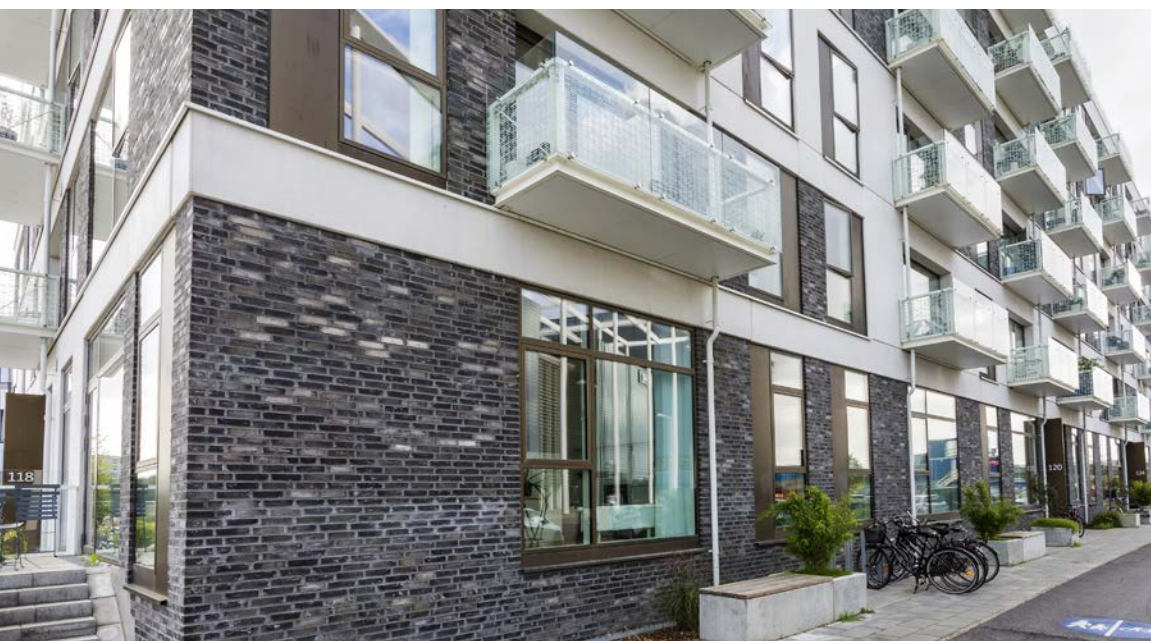


2019 Interim report

JANUARY – MARCH



The period in brief

January – March 2019

- Rental income for the period increased to SEK 1,023 million (706)
- The real letting ratio for housing was 98.9 percent
- Net operating income for the period increased to SEK 521 million (317)
- Net financial items amounted to a negative SEK 237 million (141)
- Profit from property management was SEK 173 million (185)
- Changes in values of investment properties amounted to SEK 1,761 million (817)
- Changes in values of derivatives were negative in the amount of SEK 313 million (positive 20)
- Profit for the period increased to SEK 1,203 million (884)
- Property acquisitions during the period amounted to SEK 3,711 million (823)
- Cash and cash equivalents amounted to SEK 6,265 million (2,538)
- Unutilised credits amounted to SEK 7,336 million (643)
- Profit per ordinary share amounted to SEK 101 (71)

Comparison amounts in parentheses refer to the corresponding period in the preceding year unless otherwise stated.

Key data

	2019 3 months Jan-Mar	2018 3 months Jan-Mar	2018 12 months Jan-Dec
Amounts in SEK million			
Rental income	1,023	706	3,393
Property costs	-502	-389	-1,582
Net operating income	521	317	1,810
Profit from participations in associated companies	1	1	20
Other costs	-29	9	-139
Financial income	5	4	53
Financial costs	-242	-145	-806
Other financial income	–	–	50
Other financial costs	-84	–	–
Profit from property management	173	185	989
Changes in value	1,448	836	2,755
Tax	-418	-138	-541
Profit for the period	1,202	884	3,204
Other comprehensive income	904	466	-255
Comprehensive income	2,107	1,350	2,949
Investment properties, SEK million	83 293	54 837	76 249
Surplus ratio, %	50.9	44.9	53.4
Letting ratio, housing (number), %	96.7	98.0	97.3
Real letting ratio, housing (number), %	98.9	–	98.6
Interest coverage ratio (ICR) – rolling 12-month, multiple	2.1	2.4	2.2
Loan-to-value ratio (LTV), %	54	56	54
Loan-to-value ratio, secured loans, %	34	57	35
Profit per ordinary share	101	71	139

Heimstaden's "ambassadors" are increasing in number

As I sit writing these lines, I have a very positive feeling in my bones.

Our long-term and focused efforts to invest in measures that enhance sustainability, adding newly produced and appropriate apartments and constantly striving to provide our tenants with friendly and appreciated accommodation, are generating clear results and the results that were desired.

- Our energy consumption and climate impact continue to decline through investments, optimisation and a motivated and competent organisation.
- In the first quarter, leasing of our newly produced homes, primarily in Copenhagen, progressed quickly and efficiently and with positive feedback regarding the quality of the apartments and their surroundings.
- The results of this year's Swedish CSI survey (customer satisfaction index) confirms that our tenants increasingly appreciate our service and product. Our customer service and how customers are treated by local property managers received top marks. We also received top marks with regard to our tenants' contentment with their apartments.

An increasing number of our tenants, slightly more than 86 percent, have become "ambassadors" for Heimstaden and would warmly recommend that their friends and acquaintances become tenants with us. Thank you, that is heart-warming and something we seek to live up to. To all tenants who participated in the survey, thank you for your comments, both your positive and negative feedback and your suggestions for improvement.

Heimstaden has now taken the next step and is currently conducting the same CSI survey among our Danish and Norwegian tenants for the first time. We look forward eagerly to getting to grips with all of the improvement opportunities.

Growth

In the autumn of 2018, Heimstaden completed its first acquisitions in Holland. Setting up operations there has exceeded our expectations by a wide margin. When, in the first quarter, the opportunity arose to acquire a larger housing portfolio of almost 9,600 apartments in the Netherlands, we seized the opportunity. As of the end of April/start of May, we have now gained access to these apartments. The Dutch rental market has similarities to the Swedish rental market. Most apartments in the Netherlands are subject to regulated rent levels, a system that



ensures predictability of the revenue flow, but also an opportunity for most people to demand a home of their own. Through our acquisitions in the Netherlands, we have now established ourselves as the third-largest property owner in the country and have started building a local property management organisation to establish the Heimstaden culture of friendly housing.

Consequently, we are one of the largest property owners in all of the countries in which we are now established, that is, in Sweden, Denmark, Norway, Germany and the Netherlands.

Success factor

The fact that Heimstaden has been able to combine growth with increased customer satisfaction and an ever better surplus ratio is a positive accolade and there are many who deserve thanks for this, namely our more than 400 employees in Sweden, Denmark and Norway.

Thank you for meeting our customers, contractors and partners on a daily basis and with a smile on your face. Thank you for your willingness to support and help each other and the people you encounter in your work. You make a difference!

As a reader of this interim report for the first quarter of 2019, you now have the opportunity to learn about Heimstaden's results, financial standing and key data on the following pages. Welcome to the world of Heimstaden!

Patrik Hall
CEO Heimstaden

Current earning capacity

In the adjacent table, Heimstaden presents its earning capacity on a twelve-month basis as per 31 March 2019. Earning capacity is not a forecast for the current year or for the next 12-month period and should only be regarded as a theoretical snapshot and is presented for illustrative purposes only. Current earning capacity does not include an assessment of future trends in rent levels, vacancy rates, property costs, interest rates, changes in value, acquisitions or sales of properties or other factors.

Current earning capacity is based on the properties held as per 31 March 2019 and their financing. Accordingly, the current earning capacity illustrates Heimstaden's annual earnings on that basis. Consequently, transactions where Heimstaden gains access after 31 March are not included in the calculation.

