

2019  
Interim report  
JANUARY – SEPTEMBER



**Heimstaden**

# The period in brief

January–September 2019

- Rental income for the period increased to SEK 3,483 million (2,408)
- The real letting ratio for housing was 99.1 percent (-)
- Net operating income for the period increased to SEK 1,983 million (1,328)
- Net financial items amounted to a negative SEK 1,047 million (659)
- Profit from property management, excluding currency effects on loans, amounted to SEK 1,015 million (774)
- Changes in values of properties amounted to SEK 4,900 million (2,179)
- Changes in values of derivatives were negative in the amount of SEK 430 million (positive 30)
- Profit for the period increased to SEK 4,204 million (2,461)
- Property acquisitions during the period amounted to SEK 22,669 million (16,260)
- Cash and cash equivalents amounted to SEK 3,841 million (5,699)
- Unutilised credits amounted to SEK 8,998 million (0)
- Profit after tax per ordinary share amounted to SEK 294 (151)

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

MARKET VALUE OF INVESTMENT PROPERTIES, Q3 (SEK M)



# Key data

January – September 2019

## OPERATIONAL

## FINANCIAL

Rental income <b>SEK 3,483</b> million 2018, SEK 2,408 million (up 40%)	Cash flow from operating activities <b>SEK 296</b> million 2018, SEK 160 million (up 86%)	S&P rating <b>BBB-</b> Credit rating according to Standard & Poor's (Heimstaden Bostad)	Equity <b>SEK 44.3</b> billion 2018, SEK 33.9 billion (up 31%)
Net operating income <b>SEK 1,983</b> million 2018, SEK 1,328 million (up 49%)	Value change in properties <b>SEK 4,857</b> million up 4.7% in 2018	Loan-to-value ratio <b>53</b> % 2018, 49%	Cash and cash equivalents <b>SEK 3,841</b> million 2018, SEK 4,775 million
Surplus ratio <b>56.9</b> % 2018, 55.1%	Real letting ratio for housing <b>99.1</b> % includes only market-related vacancies	Interest coverage ratio <b>2.0</b> x 2018, multiple of 2.3	Unutilised credits <b>SEK 8,998</b> million

## PROPERTIES

Investment properties <b>SEK 108</b> billion 2018, SEK 76.2 billion (up 42%)	Market value of Heimstaden's property portfolio.	Proportion living area <b>91</b> % Heimstaden's property portfolio consists mainly of housing. 2018, 89%
Area <b>3,850</b> thousand m <sup>2</sup> 2018, 2,732 thousand m <sup>2</sup> (up 41%)	Number of properties <b>1,558</b> 2018, 951 (up 64%)	Number of apartments <b>52,263</b> 2018, 39,006 (up 34%)

# Friendly homes and soft targets provide strong key data

Is it possible to combine targets concerning employee well-being or our customers' satisfaction with traditional key data on growth and profitability? If you ask us at Heimstaden, the answer is: Absolutely! We would even claim that focusing on soft targets and a high level of customer and employee satisfaction is prerequisite for the company to be able to achieve a stable and favourable profitability and return for its shareholders in the long term. This is why we invest more energy than many other property companies into issues of social sustainability, health and customer satisfaction. Heimstaden is, and shall be, the friendly housing company that contributes to fair social development and a sustainable future for upcoming generations. Although these may seem like big words, they are a central part of our operations.

This is why our "HOMETOWN days" in Malmö in September were so important. We gathered more than 430 of our employees from Sweden, Norway, Denmark and the Netherlands to immerse ourselves in Heimstaden's vision, company culture and the words that express our values. This forms the foundation of our continued journey of growth and our constant focus on providing friendly and considerate housing for all of our tenants.

For me, it was inspiring to hear colleagues in customer service, leasing, property management and administration talk about their daily work and their desire to continue strengthening our level of service to our customers. In his lecture, Jonas Eriksson, a Swedish referee in the football World Cup, also asserted that teamwork is absolutely crucial for a successful result.



## Towards a leading digital position

Good teamwork is also important as we now digitise our operations at an accelerating rate. As a property company, digitisation affords us new opportunities to strengthen our communication channels and, consequently, our service and proximity to our customers. The digitisation process also offers opportunities for efficient property operation and smart homes, provides conditions for shareconomy and strengthens social interaction.

Right now, we are building our digital platform and infrastructure with the ambition of introducing a global digital ecosystem that attracts customers, employees and partners and that they appreciated. The objective is clear: We will attain the leading digital position in our industry. Follow us in the future as we launch new and innovative digital solutions.

## Growing in the Netherlands – largest in Denmark

In the third quarter we acquired an additional 772 apartments in the Netherlands, bringing the total stock of apartments in that country to 10,447.

In the past quarter, we took possession of contracted new production projects with a total 344 apartments in Denmark, gaining a long-awaited addition of terraced house apartments, ordinary apartments and student apartments there. Heimstaden is now Denmark's largest owner of residential apartments.

We are continuing to build up our proprietary management organisation in the Netherlands and Denmark, establishing regional/local administrative offices. We are continuously replacing external property management agreements with in-house property management and maintenance personnel to deliver more cost-effective and local customer service with a high level of quality and consideration. Before the end of 2020, we will have achieved this objective.

In Sweden, tenants have moved into the first phase of the Fasanen neighbourhood in Burlöv. All 105 apartments, built with investment grants and with a rent of SEK 1,450 per square metre and year for a 77 square-metre apartment, were fully let several months before tenants began moving in. The level of interest in stages 2 and 3, with 170 apartments, is exceptional.

Heimstaden has formed a joint venture with Magnolia and agreed to acquired land for housing construction and public services in Åkersberga in the municipality of Österåker. In a coastal location with amazing local surroundings, we aim to develop, among other things, some 150,000 bright square metres of BTA for housing production at an entry value of slightly more than SEK 3,000 per square metre. This provides conditions for affordable and attractive housing.

