

Malmö, 14 December 2020

Heimstaden Bostad upgraded to 'BBB' by S&P

S&P Global Ratings today announced that it has upgraded Heimstaden AB's subsidiary, Heimstaden Bostad AB, to 'BBB' with a stable outlook. The rating agency cites Heimstaden Bostad's strengthened residential portfolio, enhanced earnings base and strong financial discipline as key reasons for the upgrade.

Heimstaden Bostad is the first large investment grade residential real estate operating company globally to be upgraded by S&P in the last 12 months.

Heimstaden Bostad follows an ambitious strategy for responsible growth with strong financial results and conservative financial policies. The company grew its residential portfolio to SEK 139 billion in Q3 2020, from SEK 90 billion in Q3 2019. The portfolio is highly diversified with quality residential assets across stable European markets.

Over the same period, S&P-adjusted debt to debt plus equity (loan-to-value) decreased to 51% from 56% and adjusted EBITDA interest coverage (ICR) increased to 2.5x to 2.1x.

Commenting on the upgrade, CFO Arve Regland said:

"We are very pleased to be upgraded to 'BBB'. This serves as confirmation of our strategy for ambitious growth across attractive European markets with improving operational and financial quality. Moreover, it is an important milestone as we continue to work towards our ambition for a 'BBB+' rating."

S&P anticipates that Heimstaden Bostad will be able to maintain leverage commensurate with a 'BBB' rating going forward.

S&P Global Ratings further assesses Heimstaden Bostad's subordinated hybrid notes as having intermediate equity content and the issue ratings on these notes were upgraded to 'BB+' from 'BB', i.e., two notches below the issuer credit rating of 'BBB'.

For more information, please contact:

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Heimstaden is a leading residential real estate company in Europe, with a focus on acquiring, developing and managing housing and premises. Through our values Care, Dare and Share, we create value for our owners and friendly homes for our customers. Heimstaden has about 100,900 apartments and a property value of approximately SEK 139 billion. Heimstaden's preference share is listed on Nasdaq First North. The head office is located in Malmö. Certified Adviser is Erik Penser Bank aktiebolag, +46 8-463 83 00 and certifiedadviser@penser.se. For more information, visit www.heimstaden.com