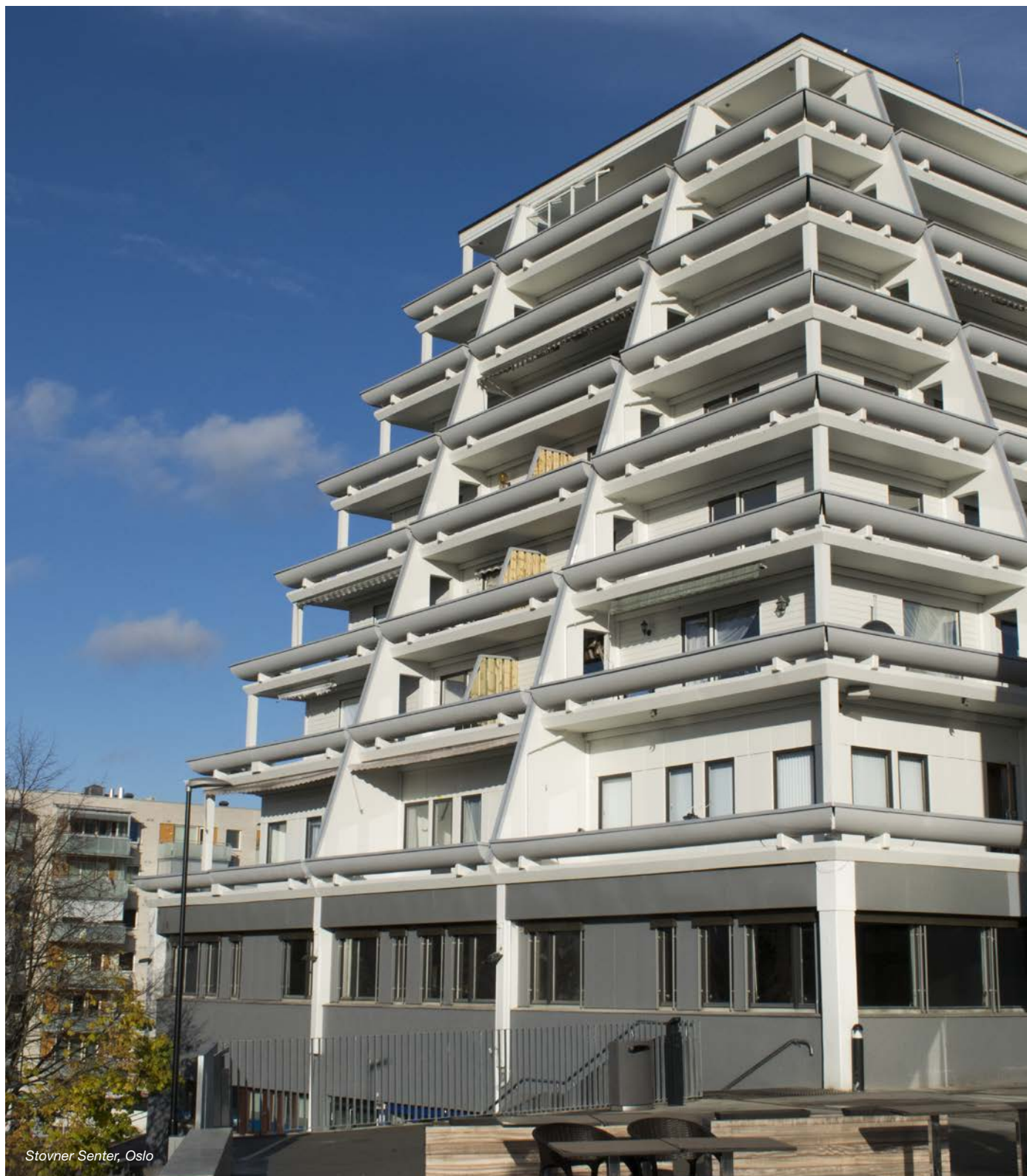
Heimstaden's Income Statement is also affected by the development in the value of the property portfolio and future property acquisitions and/or property sales. Changes in values of derivatives is another item affecting profit. None of the above has been taken into account in the current earning capacity, nor in the item Profit from participations in associated companies.

Earning capacity is based on the contracted rental income, current property costs and administrative costs of the property portfolio. Costs for interest-bearing liabilities have been based on the Group's average interest rate on the balance sheet date, including the effects of derivative instruments.

Current earning capacity as per 31 March 2019

Amounts in SEK million	
Rental income	4,030
Property costs	-1,701
Net operating income	2,329
Central administration costs	-154
Other operating income	–
Other operating costs	–
Profit from participations in associated companies	–
Profit before financial items	2,175
Financial income	12
Financial costs	-1,047
Profit from property management	1,140
Profit from property management attributable to:	
The Parent Company's shareholders	707
Non-controlling interests	433
Key data	
Surplus ratio, %	57.8
Interest coverage ratio (ICR), multiple	2.1





Stovner Senter, Oslo

Significant transactions

Heimstaden's property stocks are managed in five geographical segments – Sweden, Denmark, Norway, Germany and the Netherlands. The total value of Heimstaden's property portfolio amounted to SEK 83,293 million, excluding agreed acquisitions. Listed below are the significant transactions agreed by the Group in the first quarter, as well as the transactions agreed in earlier periods but where the Group has gained control of the assets in the quarter at hand.

On 27 March,

Heimstaden agreed to acquire 536 residential properties in the Netherlands for EUR 1.4 billion. The lettable area amounts to approx 805,900 square metres, of which approximately 793,800 square metres is housing, with 9,544 apartments, and approximately 12,100 square metres is commercial space. As a result, Heimstaden became the third-largest private residential property owner in the Netherlands. The acquired properties are geographically spread across the Netherlands with a certain concentration in the Randstad region. Rental income amounts to approximately EUR 76 million annually and net operating income to about EUR 51 million.

Heimstaden has monitored the Dutch real estate market for a long time and completed the first acquisition in October 2018. The Dutch rental housing market is characterised by favourable fundamental factors for housing in comparison with other countries, including anticipated increases in housing shortages, annual rental indexation of regulated rents and growth in market rents exceeding inflation. Heimstaden gained access to the properties on 1 May 2019.



Ø-huset, Copenhagen



Our segments

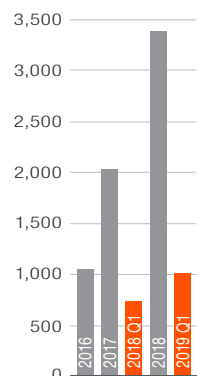
The Group's property portfolio is divided into different geographic administrative segments.



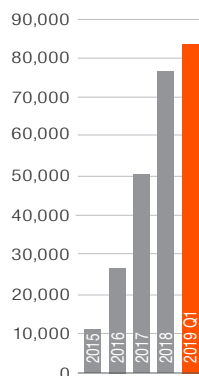
TOTAL HEIMSTADEN (JANUARY-MARCH)

	Q1 2019	Q1 2018
Market value, SEK m	83,293	54,837
Rental income, SEK m	1,023	621
Net operating income, SEK m	521	309
Surplus ratio, %	50.9	49.8
Letting ratio, housing (number), %	96.7	98.0
Real letting ratio, %	98.9	–
Number of properties	982	843
Area, m ²	2,879,125	2,223,126

DEVELOPMENT IN TOTAL RENTAL INCOME, Q1 (SEK M)



DEVELOPMENT OF TOTAL MARKET VALUE, Q1 (SEK M)



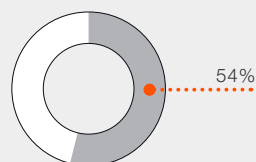
Sweden

The Swedish economy continues to develop positively, with growing GDP and increased disposable income. Employment has increased in recent years and, in Q1 2019, unemployment was 6.7 percent. A large influx of people born abroad has offset rising employment. Population growth is driving demand for housing, particularly in the metropolitan areas, which are experiencing strong growth as a result of the global urbanisation trend. Sweden has grown by about 270,000 inhabitants over the past two years and the population is now at 10.1 million. According to the Swedish National Board of Housing, Building and Planning, 67,000 homes need to be built per year until 2025, while the current forecast is for only 51,000 homes to be added during 2019. With housing construction not meeting demand, a continued housing shortage is created. The forecast by the Swedish National Board of Housing, Building and Planning shows declining construction of tenant-owned apartments, while rental apartments continue to experience good demand. Reinforced investment support for construction is expected to facilitate the production of rental apartments in locations with high production prices. The pace of building in Malmö remained unchanged in 2018 compared with 2017. Gothenburg accounted for strong growth in 2018, while the building rate in Stockholm decreased by 35 percent, according to the National Board of Housing, Building and Planning.

