

Press Release

24 February 2023

Heimstaden: Annual and Sustainability Report 2022

2022 Highlights:

- Strong operational result with rental income of SEK 13.2 billion (9.0) and like-for-like growth of 5.4% (2.5%).
- SEK 4.2 billion negative fair value adjustment while a weaker SEK gave a net positive FX effect of SEK 6.6 billion.
- Comprehensive income SEK 8.1 billion.
- Investment properties SEK 351 billion (160,003 homes).
- Real economic occupancy 98.4% (97.8%).
- Net LTV 53.6% (51.0%) and ICR 2.4x (3.2x).
- SEK 580 million buyback of bonds in December.
- Heimstaden Bostad raised SEK 15 billion equity from existing equity partners, including SEK 1.25 billion from Heimstaden AB (1 billion was reinvestment of dividends).
- Heimstaden Bostad closed second partnership with Allianz in December.
- Heimstaden Bostad carried out buybacks of bonds in July (EUR 868 million) and December (SEK 750 million), funded with equity from shareholders including Heimstaden AB.
- Maintained a BB+ investment grade rating with Fitch, with revised outlook to negative (from stable). Heimstaden Bostad maintained a BBB investment grade rating with S&P and Fitch, with revised outlook to negative (from stable). S&P changed downgrade ICR thresholds to 1.8x from 2.4x and LTV to 60% from 55% due to the strengthened governance framework and improved business risk profile.
- Science Based Targets initiative validated Heimstaden Bostad's climate roadmap to reduce emissions in line with the Paris Agreement.
- Heimstaden Bostad's reduced greenhouse gas emissions by 7% and energy usage by 11% per sqm compared to 2021 (Scope 1 & 2).
- Prolonged management agreement with Heimstaden Bostad until 2047. Sold the Country Management organisation to Heimstaden Bostad.

CEO Helge Krogsbøl comments:

"Despite a challenging macroeconomic environment, Heimstaden Bostad's affordable and geographically diversified portfolio delivered a strong operational result in 2022.

The change in market conditions gave a negative fair value adjustment of Heimstaden Bostad's properties. Uncertainty follows into 2023, but the fundamentals of residential real estate are intact and will improve as the fall in construction activity reduces supply sharply.

Strong liquidity position, long loan duration, good variation in debt maturity, and a balanced mix of debt instruments, gives Heimstaden Bostad good coverage for upcoming maturities in the bond market. Bond buybacks funded with equity demonstrated shareholder support to the company.

With high demand for rental housing, we are confident that we will continue to deliver Friendly Homes to our customers combined with strong operational results.”

Chief Sustainability Officer Katarina Skalare comments:

”By implementing many measures in the properties and engaging tenants to have an efficient energy usage in their homes, we reduced our Scope 1 and 2 greenhouse gas emissions by 7% and energy usage by 11% per sqm compared to 2021.

Science Based Targets initiative’s (SBTi) approval of Heimstaden Bostad’s Climate Roadmap reconfirms the quality of our work and ambitious climate goals to reduce greenhouse gas emissions in line with the Paris Agreement.

Heimstaden Bostad’s partnership with SOS Children’s Villages reached more than 55,000 children in 25 countries with their SEK 125 million contribution in 2022. In addition, we helped more than 1,000 Ukrainian refugee families with housing during the year.”

Heimstaden AB Annual, Governance, and Sustainability Report 2022 is available at www.heimstaden.com and is attached to this release.

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Heimstaden is a leading European residential real estate manager and investor with around 160,000 homes across 10 countries with a property value of SEK 351 billion. We acquire, develop, and manage properties with an ever-green perspective. Guided by our Scandinavian heritage and values Care, Dare and Share – we fulfil our mission to enrich and simplify our customers’ lives through Friendly Homes. Heimstaden is listed on Nasdaq First North Growth Market. Read more at www.heimstaden.com.

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