### Financing for affordable housing

Heimstaden Bostad has signed an agreement with the European Investment Bank (EIB) regarding an unsecured credit facility of SEK 3 billion available over a three-year period. Each loan has a maximum maturity of ten years. The purpose of the financing is to support the construction of 3,300 affordable, highly energy-efficient homes, thereby mitigating Sweden's serious housing shortage. Construction will take place in Stockholm, Nacka, Helsingborg, Lund and Sundsvall.

### A quarter in line with expectations

Profit from property management for the quarter grew as expected given the acquisitions of the past 12 months. We are also seeing a continued positive value trend in our property portfolio in all geographical segments.

On the following pages, you will have the opportunity to read about Heimstaden's financial results, position and key data for the period January – September 2019. Welcome home to the Heimstaden world!

Patrik Hall  
CEO Heimstaden AB



# Current earning capacity

In the adjacent table, Heimstaden presents its earning capacity on a 12-month basis as per 30 September 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 30 September 2019 and their financing. Accordingly, the current earning capacity illustrates Heimstaden's annual earnings on that basis. Consequently, transactions where Heimstaden gains access after 30 September 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 30 September 2019

Amounts in SEK million	
Rental income	5,250
Property costs	-2,105
<b>Net operating income</b>	<b>3,144</b>
Central administration costs	-175
Other operating income	-
Other operating costs	-
Profit from participations in associated companies	-
<b>Profit before financial items</b>	<b>2,970</b>
Financial income	
Financial costs	-1,278
<b>Profit from property management</b>	<b>1,692</b>
<b>Profit from property management attributable to:</b>	
The Parent Company's shareholders	877
Non-controlling interests	814
<b>Key data</b>	
<b>Surplus ratio, %</b>	<b>59.9</b>
<b>Interest coverage ratio (ICR), multiple</b>	<b>2.3</b>





Kapelhorvan 10, Norrköping

# Significant transactions and events

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 108,164 million, excluding agreed acquisitions. Listed below are the significant transactions and events agreed by the Group in the third 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.



## 30 August

An Extraordinary General Meeting of subsidiary Heimstaden Bostad was held, at which the shareholders resolved to issue a total of 30,000 new Series B preference shares. The company injected a total of SEK 3,000 million as a result of the new share issue, which was implemented on the same date.

## 4 September

Heimstaden issued hybrid bonds for SEK 1 billion on the Nordic capital market. The total outstanding volume of the hybrid bonds is SEK 3 billion, with a total framework amount of SEK 5 billion. The loan is perpetual with the first opportunity for refinancing occurring in about 5 years' time.

## 9 September

Heimstaden was granted associate membership in Public Housing Sweden. Among other things, associated members undertake to provide apartments to municipalities for welfare purposes and to work for increased integration. Public Housing Sweden, formerly SABO, is a sector and special interest organisation for more than 300 non-profit housing companies. According to a unanimous decision by the organisation's congress this spring, it is now possible for additional companies, meeting certain social responsibility requirements, to become members of Public Housing Sweden.

## 30 September

Heimstaden AB's subsidiary Heimstaden Bostad AB has signed an agreement with the European Investment Bank (EIB) regarding a loan of SEK 3 billion to build 3,300 affordable rental apartments in five Swedish cities. The project is supported by the European Fund for Strategic Investments (EFSI), which is the cornerstone of the Investment Plan for Europe. The EIB will provide a credit facility of SEK 3,000 million, unsecured and accessible over a three-year period. Each loan has a maturity of at most ten years – denominated in SEK or EUR and at variable or fixed interest rates.



# Our segments

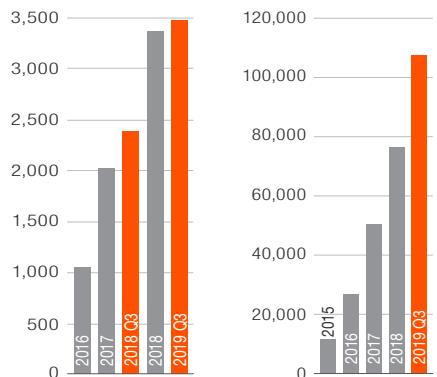
The Group's property portfolio is divided into different geographic administrative segments.



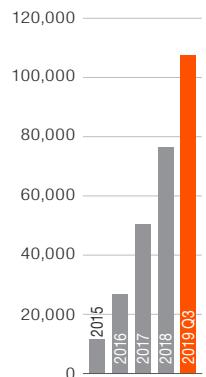
## TOTAL HEIMSTADEN (JANUARY – SEPTEMBER)

	Q3 2019	Q3 2018
Market value, SEK m	108,164	70,003
Rental income, SEK m	3,483	2,408
Net operating income, SEK m	1,983	1,328
Surplus ratio, %	56.9	55.1
Letting ratio, housing (number), %	97.4	97.7
Real letting ratio, %	99.1	–
Number of properties	1,558	909
Area, m <sup>2</sup>	3,849,954	2,546,224

## DEVELOPMENT OF TOTAL RENTAL INCOME, Q3 (SEK M)



## DEVELOPMENT OF TOTAL MARKET VALUE, Q3 (SEK M)



Folke 3, Malmö



Øresundsterassene, Copenhagen

## Sweden

The Swedish economy continues to develop positively with modest GDP growth, rising disposable income and household consumption. Although unemployment has been declining steadily in recent years, it rose over the past quarter to 7.4 percent. The employment rate remains among the highest in the OECD.

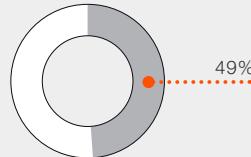
Population growth is driving demand for housing, primarily in the metropolitan areas, which are experiencing strong growth due to the global urbanisation trend. Sweden's population has grown by about 270,000 inhabitants over the past two years and is now at 10.2 million. According to the Swedish National 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 to be completed in 2019.

With housing construction not meeting demand, the housing shortage is exacerbated. Forecasts show declining construction of tenant-owned apartments, while rental apartments continue to show favourable pace and demand. In Malmö, the pace of construction has remained unchanged over the past two years, Gothenburg showed strong growth in 2018, while the pace of construction in Stockholm fell by 35 percent last year.