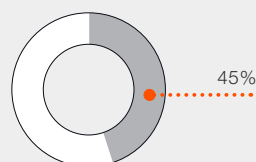
SWEDEN (JANUARY-MARCH)

	Q1 2019	Q1 2018
Market value, SEK m	37,297	31,087
Rental income, SEK m	554	482
Net operating income, SEK m	221	179
Surplus ratio, %	39.8	37.2
Letting ratio, housing (number), %	97.6	98.5
Real letting ratio, %	99.3	–
Number of properties	761	729
Area, m ²	1,921,044	1,755,323

RENTAL INCOME, SHARE OF HEIMSTADEN TOTAL



Market value, share of Heimstaden total



Denmark

The Danish economy has developed strongly for several years. Employment has increased by an average of about 1.5 percent annually. In March 2019, unemployment amounted to 5.3 percent, which is lower than the EU average. In Denmark, there are 2.8 million privately owned homes and only 63,000 of these are located in Copenhagen, corresponding therefore to only approximately 2 percent of the market. In parts of Copenhagen housing prices have risen by as much as 70 percent since 2012. The main reason for this sharp increase in prices is urbanisation. As in large parts of the western world, Denmark is experiencing a strong trend of urbanisation, with smaller communities being depopulated. The population of Copenhagen is forecast to increase by 100,000 inhabitants over the next ten years.

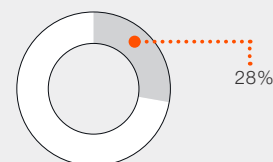
Århus is Denmark's second-largest city and has a well-developed transport network. Besides being known as a very popular student city (with 50,000 students in 2019), it is also the home of one of Northern Europe's largest industrial ports.

Odense is Denmark's third-largest city and, like Aarhus, is a popular student city (with 30,000 students in 2019). The municipality prides itself on offering more than 100,000 jobs, and a particularly distinctive area of growth here is robotics and automation.

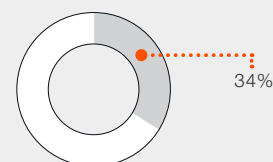
DENMARK (JANUARY-MARCH)

	Q1 2019	Q1 2018
Market value, SEK m	28,280	15,160
Rental income, SEK m	287	139
Net operating income, SEK m	189	84
Surplus ratio, %	65.8	60.3
Letting ratio, housing (number), %	94.4	97.0
Real letting ratio, %	98.3	–
Number of properties	127	64
Area, m ²	706,297	372,622

RENTAL INCOME, SHARE OF HEIMSTADEN TOTAL



Market value, share of Heimstaden total





Nedre gate 8, Norway

Norway

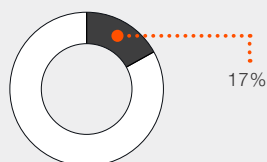
The Norwegian economy continues to develop well and has shown recovery following several years with lower oil prices, resulting in lower activity in the oil and gas sector. Over the past year, growth has mainly been driven by rising oil prices, strong private consumption and higher exports as a result of the recovery in the world economy. Per capita GDP is among the highest in Europe. Employment is favourable and unemployment was a low 3.9 percent at the end of 2019. The urbanisation trend is evident also in Norway and, in the capital, Oslo, the population is increasing significantly faster than in the country as a whole. The City of Oslo is the hub in a densely-populated and fast-growing region, consisting of 46 municipalities with a total of 1.6 million inhabitants and a comprehensive and varied offering in terms of education, jobs, culture and transport. About 80 percent of Norwegians live in homes they own themselves, and the housing market is relatively unregulated.

The limited supply of residential rental properties means that there are only a few private players who own large stocks of rental properties.

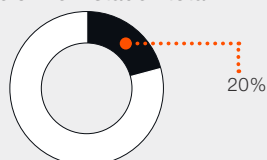
NORWAY (JANUARY-MARCH)

	Q1 2019	Q1 2018
Market value, SEK m	16,772	8,591
Rental income, SEK m	174	82
Net operating income, SEK m	106	46
Surplus ratio, %	61.0	56.5
Letting ratio, housing (number), %	95.1	95.0
Real letting ratio, %	97.4	–
Number of properties	83	50
Area, m ²	219,475	95,182

RENTAL INCOME,
SHARE OF HEIMSTADEN TOTAL



Market value,
share of Heimstaden total



Spandau, Germany

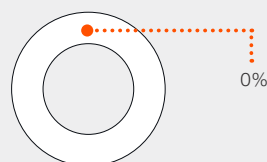
Germany

At the end of 2017, the German economy was the world's fourth largest and Europe's largest according to the IMF. The capital Berlin is Germany's largest city with 3.7 million inhabitants (2018). The city is a political, economic and cultural centre and has the highest concentration of academics and researchers per capita in Germany. In 2017 to 2018, nearly 200,000 students were enrolled at the city's approximately 40 universities and colleges. Unemployment in Berlin has declined steadily between 2009 and 2017 and the city experienced the country's fastest growth in employment during 2018. Increased employment was driven mainly by the professional services sector, including industries such as finance, insurance, property and consultancy. Employment in the construction industry in the city also showed an above-average increase. Berlin has been ranked as a region with considerable growth potential and as a leading cluster for start-ups globally. A superior quality of life and relatively low cost of living, combined with relatively low costs for premises, compared with many other major cities, are given as explanations for the favourable business climate.

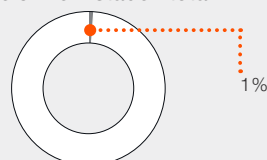
GERMANY (JANUARY-MARCH)

	Q1 2019	Q1 2018
Market value, SEK m	723	–
Rental income, SEK m	5	–
Net operating income, SEK m	3	–
Surplus ratio, %	57.5	–
Letting ratio, housing (number), %	95.2	–
Real letting ratio, %	98.8	–
Number of properties	10	–
Area, m ²	27,831	–

RENTAL INCOME,
SHARE OF HEIMSTADEN TOTAL



Market value,
share of Heimstaden total



Utrecht, Netherlands

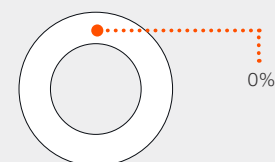
Netherlands

The Dutch economy is one of the world's 20 largest and GDP per capita is slightly higher than in Germany and Sweden, for example, according to the IMF (2017). Unemployment was at 3.3 percent in March 2019 according to the OECD and the IMD ranked the Dutch economy as the fourth most competitive in the world in 2018. The country has a strategic geographic location and a well-developed infrastructure with high-speed trains to other major European cities and a large international airport at Amsterdam Schiphol. The country is a hub for international transport and distribution with Europe's largest port in Rotterdam. The Netherlands has a well-trained workforce with approximately 90 percent of the population speaking English and the country ranked second in the world in EF's language test (2018), which measures average English skills in different countries around the world. Details are emerging that many companies are considering strategic moves from London to Amsterdam to safeguard their access to the EU's internal market, as a direct consequence of Brexit. For example, in December 2018, Bloomberg published an article in which the Dutch central bank states that it has been in contact with about 50 financial institutions with operations in London regarding licensing to operate in the Netherlands.

