reference	Proforma
									Acquisition related adjustments	Interest cost shareholder loan	Bond issue interest cost increase		
Rental income	3 393	126	124	217	57	134	71	136	-	-	-		4 258
Property costs	-1 582	-46	-59	-97	-31	-63	-30	-53	-	-	-		-1 962
Net operating income	1 810	80	65	121	26	71	41	83	-	-	-		2 296
Central administration	-107	-2	-3	-4	-2	-3	-4	-	-	-	-		-125
Other operating income	10	-	-	-	-	-	-	-	-	-	-		10
Other operating expenses	-42	-	-	-	-	-	-	-	-	-	-		-42
Result from participations in associated companies	20	-	-	-	-	-	-	-	-	-	-		20
Profit before financial items	1 692	78	62	117	23	68	36	83	-	-	-		2 159
Financial income	53	-	-	-	-	-	-	1	-	-	-		54
Financial expenses - Interest bearing liabilities	-806	-40	-49	-106	-29	-54	-33	-35	131	-	-63	A, B	-1 083
Financial expenses - Interest bearing subordinated	-	-	-	-	-	-	-	-	-	-	-21	C	-21
Other financial income	50	-	-	-	-	-	-	-	-	-	-		50
Other financial expenses	-	-	-	-	-	-	-	-	-	-	-		-
Income from property management	989	38	13	11	-5	14	3	49	131	-21	-63		1 160
Changes in value of investment properties	2 744	252	326	530	127	300	379	63	-	-	-		4 720
Changes in value interest rate derivatives	11	-	-	-	-	-	-	-	-	-	-		11
Profit before taxes	3 745	290	339	541	121	314	382	112	131	-21	-63		5 891
Current tax	-145	-21	-21	-26	-5	-16	-5	-24	-	-	-		-263
Deferred tax	-396	-11	-25	-44	-12	-35	-76	-	-	-	-		-599
The result of the period	3 204	258	293	471	105	263	302	87	131	-21	-63		5 029
Other comprehensive income	-255	-	-	-	-	-	-	-	-	-	-		-255
Overall Results	2 949	258	293	471	105	263	302	87	131	-21	-63		4 775

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Income statement adjustments

Acquisition-related adjustments

- A. Reported costs relating to interest-bearing liabilities have been reduced by SEK 131 million on an annual basis in order to reflect the expected financial costs after the acquisition of the Dutch portfolio. Heimstaden's external financing of the acquisition consists of a bank loan of SEK 8,973 million (EUR 875 million with an expected interest rate of approximately 2%).

Bond issue interest expense increase

- B. The bond issue gives a net contribution of capital of SEK 2,941 million (expected interest rate about 2.2%), after the redemption of existing loans. The higher loan volume is expected to increase Heimstaden's costs for interest-bearing liabilities by SEK 63 million annually.

Shareholder loan interest expense

- C. The majority owner Fredensborg AS gives Heimstaden a shareholder loan amounting to SEK 1,025 million (EUR 100 million at an interest rate of about 2%), which is expected to increase financial expenses by SEK 21 million annually.

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Balance sheets proforma 31 December 2018