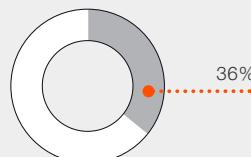
## SWEDEN (JANUARY – SEPTEMBER)

	Q3 2019	Q3 2018
Market value, SEK m	38,895	34,081
Rental income, SEK m	1,713	1,584
Net operating income, SEK m	828	799
Surplus ratio, %	48.3	50.4
Letting ratio, housing (number), %	98.0	98.4
Real letting ratio, %	99.5	–
Number of properties	773	749
Area, m <sup>2</sup>	1,945,084	1,860,884

## RENTAL INCOME, SHARE OF HEIMSTADEN TOTAL



## Market value, share of Heimstaden total



## Denmark

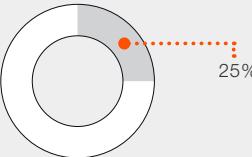
Denmark's economy continues to perform well compared with that of its neighbouring countries. GDP growth was solid in the first half of 2019 and current forecasts by Danske Bank are around 2.0 percent and 1.3 percent in 2019 and 2020, respectively. In recent years, the labour market has developed positively with decreasing unemployment rates due to the economic upswing. With retirement age rising and strong growth in high-productivity sectors with considerable production abroad, the decline in unemployment has stagnated in recent quarters. Denmark's unemployment rate was 3.1 percent in August and is expected to stabilise or even rise in the future.

Denmark's population is expected to grow from 5.8 million in 2019 to 6.0 million in 2030, an increase of 3 percent. Copenhagen, the main contributor, is expected to grow by about 9 percent. Historic, solid population growth has exacerbated the imbalance in supply and demand, with housing shortages accumulating over time into a significant supply deficiency in the capital region.

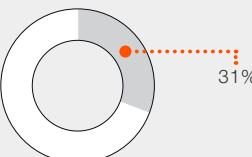
## DENMARK (JANUARY – SEPTEMBER)

	Q3 2019	Q3 2018
Market value, SEK m	33,422	19,469
Rental income, SEK m	866	406
Net operating income, SEK m	587	270
Surplus ratio, %	67.8	66.6
Letting ratio, housing (number), %	96.4	94.4
Real letting ratio, %	98.4	–
Number of properties	136	78
Area, m <sup>2</sup>	794,292	469,543

## RENTAL INCOME, SHARE OF HEIMSTADEN TOTAL



## Market value, share of Heimstaden total





Nedre gate 8, Norway

## Norway

Growth in the Norwegian economy has been strong over the past three years and capacity utilisation has increased. The highly active oil industry has driven growth in 2019 and the growing economy creates jobs. In the second quarter of 2019, unemployment was 3.4 percent, down from 3.9 percent in the first quarter of 2019. Looking ahead, unemployment is expected to remain low. With lower growth in energy prices, consumer prices increased moderately over the past six months. Inflation for the past 12 months is close to the targeted 2 percent. Household debt ratios and house prices are at high levels, although, over the past two years, growth in debt has fallen to sustainable levels.

Home ownership in Norway is among the highest in Europe, with about 80 percent of inhabitants owning their own homes. Following strong price increases in the residential market in 2016 – 2017, the market has been more subdued and is now growing at a moderate pace with smaller price fluctuations than before. Strong economic growth and numerous property transactions give a healthy market with good levels of activity. The limited supply of residential rental properties means there are few private players with large stocks of rental properties and rent levels have risen continuously in recent years.

### NORWAY (JANUARY – SEPTEMBER)

	Q3 2019	Q3 2018
Market value, SEK m	17,433	16,454
Rental income, SEK m	516	419
Net operating income, SEK m	344	259
Surplus ratio, %	66.7	61.8
Letting ratio, housing (number), %	97.7	97.3
Real letting ratio, %	99.1	–
Number of properties	84	82
Area, m <sup>2</sup>	217,328	215,798



Spandau, Germany

## Germany

Germany is Europe's largest economy (ranked fourth globally) and characterised by a large, export-oriented industrial sector maintaining global leadership positions in segments including automotive, engineering and chemicals. According to the EU-commission, German GDP is expected to grow in 2019, which would mark the tenth consecutive year of expansion since the 2008 – 2009 financial crisis. In 2019, inflation has been relatively muted at 1.4 percent. The continued economic upswing has brought unemployment down to its lowest in 39 years, to 3.1 percent in the most recent survey.

Rising purchasing power, combined with a strong urbanization trend and an influx of more than 1.7 million refugees since 2015 have resulted in considerable pressure on the housing market. Despite recent years' favourable economic performance, rent increases of recent years (about 5 percent annually in 2017 and 2018) have exceeded nominal wage increases and construction has not increased in line with demand. This has led to political discussions on a potential tightening of existing rent regulations or the introduction of new ones to restrain rent rises on existing housing stocks until the supply of new homes is sufficient.

### GERMANY (JANUARY – SEPTEMBER)

	Q3 2019	Q3 2018
Market value, SEK m	765	–
Rental income, SEK m	16	–
Net operating income, SEK m	11	–
Surplus ratio, %	70.0	–
Letting ratio, housing (number), %	97.7	–
Real letting ratio, %	99.8	–
Number of properties	10.0	–
Area, m <sup>2</sup>	27,831	–



Utrecht, Netherlands

## Netherlands

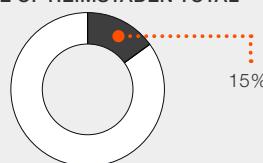
The Netherlands is ranked as one of the most stable and competitive economies, ranking as the third-most competitive in Europe and sixth in the world according to the World Economic Forum. The country is characterised by high disposable income and a highly educated workforce. Unemployment is considerably lower than the EU average at 3.5 percent in the latest official survey.

Demand for residential properties in the Netherlands is driven by a growing number of households while supply is constrained by limited construction, exacerbating the housing shortage. The attractive fundamentals, in both a macro perspective and with regard to the housing market, have boosted interest in housing investment in the country. This is reflected in investment volumes. In 2018, EUR 8.5 billion was invested in the housing sector – a considerable increase from EUR 5.2 billion in 2017. There is no sign of a slowdown in 2019 and most forecasts indicate a record year.