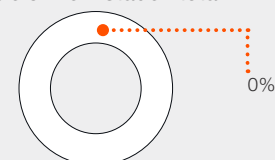
NETHERLANDS (JANUARY-MARCH)

	Q1 2019	Q1 2018
Market value, SEK m	240	–
Rental income, SEK m	3	–
Net operating income, SEK m	2	–
Surplus ratio, %	65.2	–
Letting ratio, housing (number), %	100.0	–
Real letting ratio, %	100.0	–
Number of properties	1	–
Area, m ²	4,478	–

RENTAL INCOME,
SHARE OF HEIMSTADEN TOTAL



Market value,
share of Heimstaden total



Consolidated Statements of Comprehensive Income

Amounts in SEK million	Note	2019 3 months Jan - Mar	2018 3 months Jan - Mar	2018 12 months Jan-Dec	Rolling 12 months Apr-Mar
Rental income	4	1,023	706	3,393	3,710
Property costs	5	-502	-389	-1,582	-1,696
Net operating income		521	317	1,810	2,014
Central administration costs		-29	-20	-107	-116
Other operating income		0	28	10	-19
Other operating costs		0	–	-42	-42
Profit from participations in associated companies		1	1	20	21
Profit before financial items		493	326	1,692	1,858
Financial income	6	5	4	53	55
Financial costs – interest-bearing liabilities	6	-242	-145	-806	-903
Other financial income	6	0	–	50	134
Other financial costs	6	-84	–	–	-84
Financial costs, leaseholds		-1	–	–	–
Profit from property management		173	185	989	1,060
<i>Profit from property management attributable to:</i>					
The Parent Company's shareholders		74	102	423	395
Non-controlling interests		98	84	566	580
Change in value of investment properties	7	1,761	817	2,744	3,689
Changes in the value of financial derivative instruments	8	-313	20	11	-321
Profit before tax		1,621	1,022	3,745	4,427
Current tax		-94	-50	-145	-189
Deferred tax		-324	-88	-396	-632
Profit for the period		1,203	884	3,204	3,606
<i>Profit for the period attributable to:</i>					
The Parent Company's shareholders		740	484	1,979	2,235
Non-controlling interests		463	400	1,224	1,287
Other comprehensive income		904	466	-255	183
Comprehensive income		2,107	1,350	2,949	3,789

Rental income

Rental income for the period amounted to SEK 1,023 million (706), with growth resulting primarily from completed property transactions. For the housing stocks, the average rental income amounted to SEK 1,434 per square metre of time-weighted area (1,299).

The letting ratio for housing was 96.9 percent (98.7), the somewhat lower level is attributable to vacated apartments that are to be renovated to a higher standard. Over the period, the vacated apartments accounted for 2.2 percent of the total, corresponding to a real letting ratio of 98.9 percent (real vacancy rate of 1.1 percent).

Property costs

Total property costs amounted to SEK 502 million (389), the change is mainly due to increased property volumes resulting from the transactions made during the last twelve months.

Net operating income

Net operating income amounted to SEK 521 million (317) for the period, corresponding to a surplus ratio of 50.9 percent (49.8).

Central administration costs

Costs for central administration amounted to SEK 29 million (20), with the increase mainly being attributable to the growth of the organisation as a consequence of a larger property portfolio.

Net financial items

Financial costs where SEK 242 million (145) during the period, the change being attributable to an increase in interest-bearing liabilities driven by the larger property portfolio. The loan-to-value ratio remained largely unchanged. The average interest rate on the Balance Sheet date for total borrowing, including derivatives and fees for unutilised credits increased to 2.0 percent (1.8), driven partly by a rising trend in underlying base rates and increased interest-rate hedging. About 60 percent (79) of the portfolio will switch interest rates within a year and a change in the base rate (Stibor, Cibur, Nibor) of 1 percent at any given time would, all else being equal, increase Heimstaden's interest costs (adjusted for the recognised interest rate cut) on an annual basis by approximately SEK 270 million (176) were rates to rise, and decrease them by approximately SEK 116 million (56) in the event that interest rates were to fall. The difference in sensitivity is explained by several credit agreements containing interest rate floor clauses restricting interest rate changes on the downside, such that the base rate cannot, for example, be negative while the cost of outstanding and purchased interest rate derivatives can increase with negative market interest rates.

Other financial costs

Other financial costs amount to SEK 84 million (0) and relate to exchange rate differences for loans raised in the Parent Company. The loans are denominated in the same currency as the foreign assets they finance, or are hedged via currency interest rate swaps to the same currencies as the assets they finance. Currency effects resulting from hedging are reported under change in value of financial derivative instruments, and exchange rate differences regarding assets in foreign

subsidiaries are reported under other comprehensive income. The Group's currency risk is limited to the net capital in each currency.

Financial costs, leaseholds

In connection with the transition to IFRS 16, the ground rent has been reclassified from Property costs to Financial income and costs, ground rent paid is reported in its entirety as an interest expense since these agreements are regarded as perpetual.

Profit from property management

Profit from property management amounted to SEK 173 million (185), with the change being attributable to increased volumes in property stocks.

Changes in the value of financial derivative instruments

In accordance with the established financial policy and interest rate hedging strategy, Heimstaden uses interest rate derivatives and currency interest rate swaps to manage the Group's interest rate and currency risks. The change in value of derivatives during the period was negative in the amount of SEK 313 million (20). The nominal volume of interest rate swaps amounted to SEK 23,205 million (8,078) and the volume of currency interest rate swaps amounted to SEK 12,471 million (0).

Change in value of investment properties

As of 31 March 2019, the unrealised change in the value of investment properties amounted to SEK 1,782 million (823). Sweden showed a positive change in value of 2.7 percent, Denmark 1.2 percent and Norway 2.9 percent. The Germany and Netherlands segments were largely unchanged. The changes are primarily explained by lowered yield requirements in existing holdings and improved yields. The yield requirement in the valuation averaged 3.7 percent, which compares with 3.65 percent at the end of 2018. After currency adjustment, the total change in value of properties amounted to SEK 1,761 million (817) in the Income Statement.

Tax

In addition to the current tax of SEK 94 million (50), the Group also reports deferred tax of SEK 324 million (88). The deferred tax consists primarily of temporary differences between carrying amounts and the consolidated cost of investment properties and financial instruments.

Other comprehensive income

Other comprehensive income consists of currency differences from consolidation of the group's foreign subsidiaries.

Consolidated Statements of Financial Position

Amounts in SEK million	Note	31 Mar 2019	31 Mar 2018	31 Dec 2018
ASSETS				
Non-current assets				
Investment properties	9	83,293	54,837	76,249
Leases, right-of-use		170	–	–
Tangible fixed assets		25	10	22
Participations in associated companies and joint ventures		125	109	123
Financial derivative instruments	10	–	–	18
Other financial non-current assets		255	293	286
Total non-current assets		83,869	55,249	76,699
Current assets				
Development properties and tenant-owned apartments in progress		689	–	680
Accounts receivable		29	39	16
Other current receivables		697	524	863
Prepaid costs and accrued income		344	129	253
Cash and cash equivalents		6,265	2,538	4,775
Total current assets		8,023	3,230	6,588
TOTAL ASSETS		91,892	58,479	83,286

Investment properties

As per 31 March, Heimstaden's property portfolio had a market value of SEK 83,293 million (76,249). The total change in value during the period amounted to SEK 1,782 million (823) and the remaining change in the carrying amount of the property portfolio consists of net corporate and property transactions, investments in existing stocks, as well as exchange rate effects.

For a more detailed description of Heimstaden's methodology for valuing properties, see page 116 of Heimstaden's 2018 Annual Report.

Participations in associated companies

Heimstaden holds shares in Rosengård Fastigheter and a number of minor development projects.