SEK million	Heimstaden	Proformajusteringar										Footnote	Proforma
		George Vastgoed Holding B.V.	Woonfonds Holding 1 B.V.	Woonfonds Nederland 2 B.V.	Woonfonds Holding 3 B.V.	Woonfonds Holding 4 B.V.	Woonfonds Holding 5 B.V.	TG Partners III A/S	Bond issue	Repayment of loans	Shareholder loan	Acquisition related adjustments	
ASSETS													
FIXED ASSETS													
Investment Property	76 249	2 542	2 339	4 528	1 074	2 559	2 529	2 087	-	-	-	-930	H 92 976
Tangible fixed assets	22	-	-	-	-	-	-	-	-	-	-	-	22
Interest rate derivatives	18	0	0	0	-	-	-	-	-	-	-	-1	I 18
Shares in associated companies	123	-	-	-	-	-	-	-	-	-	-	-	123
Other long-term receivables	286	-	-	-	-	-	-	-	-	-	-	-	286
Total assets	76 699	2 542	2 339	4 528	1 074	2 559	2 529	2 087	-	-	-	-931	93 426
CURRENT ASSETS													
Development properties	680	-	-	-	-	-	-	-	-	-	-	-	680
Other receivables	1 132	1	3	1	0	2	1	3	-	-	-	-	1 144
Cash and bank balances	4 775	8	57	17	5	6	10	5	7 178	-4 237	1 025	-5 928	A, C, F, J 2 922
Total current assets	6 588	9	61	18	5	8	12	8	7 178	-4 237	1 025	-5 928	4 746
TOTAL ASSETS	83 286	2 551	2 400	4 546	1 079	2 567	2 540	2 094	7 178	-4 237	1 025	-6 858	98 172
EQUITY AND LIABILITIES													
EQUITY1	33 936	1 157	991	1 761	314	862	533	440	-	-	-	-6 058	K 33 936
LONG-TERM LIABILITIES													
Long-term interest-bearing liabilities	38 195	1 016	931	1 857	447	1 240	1 651	1 519	7 178	-1 237	-	1 550	B, D, L 54 345
Interest-bearing shareholder loans	-	179	278	582	243	312	269	-	-	-	1 025	-1 863	G, M 1 025
Interest rate derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liability	2 218	180	184	327	66	132	75	69	-	-	-	-487	N 2 763
Total long-term liabilities	40 413	1 374	1 392	2 766	756	1 684	1 995	1 588	7 178	-1 237	1 025	-800	58 134
SHORT-TERM LIABILITIES													
Short-term interest-bearing liabilities	7 492	-	-	-	-	-	-	-	-	-3 000	-	-	E 4 492
Other short-term liabilities	1 446	20	16	19	9	22	12	66	-	-	-	-	1 610
Total short-term liabilities	8 938	20	16	19	9	22	12	66	-	-3 000	-	-	6 102
TOTAL EQUITY AND LIABILITIES	83 286	2 551	2 400	4 546	1 079	2 567	2 540	2 094	7 178	-4 237	1 025	-6 858	98 172

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Balance sheet adjustments

Bond issue

- A. The bond issue results in a cash inflow of SEK 7,178 m (EUR 700 million).
- B. Interest-bearing liabilities increase by SEK 7,178 million (700 million).

Redemption of loans

In connection with the bond issue, loans amounting to SEK 4,237 million are settled.

- C. Cash and cash equivalents decrease by SEK 4,237 million.
- D. Long-term interest-bearing liabilities decrease by SEK 1,237 million.
- E. Short-term interest-bearing liabilities decrease by SEK 3,000 million.

Shareholder loans

Majority owner Fredensborg AS gives Heimstaden a shareholder loan of SEK 1,025 million (EUR 100 million).

- F. Cash increases by SEK 1,025 million.
- G. Shareholder loans increase by SEK 1,025 m.

Acquisition-related adjustments

- H. The reported market value of the Dutch investment properties as of December 31, 2018 is reduced by SEK 930 million to reflect the properties covered by the acquisition agreement.
- I. Interest rate derivatives are not included in the acquisitions and is reduced by SEK 1 million.
- J. The portion of the acquisitions to be financed by Heimstad's existing cash amounts to SEK 5,928 million and thus liquid funds are reduced by the corresponding amount.
- K. Shareholders' equity in the acquired companies is eliminated, totalling SEK 6,058 million.
- L. Interest-bearing liabilities are increased by SEK 1,550 million to reflect the newly raised financing after the acquisitions.
- M. Shareholder loans are adjusted with SEK 1,863 million to reflect the expected financing after completed acquisitions.
- N. The reported deferred tax liability, which relates to unrealized change in value of investment properties, is decreased by SEK 487 million to reflect the acquisition agreement.

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Financial ratios before and after the Transactions

In order to describe the financial effects of the Transactions, the selected financial key ratios are presented below based on the above pro forma earning capacity and pro forma balance sheet for 2018.

	<u>Actuals 2018</u>	<u>Pro forma 2018</u>
Loan-to-value ratio (LTV), %	53,7%	61,2%
Interest coverage ratio (ICR), multiple	2,2	2,4
Equity/assets ratio, %	40,7%	34,6%

Heimstaden AB (publ)

Malmö, 6 May 2019

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