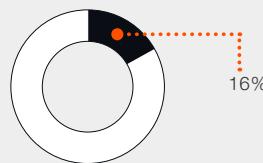
### NETHERLANDS (JANUARY – SEPTEMBER)

	Q3 2019	Q3 2018
Market value, SEK m	17,649	–
Rental income, SEK m	373	–
Net operating income, SEK m	212	–
Surplus ratio, %	57.0	–
Letting ratio, housing (number), %	96.5	–
Real letting ratio, %	98.7	–
Number of properties	555	–
Area, m <sup>2</sup>	865,419	–

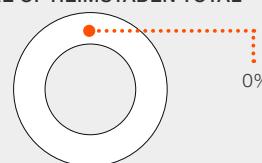
RENTAL INCOME, SHARE OF HEIMSTADEN TOTAL



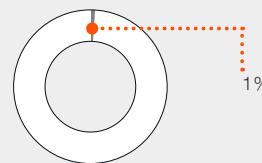
Market value, share of Heimstaden total



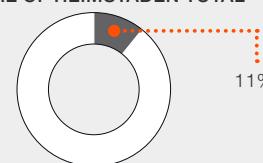
RENTAL INCOME, SHARE OF HEIMSTADEN TOTAL



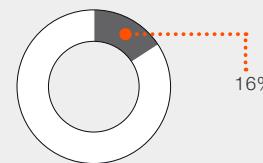
Market value, share of Heimstaden total



RENTAL INCOME, SHARE OF HEIMSTADEN TOTAL



Market value, share of Heimstaden total



# Consolidated Statement of Comprehensive Income

Amounts in SEK million	Note	2019 9 months Jan-Sep	2018 9 months Jan-Sep	2019 3 months Jul-Sep	2018 3 months Jul-Sep	2018 12 months Jan-Dec	2018 12 months Oct-Sep
Rental income	4	3,483	2,408	1,302	866	3,393	4,468
Property costs	5	-1,500	-1,081	-514	-341	-1,582	-2,002
<b>Net operating income</b>		<b>1,983</b>	<b>1,328</b>	<b>789</b>	<b>526</b>	<b>1,810</b>	<b>2,466</b>
Central administration costs		-100	-72	-37	-28	-107	-134
Other operating income		37	40	16	3	10	6
Other operating costs		-	-	-	-	-42	-42
Profit from participations in associated companies		11	3	-7	-	20	28
<b>Profit before financial items</b>		<b>1,931</b>	<b>1,298</b>	<b>760</b>	<b>501</b>	<b>1,692</b>	<b>2,324</b>
Financial income	6	17	28	5	17	53	43
Financial costs – interest-bearing liabilities	6	-913	-552	-351	-207	-806	-1,167
Other financial income	6	-	-	-	-	50	50
Other financial costs	6	-131	-135	183	-135	-	3
Financial costs, right-of-use assets		-20	-	-7	-	-	-20
<b>Profit from property management</b>		<b>884</b>	<b>639</b>	<b>590</b>	<b>176</b>	<b>989</b>	<b>1,234</b>
<i>Profit from property management attributable to:</i>							
Parent Company's shareholders		472	247	345	27	423	649
Non-controlling interests		412	392	245	149	566	585
Change in value of investment properties	7	4,900	2,179	1,684	575	2,744	5,465
Changes in the value of financial derivative instruments	8	-430	30	-74	42	11	-450
<b>Profit before tax</b>		<b>5,353</b>	<b>2,849</b>	<b>2,200</b>	<b>793</b>	<b>3,745</b>	<b>6,249</b>
Current tax		-179	-101	-88	-23	-145	-223
Deferred tax		-970	-287	-342	-35	-396	-1,079
<b>Profit for the period</b>		<b>4,204</b>	<b>2,461</b>	<b>1,770</b>	<b>735</b>	<b>3,204</b>	<b>4,947</b>
<i>Profit for the period attributable to:</i>							
The Parent Company's shareholders		3,034	1,367	1,282	517	1,979	3,647
Non-controlling interests		1,170	1,094	488	219	1,224	1,300
Other comprehensive income		1,273	632	-64	-140	-255	386
<b>Comprehensive income</b>		<b>5,477</b>	<b>3,093</b>	<b>1,706</b>	<b>596</b>	<b>2,949</b>	<b>5,333</b>

### Rental income

Rental income for the period amounted to SEK 3,483 million (2,408), with growth resulting primarily from completed property transactions. Rental income averaged SEK 1,354 per square metre of time-weighted area (1,369). The lower average rent is primarily explained by the acquisition in the Netherlands.

The letting ratio for housing was 97.4 percent (97.7), with the somewhat lower level being attributable to apartments being vacated for renovation. Over the period, the voluntarily vacated apartments accounted for 1.7 percent of the total, corresponding to a real letting ratio of 99.1 percent (real vacancy rate of 0.9 percent).

### Property costs

Total property costs amounted to SEK 1,500 million (1,081), the change is mainly due to increased property volumes. Property costs averaged SEK 583 per square metre of time-weighted area (614). The lower average is primarily explained by the acquisition in the Netherlands.

### Net operating income

Net operating income amounted to SEK 1,983 million (1,328) for the period, corresponding to a surplus ratio of 56.9 percent (55.1). The higher surplus ratio is primarily due to acquisitions in Denmark and the Netherlands, as well as operational optimisation measures.

### Central administration costs

Costs for central administration amounted to SEK 100 million (72), 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 were SEK 913 million (552) during the period, the change being attributable to an increase in interest-bearing liabilities driven by the larger property portfolio. The average interest rate on the balance sheet date for total borrowing, including derivatives and fees for unutilised credits increased to 2.0 percent (1.9). The increase is mainly explained by differences in the spread between bonds and bank loans, changes in underlying base interest rates and increased interest rate hedging.

The interest coverage ratio for the period was 2.0 (2.3). The change is mainly attributable to a higher average interest rate and a higher loan-to-value ratio. On 30 August, a new share issue in Heimstaden Bostad for SEK 3,000 million was implemented, with the proceeds partly being used to redeem loans with relatively high interest rates. This has yet to impact the rolling twelve month interest coverage ratio.