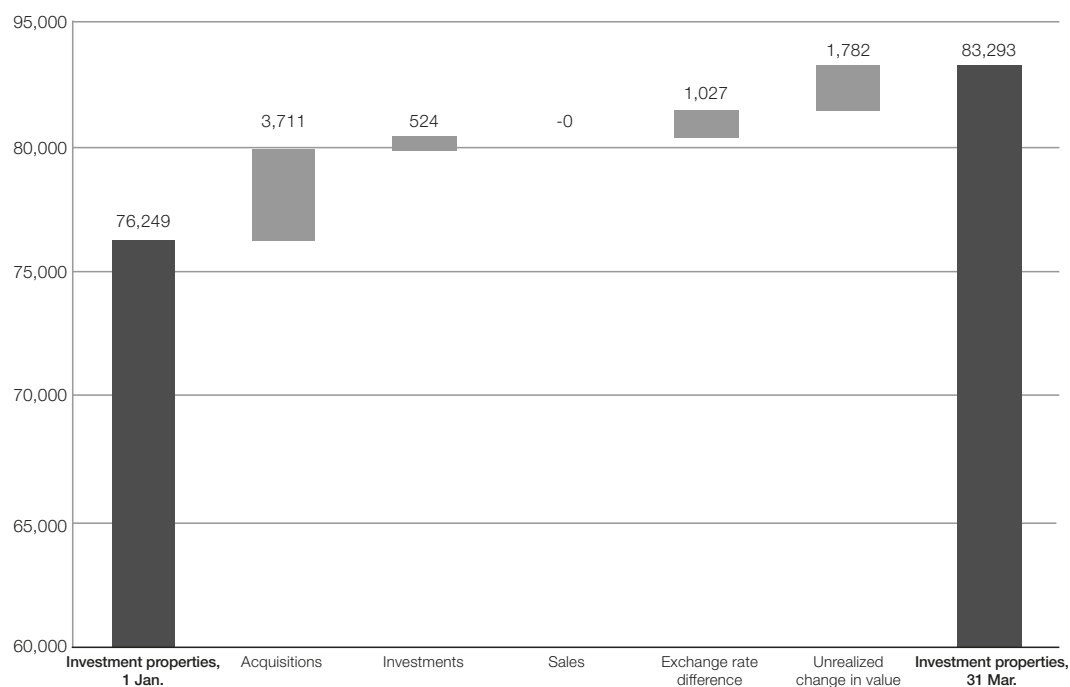
Other financial non-current assets

Other financial assets refer to loans provided to associated companies, as well as acquired, construction projects in progress to which Heimstaden has not yet gained access. These amounted to SEK 255 million (286) at the end of the period.

Development properties and tenant-owned apartments in progress

In connection with the acquisition of Norwegian investment properties, building rights and ongoing construction projects were also acquired. The item concerns the development and construction of condominium apartments in Oslo that are to be divested upon completion.

DEVELOPMENT OF INVESTMENT PROPERTIES FOR THE YEAR, SEK MILLION



Consolidated Statements of Financial Position

Amounts in SEK million	Note	31 Mar 2019	31 Mar 2018	31 Dec 2018
EQUITY AND LIABILITIES				
Equity ¹⁾		36,030	21,882	33,936
Long-term interest-bearing liabilities		49,121	30,158	38,195
Non-current liability, financial leasing		170	–	–
Financial derivative instruments	10	295	11	–
Deferred tax liability		2,516	1,872	2,218
Total non-current liabilities		52,102	32,040	40,413
Current liabilities				
Current interest-bearing liabilities		2,186	3,332	7,492
Accounts payable		308	172	351
Current tax liabilities		126	96	99
Other current liabilities		628	518	521
Accrued costs and prepaid income		512	439	475
Total current liabilities		3,760	4,557	8,938
TOTAL EQUITY AND LIABILITIES		91,892	58,479	83,286
¹⁾ Of which non-controlling interests		18,194	10,278	17,436

Consolidated Statements of Changes in Equity

Amounts in SEK million	Share capital	Share premium reserve	Profit brought forward	Total equity
Equity, 31 Dec 2017	78	729	18,001	18,807
Dividend, preference shares			-12	-12
Shareholder contribution, Fredensborg AS			1,737	1,737
Other comprehensive income			466	466
Profit for the period			884	884
Equity, 31 Mar 2018	78	729	21,076	21,882
Dividend, preference shares	–	–	-35	-35
Shareholder contribution, Fredensborg AS	–	–	4,000	4,000
Contributions from non-controlling interests	–	–	6,563	6,563
Contributions to non-controlling interests			-76	-76
Change in taxation			2	2
Other comprehensive income	–	–	-720	-720
Profit for the period	–	–	2 320	2 320
Equity, 31 Dec 2018	78	729	33 129	33 936
Dividend, preference shares	–	–	-12	-12
Other comprehensive income	–	–	904	904
Profit for the period	–	–	1,202	1,202
Equity, 31 Dec 2019	78	729	35,224	36,030

Interest-bearing liabilities

At the end of the period, Heimstaden had interest-bearing liabilities amounting to SEK 51,310 million (45,687), 60 percent of which are covered by property mortgages. With deductions for cash and cash equivalents, net liabilities increased by SEK 4,131 million, to SEK 45,042 million (40,911). In the period at hand, the Group's borrowing, including currency effects, had increased by SEK 5,623 million, relating primarily to acquisitions of properties in Denmark.

Of the interest-bearing liabilities, SEK 20,510 million (13,143) refers to bonds, SEK 17,581 million (15,080) is attributable to financing based on mortgage bonds, and SEK 13,219 million (17,464) refers to traditional bank loans. On the balance sheet date, unutilised credit facilities amounted to SEK 7,336 million (7,043).

The average period for which capital is tied up in Heimstaden's interest-bearing liabilities amounted to 10.1 years (8.0). The largest proportion of loan maturities in an individual year amounts to 22 percent (26), maturing in 2021 (2020). At the same time, the average interest period of fixed interest, including the effect of derivatives, amounted to 1.8 years (2.1).

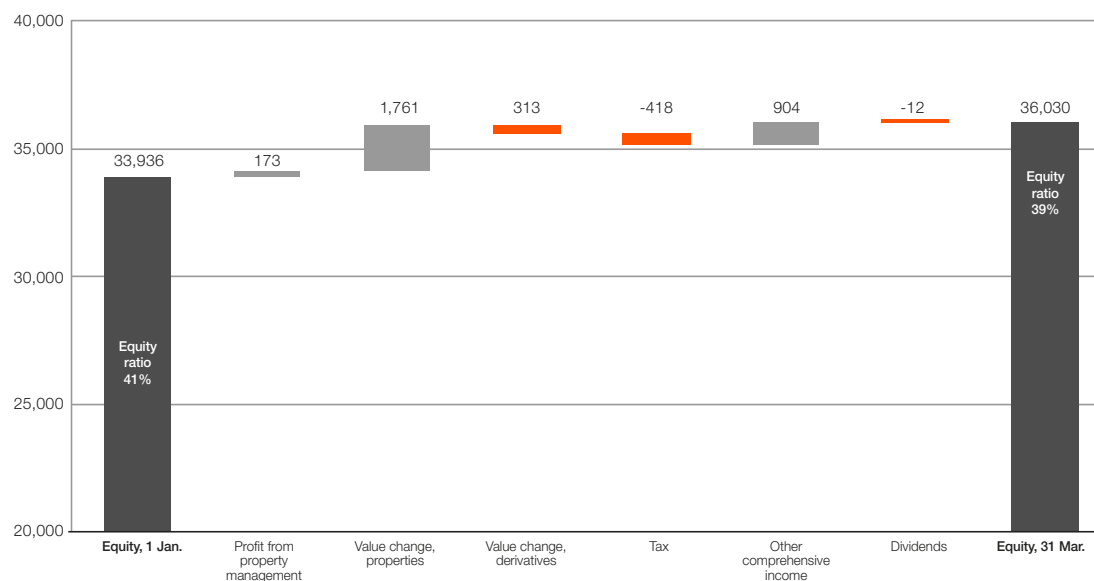
Deferred tax

Deferred tax is calculated on differences between carrying amounts and the consolidated cost of the assets and liabilities. The nominal tax rates used for the calculations are 20.6 percent for Sweden, 22 percent for Denmark, 23 percent for Norway, 30.2 percent for Germany and 19 percent for the Netherlands. At 31 March 2019, deferred tax, which is the net of deferred tax assets and deferred tax liabilities, amounted to SEK 2,516 million (2,218) and was, for the most part, attributable to investment properties. The remaining tax deficit in the Group amounts to SEK 1,669 million (1,669).

Equity

Equity amounted to SEK 36,030 million (33,936) and the equity/assets ratio was 39 percent (41), the change for the period consisting of dividends and profit. During the period SEK 12 million (12) has been paid in dividends to holders of preference shares. With Heimstaden Bostad AB having made several new issues in the past 12 months, the minority interests amount to SEK 18,194 million (17,436). Through its operations abroad, Heimstaden is exposed to currency risk in EUR, DKK and NOK, as well as to risk associated with EUR regarding financing. The risk related to debenture loans in EUR has been hedged against SEK and NOK using swaps, the currency risk associated with the foreign operations is limited to net capital in each currency. The risk can also have a direct effect on profit thereby affecting equity.

EQUITY DEVELOPMENT OVER THE YEAR¹⁾, SEK MILLION



¹⁾ Profit from participations in associated companies is allocated to the relevant item.

Consolidated Statements of Cash Flows

Amounts in SEK million	2019 3 months Jan - Mar	2018 3 months Jan - Mar	2018 12 months Jan-Dec
Operating activities			
Profit before tax	1,620	1,022	3,745
Adjustments for non-cash items:			
– Change in value of investment properties	-1,761	-817	-2,744
– Change in value of derivative instruments	313	-20	-11
– Other non-cash items	65	–	-100
Tax paid	-112	-49	-131
Cash flow from operating activities before changes in working capital	125	136	758
Change in working capital			
Change in current receivables	-103	-129	348
Change in tenant-owner participations	–	–	-883
Change in current liabilities	-260	105	-489
Cash flow from operating activities	-239	112	-266
Investing activities			
Property acquisitions	-1,512	-2,775	-9,018
Investment, properties	-524	–	-4,039
Acquisitions of subsidiaries	–	-2	-2
Acquisitions of other non-current assets	–	–	-158
Deposits paid for acquisitions	–	–	-547
Other investments	-4	-5	-22
Property sales	–	149	155
Acquisitions of participations in associated companies	–	–	-6
Change in loans to associated companies	-29	-4	-47
Change in financial assets	14	-1	198
Cash flow from investing activities	-2,055	-2,638	-13,486
Financing activities			
Contributions from non-controlling interests	–	–	6,563
Dividend to non-controlling interest	–	–	-76
Dividend to/contribution from Parent Company	–	1,737	5,737
Dividend, preference shares	-12	-12	-47
Change in shareholder loans	–	–	–
Change in interest-bearing liabilities	3,757	1,905	5,198
Redemption of interest rate derivatives	–	–	-135
Cash flow from financing activities	3,745	3,631	17,242
Cash flow for the period	1,451	1,106	3,489
Opening cash and cash equivalents	4,775	1,393	1,393
Currency effect in cash and cash equivalents	38	–	-107
Closing cash and cash equivalents	6,265	2,499	4,775

Operating activities

Cash flow from operating activities, before changes in working capital, amounted to SEK 125 million (136). The decrease is explained by a currency difference associated with the redemption of a loan, which had a negative impact of SEK 60 million for the period. After a reduction in working capital of SEK 363 million (24), cash flow from operating activities was negative in the amount of SEK 239 million (positive 112).

Investing activities

Cash flow from investing activities was negative in the amount of SEK 2,055 million (2,638). Most of the flow consists of corporate and property transactions, as well as property investments, of which most are attributable to acquisitions in Denmark.

Financing activities

Cash flow from financing activities amounted to SEK 3,745 million (3,631), with the amount being primarily attributable to the bond issue and repayments of loans with short maturities.

Cash flow

Cash flow for the period amounted to SEK 1,451 million (1,106) and cash and cash equivalents amounted to SEK 6,265 million (2,499) at the end of the period.



PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	2019 3 months Jan-Mar	2018 3 months Jan-Mar
Other operating income	27	21
Central administration costs	-21	-14
Operating profit/loss	6	7
Amortisation and depreciation	–	0
Profit before financial items	6	6
Interest income	27	–
Interest costs	-21	-21
Profit from property management	11	-14
Profit for the period	11	-14
Other comprehensive income	–	–
Comprehensive income	11	-14

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

Amounts in SEK million	31 Mar 2019	31 Mar 2018
ASSETS		
NON-CURRENT ASSETS		
Tangible fixed assets	3	4
Shares in subsidiaries	3,339	4,454
Other financial non-current assets	1	1
Total non-current assets	3,342	4,458
CURRENT ASSETS		
Receivables from subsidiaries	14,754	9,383
Other current receivables	42	101
Cash and cash equivalents	1,786	1,541
Total current assets	16,582	11,025
TOTAL ASSETS	19,925	15,484
EQUITY AND LIABILITIES		
Equity	13,386	9,738
Non-current liabilities		
Bond	2,500	2,500
Non-current liabilities, subsidiaries	872	140
Total non-current liabilities	3,372	2,640
Current liabilities		
Current liabilities, subsidiaries	3,140	3,068
Other current liabilities	27	38
Total current liabilities	3,167	3,106
TOTAL EQUITY AND LIABILITIES	19,925	15,484

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	Share capital	Share premium reserve	Profit brought forward	Total equity
Equity, 31 Dec 2017	78	729	7,220	8,027
Dividend, preference shares	–	–	-12	-12
Shareholder contribution	–	–	1,737	1,737
Comprehensive income for the year	–	–	-14	-14
Equity, 31 Mar 2018	78	729	8,931	9,738
Dividend, preference shares	–	–	-35	-35
Shareholder contribution	–	–	4,000	4,000
Comprehensive income for the year	–	–	-316	-316
Equity, 31 Dec 2018	78	729	12,579	13,386
Dividend, preference shares	–	–	-12	-12
Comprehensive income for the period	–	–	11	11
Equity, 31 Mar 2019	78	729	12,579	13,386



Note 1 Accounting principles

Accounting principles

Heimstaden's consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and its interpretations of these (IFRIC). This interim report has been prepared in accordance with IAS 34 the Annual Accounts Act. The Parent Company applies RFR2 Accounting for Legal Entities and the Swedish Annual Accounts Act.

The same accounting and valuation principles and calculation methods have been applied as in the most recently stated Annual Report, see pages 106 and 132 of Heimstaden's 2018 Annual Report, with the exception of the introduction of IFRS 16 Leases as of 1 January 2019. Other new and amended standards are not currently expected to affect Heimstaden's accounts to any significant extent.

New accounting principles

In the autumn of 2017, IFRS 16 Leases was adopted by the EU. The standard came into effect on 1 January 2019 and includes both the lessor and the lessee. Heimstaden's income consists mainly of rental income and is therefore subject to the regulations for lessors. For lessors, the regulations are predominantly unchanged, while, on the other hand, significant changes have been made to the regulations for lessees. Heimstaden has lease commitments for leaseholds, premises and vehicles.

According to the new standard, lessees must report the commitment as a lease liability in the Balance Sheet. The right to use the underlying asset during the leasing period is reported as an asset. Depreciation of the asset is recognised in the Income Statement, as is interest on the lease liability. Leasing fees paid are reported partly as interest payments and partly as amortisation of the lease liability.

Following the introduction of IFRS 16 as of 1 January 2019, Heimstaden has reported a right-of-use asset and a lease liability corresponding to the value of the right-of-use asset. From the perspective of IFRS 16, leaseholds are viewed as perpetual lease agreements, which are reported at fair value and not written off, instead the value of the right-of-use asset remains until the next occasion on which the leasehold is renegotiated. The Income Statement has been affected in that the ground rent has been reclassified from Property costs to Financial income and costs, ground rent paid is reported in its entirety as an interest expense since these agreements are regarded as perpetual. Heimstaden has leasehold or other lease agreements for land in countries other than Sweden. Heimstaden experience is that these agreements are normally extended and thus handled in the same way as Swedish leaseholds.

Premises and vehicles are reported at discounted values in the balance sheet as a right-of-use asset and a lease liability. In the Income Statement, the right-of-use asset is written off over lease term and payments made to landlord/the lessor are reported partly as amortisations on the lease liability and partly as an interest expense in the Income Statement.

The cash flow statements will not be affected by the introduction of IFRS 16 as these are based on Profit from property management. Heimstaden has chosen to apply the simplified transition method and will not apply the standard retroactively. Accordingly, in accordance with the simplified method, comparison figures for 2018 have not been recalculated.

Note 2 Information about related parties

Heimstaden's transactions with related parties are detailed in Notes G 8 and PC-G 6 in Heimstaden's 2018 Annual Report.