About 49 percent (81) of the portfolio will switch interest rates within a year and a change in the base rate (Euribor, Stibor, Cibor, 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 225 million (229) were rates to rise, and decrease them by approximately SEK 58 million (98) 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 costs regarding outstanding and purchased interest rate derivatives can increase when market interest rates are negative.

### Other financial costs

Other financial costs amount to SEK 131 million (135) and relate to exchange rate differences for loans raised in the Parent Company and to currency effects associated with derivative instruments. The loans are primarily denominated in the same currency as the foreign net assets they finance, or are hedged via basis swaps to the same currencies as the net assets they finance. Exchange rate differences associated with the net assets of foreign subsidiaries are reported in Other comprehensive income. The Group's currency risk is limited to the net capital in each currency.

### Financial costs, right-of-use assets

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

### Profit from property management

Profit from property management increased to SEK 884 million (639). The increase in profit from property management is primarily explained by the larger property portfolio resulting from acquisitions.

### 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 basis swaps to manage the Group's interest rate and currency risks. Changes in the value of derivatives attributable to changes in base interest rates during the period were negative in the amount of SEK 430 million (30). The nominal volume of interest rate swaps amounted to SEK 34,030 million (9,194) and the volume of basis swaps amounted to SEK 12,681 million (0). During the period, the currency effect associated with basis swaps has been moved from the item Changes in the value of financial instruments to Other financial costs and amounted to SEK 145 million. Accordingly, the currency effect with regard to loans and their corresponding hedging is reported on the same line in the Income Statement.

### Change in value of investment properties

As of 30 September 2019, the unrealised change in the value of investment properties in the balance sheet amounted to SEK 4,857 million (2,249). All segments show positive changes this year. Sweden shows a positive change in value of 4.1 percent, Denmark 3.5 percent and Norway 3.8 percent. Germany shows a positive change in value of 3.3 percent and the Netherlands 9.6 percent. The changes are primarily explained by lowered direct return requirements in existing holdings. The yield requirement in the valuation averaged 3.58 percent, which compares with 3.65 percent at the end of 2018. The change in the average is partly attributable to the acquisition in the Netherlands. After currency adjustment, the total change in value of properties amounted to SEK 4,900 million (2,179) in the Income Statement).

### Tax

In addition to the current tax of SEK 179 million (101), deferred tax of SEK 970 million (287) is also reported. The deferred tax is calculated on the differences between the carrying amount and the consolidated cost of investment properties and financial instruments.

### Other comprehensive income

Other comprehensive income consists of currency translation differences arising from the consolidation of the Group's foreign subsidiaries.

# Consolidated Statement of Financial Position

Amounts in SEK million	Note	30 Sep 2019	30 Sep 2018	31 Dec 2018
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill		72	–	–
Investment properties	9	108,164	70,003	76,249
Leases, right-of-use		744	–	–
Tangible fixed assets		27	20	22
Interest-rate derivatives		–	–	18
Participations in associated companies	10	139	115	123
Other financial non-current assets		415	246	286
<b>Total non-current assets</b>		<b>109,561</b>	<b>70,385</b>	<b>76,699</b>
<b>Current assets</b>				
Development properties and tenant-owned apartments in progress		756	827	680
Accounts receivable		22	11	16
Other current receivables		600	983	863
Prepaid costs and accrued income		376	165	253
Cash and cash equivalents		3,841	5,699	4,775
<b>Total current assets</b>		<b>5,595</b>	<b>7,685</b>	<b>6,588</b>
<b>TOTAL ASSETS</b>		<b>115,155</b>	<b>78,069</b>	<b>83,286</b>

### Investment properties

As per 30 September, Heimstaden's property portfolio had a market value of SEK 108,164 million (76,249). The total unrealised change in value during the period amounted to SEK 4,857 million (2,249) 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.

### Leases, right-of-use

Leases primarily concern site leaseholds that, as of 2019, are reported as assets in accordance with IFRS16.

### Participations in associated companies

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

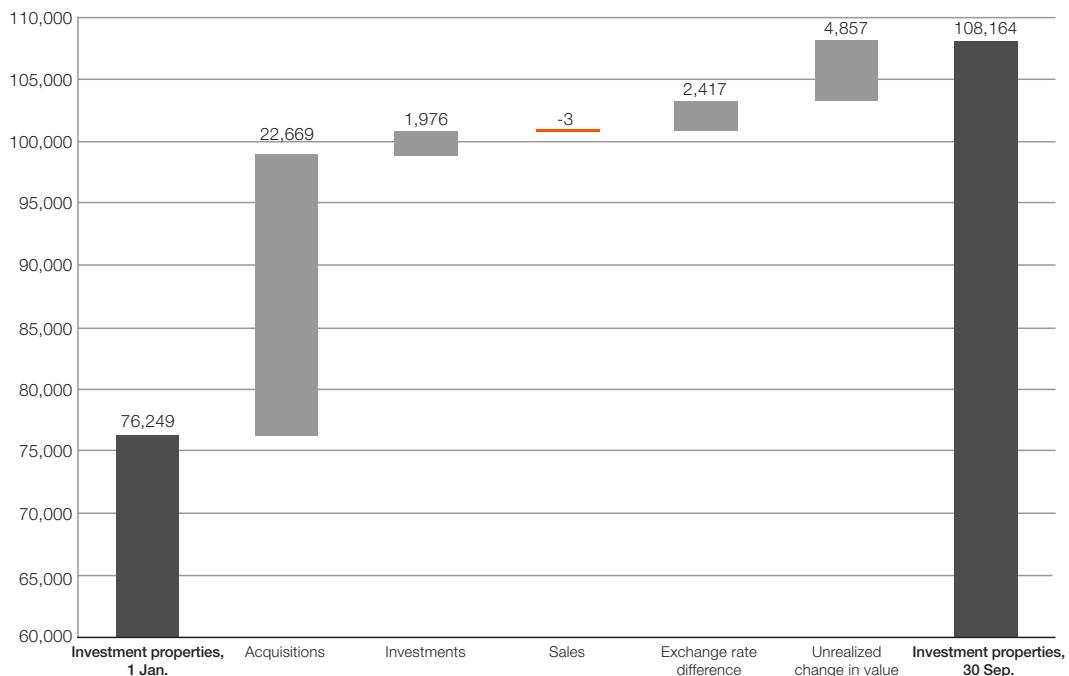
### Other financial non-current assets

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 415 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 PERIOD, SEK MILLION