Note 3 Events after the Balance Sheet date

On 1 April, Heimstaden published preliminary pro forma data and conducted meetings with selected investors to examine the conditions for issuing hybrid bonds. Due to these meetings, and given that Heimstaden recently implemented a larger acquisitions in Netherlands, transferred properties and projects in Denmark and Sweden to Heimstaden Bostad AB, as detailed in the press release of 27 March 2019, as well as taking possession of properties acquired in Denmark, as detailed in the press release of 27 December 2018, Heimstaden intends to present current pro forma data at these meetings.

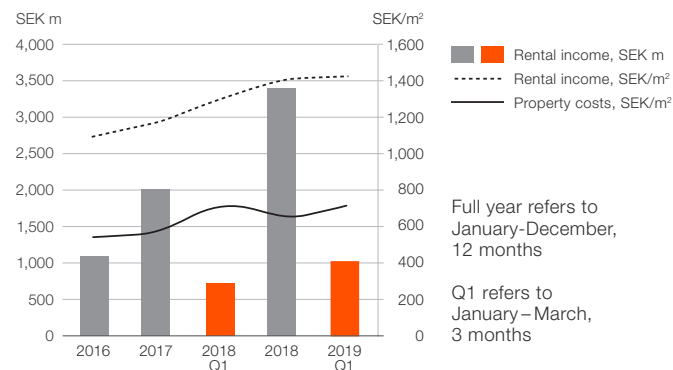
On 4 April, Heimstaden issued hybrid bonds for SEK 2,000 million on the Nordic capital market. The hybrid bonds are issued under a loan framework totalling SEK 5 billion with the possibility of issuing in both SEK and EUR. The initial interest rate for the SEK-denominated hybrid bonds was set at three-month STIBOR +590 basis points. The hybrid bonds have a perpetual term, with a first possible repayment date after 5.5 years, and will be reported in Heimstaden's accounts as equity. The company intends to apply for admission for trading of the hybrid bonds on Nasdaq Stockholm. The date of the issue date is at 11 April 2019. The issue proceeds are intended to be used for general business purposes, including investments and acquisitions, both within Heimstaden and Heimstaden Bostad, as well as their respective subsidiaries.

On 6 May, Heimstaden published pro forma data and a prospectus and applied for admission to trading of its hybrid bonds. By means of a press release dated 1 April 2019, Heimstaden published preliminary pro forma data to describe the Company's financial position before and after certain major transactions implemented in 2019. Heimstaden published the final pro forma accounts reviewed by auditing firm Ernst & Young. The information presented in the pro forma accounts does not differ from the preliminary pro forma data.

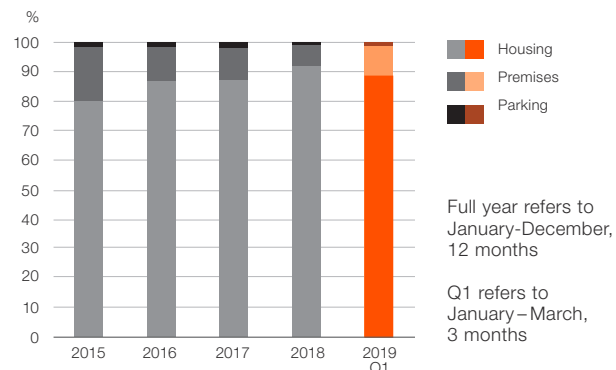
On 6 May, Heimstaden issued hybrid bonds for approximately SEK 2,000 million. Heimstaden intends to apply for admission to trading of the hybrid bonds on Nasdaq Stockholm and the first day of trading is planned to be about 9 May 2019. Due to the listing application, Heimstaden has prepared a prospectus which was today approved by the Swedish Financial Supervisory Authority.

Note 4 Rental income

RENTAL INCOME



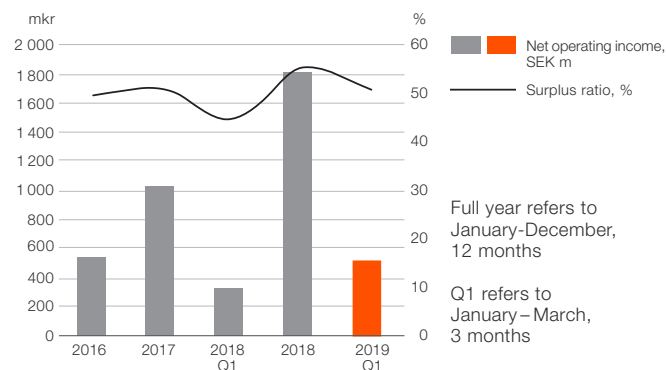
DISTRIBUTION OF RENTAL INCOME



Note 5 Property costs

Amounts in SEK million	2019 3 months Jan-Mar	2018 3 months Jan-Mar	2018 12 months Jan-Mar
Operating costs	-297	-262	-989
Maintenance and repairs	-103	-78	-344
Property administration	-66	-39	-155
Property tax	-34	-9	-86
Ground rent	–	-1	-2
Amortisation and depreciation	-1	-1	-6
Total property costs	-501	-389	-1,582

NET OPERATING INCOME AND SURPLUS RATIO



Note 6 Financial income and costs

Risk management, estimation and assessments

The Board of Directors and company management work continuously to achieve the desired risk profile, which is governed by the adopted Financial Policy and established operational targets.

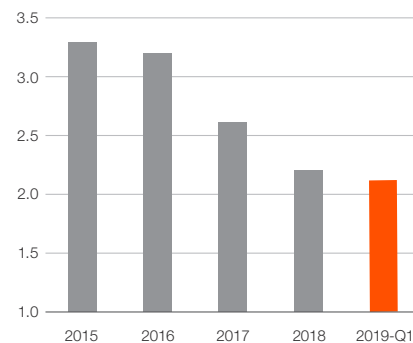
Heimstaden's operations, financial position and profit can be affected by a number of risks and uncertainties. These are described on pages 84–87 of the 2018 Annual Report. No significant changes have subse-

quently occurred affecting the assessment by the Board of Directors and company management.

To prepare the accounts in accordance with generally accepted accounting principles, management must make assessments and assumptions affecting the assets and liabilities reported in the financial statements, as well as income and expense items and other disclosures. Actual outcomes may differ from these assessments.

Financial risks	Financial policy in summary	Outcome 31 Mar 2019 Listing
Refinancing risk		
Capital tied up (months)	at least 15	121
Loan maturity (percentage in individual year)	maximum 40	22 ⁽²⁰²¹⁾
Limitation, individual lenders (percent)	maximum 50	12.5 ^(New credit)
Interest-rate risk		
Fixed interest (years)	In accordance with separate interest rate hedging strategy	1.8
Interest rate hedge (percent)	at least 25	50
Credit risk		
Equity/assets ratio (percent)	at least 25	40
Interest coverage ratio (multiple, rolling 12 months)	at least 1.4	2.3

INTEREST COVERAGE RATIO (ICR)



31 Mar 2019 Years	Fixed interest, loans incl. currency interest rate swaps			Fixed interest incl. derivatives ¹⁾		
	SEK m	Share, %	Interest, incl. margin, %	SEK m	Share, %	Interest, incl. margin, %
0–1	51,244	99.9	1.8	30,913	60.3	2.1
1–2	67	0.1	1.7	2,963	5.8	1.7
2–3	–	–	–	3,736	7.3	1.8
3–4	–	–	–	4,166	8.1	1.8
4–5	–	–	–	3,396	6.6	2.1
>5 years after balance sheet date	–	–	–	6,136	12.0	2.2
Total	51,310	100.0	1.8	51,310	100.0	2.0

¹⁾ The credit margin is evenly spread across the maturity structure

The average remaining term of fixed interest in the loan portfolio amounts to:

0.25 years

The average remaining term of fixed interest in the loan portfolio, including derivatives, amounts to:

1.82 years

Note 7 Change in value of investment properties

Direct return requirements

Years	Average	Interval
2018	3.65%	0.95% – 8.50%
2019	3.70%	0.86% – 8.29%



Nyckeln 3, Norrköping

Note 8 Change in value of derivatives**Change in market value of derivatives**

Market value of derivatives, 31 Dec 2018	18
Acquired derivatives	0
Redeemed derivatives	0
Unrealised changes in value	-313
Market value of derivatives, 31 Mar 2019	-295