## Consolidated Statement of Financial Position

Amounts in SEK million	Note	30 Sep 2019	30 Sep 2018	31 Dec 2018
<b>EQUITY AND LIABILITIES</b>				
<b>Equity <sup>1)</sup></b>		<b>44,302</b>	<b>34,089</b>	<b>33,936</b>
Long-term interest-bearing liabilities		64,173	36,918	38,195
Non-current liability, financial leasing		744		
Interest-rate derivatives	10	275	0	0
Deferred tax liability		3,191	1,982	2,218
<b>Total non-current liabilities</b>		<b>68,383</b>	<b>38,901</b>	<b>40,413</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities		685	3,839	7,492
Accounts payable		369	266	351
Current tax liabilities		110	83	99
Other current liabilities		790	448	521
Accrued costs and prepaid income		516	444	475
<b>Total current liabilities</b>		<b>2,470</b>	<b>5,079</b>	<b>8,938</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>115,155</b>	<b>78,069</b>	<b>83,286</b>
<sup>1)</sup> Of which non-controlling interests		20,932	17,471	17,436

## Consolidated Statement of Changes in Equity

Amounts in SEK million	Share capital	Share premium reserve	Hybrid bond	Profit brought forward	Total equity
<b>Equity, 31 Dec 2017</b>	78	729		<b>18,001</b>	<b>18,807</b>
Dividend, preference shares				-35	-35
Shareholder contribution, Fredensborg AS				5,737	5,737
Contributions from non-controlling interests				6487	6,487
Profit for the period				3,093	3,093
<b>Equity 30 Sep 2018</b>	<b>78</b>	<b>729</b>		<b>33,283</b>	<b>34,089</b>
Dividend, preference shares				-12	-12
Change in taxation				2	2
Other comprehensive income				-887	-887
Profit for the period				743	743
<b>Equity, 31 Dec 2018</b>	<b>78</b>	<b>729</b>		<b>33,129</b>	<b>33,936</b>
New share issue				1,950	1,950
Interest, hybrid bonds			-25		-25
Dividend, preference shares				-35	-35
Hybrid bond		3,000			3,000
Other comprehensive income				1,273	1,273
Profit for the period				4,204	4,204
<b>Equity, 30 Sep 2019</b>	<b>78</b>	<b>729</b>	<b>2,975</b>	<b>40,521</b>	<b>44,302</b>

### Interest-bearing liabilities

At the end of the period, Heimstaden had interest-bearing liabilities amounting to SEK 64,858 million (45,687), 67 percent of which are covered by property mortgages. With deductions for cash and cash equivalents, net liabilities increased by SEK 20,105 million, to SEK 61,017 million (40,911). In the period at hand, the Group's borrowing, including currency effects, had increased by SEK 19,171 million, relating primarily to acquisitions of properties in Denmark and the Netherlands.

Of the interest-bearing liabilities, SEK 21,375 million (13,143) refers to bonds, SEK 20,187 million (15,080) is attributable to financing based on mortgage bonds, and SEK 23,296 million (17,464) refers to traditional bank loans. On the balance sheet date, unutilised credit facilities amounted to SEK 8,998 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 19 percent (26), maturing in 2022 (2020). At the same time, the average interest period of fixed interest, including the effect of derivatives, amounted to 2.4 years (2.1).

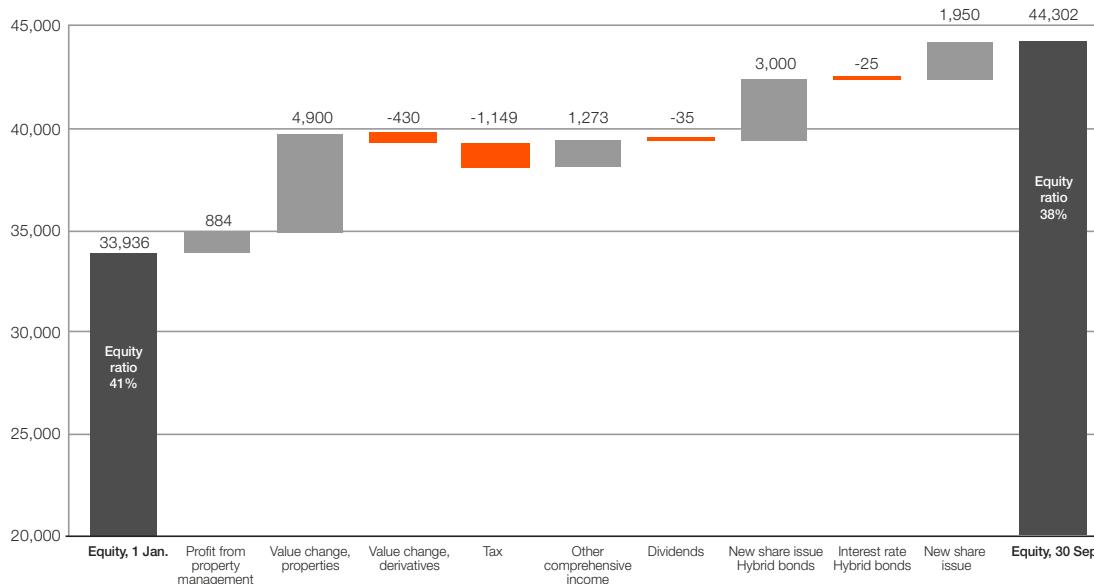
### Deferred tax

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 20.5 percent for the Netherlands. At 30 September 2019, deferred tax, which is the net of deferred tax assets and deferred tax liabilities, amounted to SEK 3,191 million (2,218) and was, for the most part, attributable to investment properties.

### Equity

Equity amounted to SEK 44,302 million (33,936) and the equity/assets ratio was 38 percent (41), the change for the period consisting of dividends, profit and a new issue of hybrid bonds amounting to SEK 3,000 million. During the period SEK 60 million (47) has been paid in dividends to holders of preference shares and hybrid bonds. The minority interest amounts to SEK 20,932 million (17,436). Through its operations abroad, Heimstaden is exposed to currency risk in EUR, DKK and NOK through the foreign operations, 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 basis swaps, the currency risk associated with the foreign operations being limited to net capital in each currency. The risk can also have a direct effect on profit thereby affecting equity.

### EQUITY DEVELOPMENT OVER THE PERIOD<sup>1)</sup>, SEK MILLION



<sup>1)</sup> Profit from participations in associated companies is allocated to the relevant item.

# Consolidated Statement of Comprehensive Income

Amounts in SEK million	2019 9 months Jan-Sep	2018 9 months Jan-Sep	2019 3 months Jul-Sep	2018 3 months Jul-Sep	2018 12 months Jan-Dec
<b>Operating activities</b>					
Profit before tax	5,353	2,849	2,200	793	3,745
Adjustments for non-cash items:					
– Change in value of investment properties	-4,890	-2,179	-1,674	-575	-2,744
– Change in value of derivative instruments	430	-30	74	-42	-11
– Other non-cash items	66	134	-179	135	-100
Tax paid	-174	-115	-52	-41	-131
<b>Cash flow from operating activities before changes in working capital</b>	<b>786</b>	<b>658</b>	<b>368</b>	<b>270</b>	<b>758</b>
<b>Change in working capital</b>					
Change in current receivables	-202	316	-232	244	348
Change in tenant-owner participations	–	-883	–	-883	-883
Change in current liabilities	-288	68	-140	107	-489
<b>Cash flow from operating activities</b>	<b>296</b>	<b>160</b>	<b>-3</b>	<b>-262</b>	<b>-266</b>
<b>Investing activities</b>					
Property acquisitions	-9,074	-15,533	-2,372	-1,431	-9,018
Investment, properties	-1,872	-727	-810	-727	-4,039
Acquisitions of subsidiaries	-72	-2	–	–	-2
Acquisitions of other non-current assets	–	–	–	–	-158
Deposits paid for acquisitions	-144	-1,031	-144	-467	-547
Other investments	-4	-17	–	-7	-22
Property sales	3	162	–	6	155
Acquisitions of participations in associated companies	–	-5	–	-3	-6
Change in loans to associated companies	-238	-4	-223	–	-47
Change in financial assets	16	211	2	212	198
<b>Cash flow from investing activities</b>	<b>-11,385</b>	<b>-16,946</b>	<b>-3,548</b>	<b>-2,416</b>	<b>-13,486</b>
<b>Financing activities</b>					
Contributions from non-controlling interests	2,415	6,563	1,950	–	6,563
Dividend to non-controlling interest	-465	-76	–	–	-76
Dividend to/contribution from Parent Company	–	5,737	–	–	5,737
Dividend, preference shares	-35	-35	-12	-12	-47
New issue of hybrid bond	2,975	–	993	–	–
Change in interest-bearing liabilities	5,176	8,955	1,146	1,605	5,198
Redemption of interest rate derivatives	–	-98	–	-7	-135
<b>Cash flow from financing activities</b>	<b>10,065</b>	<b>21,047</b>	<b>4,078</b>	<b>1,587</b>	<b>17,242</b>
<b>Cash flow for the period</b>	<b>-1,024</b>	<b>4,260</b>	<b>526</b>	<b>-1,092</b>	<b>3,489</b>
<b>Opening cash and cash equivalents</b>	<b>4,775</b>	<b>1,393</b>	<b>3,295</b>	<b>6,801</b>	<b>1,393</b>
<b>Currency effect in cash and cash equivalents</b>	<b>89</b>	<b>46</b>	<b>20</b>	<b>-10</b>	<b>-107</b>
<b>Closing cash and cash equivalents</b>	<b>3,841</b>	<b>5,699</b>	<b>3,841</b>	<b>5,699</b>	<b>4,775</b>

### Operating activities

Cash flow from operating activities, before changes in working capital, amounted to SEK 786 million (658). The increase is primarily attributable to a larger property portfolio, but is affected negatively by higher tax paid. After a reduction in working capital, cash flow from operating activities amounted to SEK 296 million (160).

### Investing activities

Cash flow from investing activities was negative in the amount of SEK 11,385 million (16,946). Most of the flow consists of corporate and property transactions, of which most are attributable to acquisitions in Denmark and the Netherlands.

### Financing activities

Cash flow from financing activities amounted to SEK 10,065 million (21,047), with the amount being primarily attributable to a new issue of hybrid bonds and a change in interest-bearing liabilities.

### Cash flow

Cash flow for the period was negative in the amount of SEK 1,024 million (4,260) and cash and cash equivalents amounted to SEK 3,841 million (5,699) at the end of the period.



## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	2019 9 months Jan-Sep	2018 9 months Jan-Sep
Other operating income	92	78
Central administration costs	-76	-52
<b>Operating profit/loss</b>	<b>16</b>	<b>26</b>
Amortisation and depreciation	-	-
Dividends from associated companies	-	-
Dividends from subsidiaries	3,173	-
Impairment	-2,958	-
Profit from participations in Group companies	-	3,537
<b>Profit before financial items</b>	<b>232</b>	<b>3,562</b>
Interest income	18	13
Interest costs	-80	-63
<b>Profit from property management</b>	<b>171</b>	<b>3,512</b>
Group contributions	-	-
<b>Profit before tax</b>	<b>171</b>	<b>3,512</b>
Current tax	-	-
Deferred tax	-	-
<b>Profit after financial items</b>	<b>171</b>	<b>3,512</b>