Note 9 Investment properties**Change in market value of investment properties**

Amounts in SEK million	Total	Sweden	Denmark	Norway	Germany	Netherlands
Market value of investment properties, 31 Dec 2018	76,249	36,005	23,782	15,521	703	236
Sales during the period	–	–	–	–	–	–
Acquisitions during the period	3,711	–	3,711	–	–	–
Acquisitions from associated companies	–	–	–	–	–	–
Investments during the period	524	295	142	79	8	–
Currency change	1,027	–	322	691	10	3
Market value after transactions	81,465	36,300	27,957	16,292	721	240
Unrealised value change	1,782	977	323	480	2	–
Market value of investment properties, 31 Mar 2019	83,293	37,277	28,280	16,772	723	240

Note 10 Financial instruments**Change in loan volume**

Interest-bearing loans, 31 Dec 2018	45,687
Repayments on loans	-3,966
Currency exchange effect on loans	-223
New borrowing/loans taken over	9,812
Interest-bearing loans, 31 Mar 2019	51,310

	Capital tied up, loans			Lines of credit	
Years	SEK million	Share, %	Interest, incl. margin %	SEK million	Share, %
0-1 years	2,186	4	2.6	307	4
1-2 years	7,118	14	1.5	1,427	19
2-3 years	11,361	22	2.1	5,302	72
3-4 years	4,547	9	1.9	300	4
4-5 years	8,352	16	2.1	–	–
>5 years after balance sheet date	17,746	35	1.1	–	–
Total	51,310	100.0	1.7	7,336	100

The average remaining period for which capital is tied up amounts to: 10.1 years

Funding source, SEK m

	Credit	Secured, %	Unutilised credit commitment	Share, %
Bonds	20,510	–	–	40
Mortgages	17,581	100	–	34
Bank loans	13,219	100	7,336	26
Total	51,310	60	7,336	100.0

Financial instruments

Maturity, interest rate derivatives				
Years	Type	SEK million	Share, %	Interest, % ¹⁾
0-1 years	Paying fixed	2,875	12	0.05
1-2 years	Paying fixed	2,896	13	0.21
2-3 years	Paying fixed	4,236	18	0.28
3-4 years	Paying fixed	3,666	16	0.44
4-5 years	Paying fixed	3,396	15	0.61
>5 years after balance sheet date	Paying fixed	6,136	26	0.72
Total purchased swaps		23,205	100	0.43

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

Financial instruments

Maturity, cross-currency interest rate swap				
Years	Type	SEK million	Share, %	Interest, % ¹⁾
0-1 years	Paying variable	–	–	–
1-2 years	Paying variable	–	–	–
2-3 years	Paying variable	5,196	42	2.89
3-4 years	Paying variable	–	–	–
4-5 years	Paying variable	7,275	58	2.96
>5 years after balance sheet date	Paying variable	–	–	–
Total purchased swaps		12,471	100	2.92

1) The interest rate indicates the variable agreed interest rate on the balance sheet date.



The Board of Directors and the President provide their assurance that this interim report provides a true and fair view of the operations, position and results of the Parent Company and the Group and describes the significant risks and uncertainties that occur in the operations of the Parent Company and the Group.

Malmö, 10 May 2019

Patrik Hall
CEO

Ivar Tollefsen
Chairman of the Board

Magnus Nordholm
Board Member

John Giverholt
Board Member

This interim report has not been subject to review by the company's auditors.

KEY DATA

	2019 3 months Jan - Mar	2018 3 months Jan - Mar	2018 12 months Jan-Dec
Property-related data			
Rental income, SEK m	1,023	706	3,393
Letting ratio, housing (number), %	96.9	98.0	97.3
Real letting ratio, housing (number), %	98.9	–	98.6
Surplus ratio, %	50.9	44.9	53.4
Acquisitions and property investments, SEK m	3,711	823	21,696
Property sales, SEK m	–	–	155
Market value of properties on balance sheet date, SEK m	83,293	54,837	76,249
Number of properties on balance sheet date	982	843	951
Lettable area on balance sheet date, m ²	2,879,125	2,223,126	2,732,359
Number of apartments on balance sheet date	40,680	31,645	39,006
Proportion living area on Balance Sheet date, %	89	90	89
Financial data			
Cash flow from operating activities, SEK m	-239	112	-266
Profit from property management, SEK m	173	185	989
Interest coverage ratio (ICR), multiple	2.1	2.4	2.2
Equity/assets ratio, %	39.2	37.4	40.7
Loan-to-value ratio (LTV), %	54.1	56.4	53.7
Loan-to-value ratio, secured loans, %	33.5	57.3	34.6
Average interest rate on balance sheet date, %	2.0	1.8	1.8
Average period of fixed-interest on loans, incl. derivatives, years	1.9	1.0	2.1
Average period for which capital is tied up, year	10.1	8.6	8.0
Return on equity, %	13.6	20.5	13.2
Equity on the balance sheet date, SEK m	36,030	21,882	33,936
Net asset value on the balance sheet date, SEK m	38,546	23,754	36,154
Long-term asset value (EPRA NAV) on the balance sheet date, SEK m	38,841	23,764	36,172
DEBT/EBITDA, multiple	21	19	20
Data per share			
Profit per ordinary share, SEK	101	71	139
Equity per ordinary share, SEK	1,283	811	1,182
Equity per preference share, SEK	380	380	380
Number of ordinary shares outstanding at the end of the period	13,204,000	13,204,000	13,204,000
Number of preference shares outstanding at the end of the period	2,343,750	2,343,750	2,343,750
Average number of ordinary shares outstanding	13,204,000	13,204,000	13,204,000
Average number of preference shares outstanding	2,343,750	2,343,750	2,343,750

Definitions and glossary

Letting ratio, housing (number), %

Leased housing divided by total number of homes.

Real letting ratio, housing (number), %

Leased housing adjusted for voluntary vacancies due to standard improvements divided by the total number of homes.

Surplus ratio, %

Net operating surplus as a percentage of rental income

Proportion living area on balance sheet date, %

Living area divided by total property area.

Interest coverage ratio (ICR), multiple

Profit before net financial items plus financial income divided by financial costs attributable to interest-bearing liabilities. Calculated based on the rolling 12-month outcome.

Equity/assets ratio, %

Equity as a percentage of total assets.

Loan-to-value ratio (LTV), %

Net liabilities in relation to the property portfolio's estimated market value.

Loan-to-value ratio, secured loans, %

Secured loans as a share of total assets, in accordance with Standard & Poor's definition.

Net liabilities

Interest-bearing liabilities less financial assets and cash and cash equivalents.

Average interest, %

Average interest on the balance sheet date for interest-bearing liabilities, with interest rate derivatives taken into account.

Return on equity after tax, %

Profit after tax (rolling 12-month outcome) as a percentage of average equity.

Net asset value on the balance sheet date, SEK m

Equity plus deferred tax liability.

Long-term asset value (EPRA NAV) on the balance sheet date, SEK m

Equity with deferred tax liability and interest rate derivatives reversed.

DEBT/EBITDA, multiple

12-month average interest-bearing liabilities divided by profit before financial items with reversal of depreciation.

Equity per ordinary share, SEK

Equity at the end of the period, in relation to the number of ordinary shares at the end of the period, after preferential capital is taken into account.

Equity per preference share, SEK

The preferential rights of holders of preference share on liquidation of the company and the remaining entitlement to dividends of those shares.

Profit after tax per ordinary share, SEK

Profit after tax in relation to the average number of ordinary shares once the preference shares' portion of the profit for the period has been taken into account.



Financial information

The interim report for April-June 2019 will be published on 21 August 2019.

The interim report for July-September 2019 will be published on 25 October 2019.

This information is such that Heimstaden AB (publ) is obliged to disclose under the EU Market Abuse Regulation.

The information was submitted for publication under the auspices of the contact persons below
at 9:00 a.m. CET on 10 May 2019.

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Ingvor Sundbom, CFO Heimstaden AB, +46 (0)707–88 66 50

Heimstaden

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