## PARENT COMPANY STATEMENT OF FINANCIAL POSITION

Amounts in SEK million	30 Sep 2019	30 Sep 2018
<b>Assets</b>		
<b>Non-current assets</b>		
Tangible fixed assets	3	4
Shares in subsidiaries	18,458	5,139
Other financial non-current assets	1	1
<b>Total non-current assets</b>	<b>18,462</b>	<b>5,144</b>
<b>Current assets</b>		
Receivables from subsidiaries	1,021	14,951
Other current receivables	58	194
Cash and cash equivalents	636	2,811
<b>Total current assets</b>	<b>1,715</b>	<b>17,956</b>
<b>TOTAL ASSETS</b>	<b>20,176</b>	<b>23,100</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	16,497	17,201
<b>Non-current liabilities</b>		
Bond	3,000	2,500
Non-current liabilities, subsidiaries	633	140
<b>Total non-current liabilities</b>	<b>3,633</b>	<b>2,640</b>
<b>Current liabilities</b>		
Current liabilities, subsidiaries	23	3,235
Other current liabilities	24	24
<b>Total current liabilities</b>	<b>46</b>	<b>3,259</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20,176</b>	<b>23,100</b>

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	Share capital	Share premium reserve	Hybrid bond	Profit brought forward	Total equity
<b>Equity, 31 Dec 2017</b>	<b>78</b>	<b>729</b>		<b>7,220</b>	<b>8,027</b>
Dividend, preference shares				-35	-35
Shareholder contributions				5,737	5,737
Profit after financial items				3,472	3,472
<b>Equity 30 Sep 2018</b>	<b>78</b>	<b>729</b>		<b>16,394</b>	<b>17,201</b>
Dividend, preference shares				-12	-12
Profit after financial items				-3,803	-3,803
<b>Equity, 31 Dec 2018</b>	<b>78</b>	<b>729</b>		<b>12,580</b>	<b>13,387</b>
Interest, hybrid bonds			-25		-25
Dividend, preference shares				-35	-35
Hybrid bond			3,000		3,000
Profit after financial items				171	171
<b>Equity, 30 Sep 2019</b>	<b>78</b>	<b>729</b>	<b>2,975</b>	<b>12,715</b>	<b>16,497</b>



## Note 1 Accounting principles

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### 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 recent annual report (see pages 106 and 132 of the 2018 Annual Report for Heimstaden) with the exception of the introduction of IFRS 16 Leasing as of 1 January 2019 and currency effects associated with basis swaps, which, in the interim report have been separated and moved from Changes in the value of financial instruments to Other financial costs. Currency effects regarding Group internal loans have also been moved from Other financial costs to Other comprehensive income. 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's 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

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

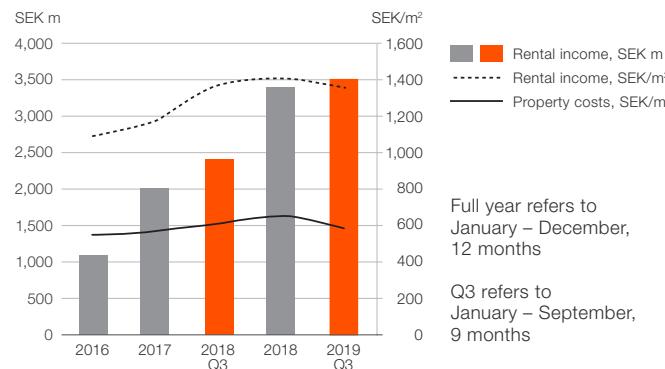
## Note 3 Events after the Balance Sheet date

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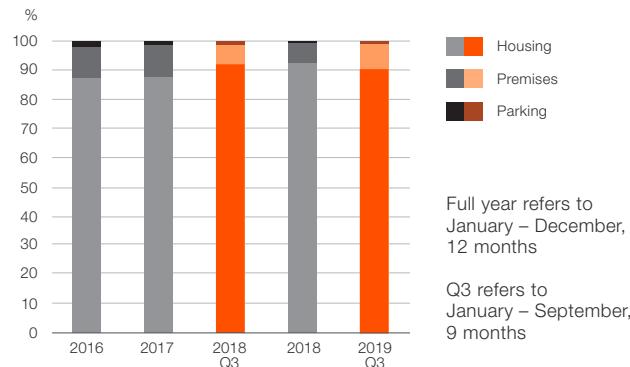
No significant events have occurred after the balance sheet date.

## Note 4 Rental income

### RENTAL INCOME



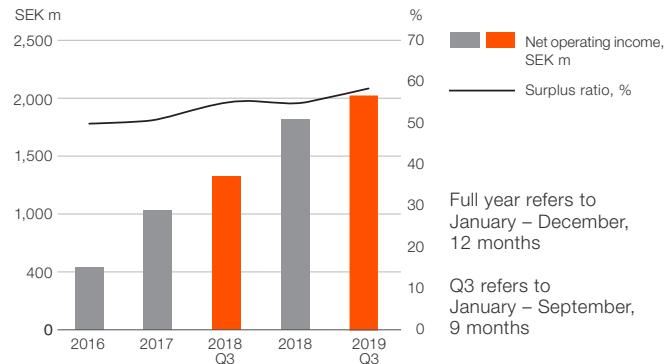
### DISTRIBUTION OF RENTAL INCOME



## Note 5 Property costs

Amounts in SEK million	2019 9 months Jan-Sep	2018 9 months Jan-Sep	2019 3 months Jul-Sep	2018 3 months Jul-Sep	2018 12 months Jan-Dec
	-775	-679	-267	-188	-989
Operating costs	-371	-223	-121	-72	-344
Maintenance and repairs	-212	-115	-52	-40	-155
Property administration	-139	-59	-71	-41	-86
Property tax	-	-2	-	0	-2
Ground rent	-4	-3	-2	-1	-6
Amortisation and depreciation	-1,500	-1,081	-514	-341	-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.

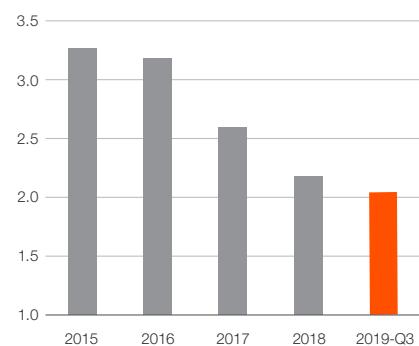
Heimstaden's operations, financial position and profit can be affected by a number of risks and uncertainties. These are described on pages 84–87 of the 2018 Annual Report. No significant changes

have subsequently 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 30 Sep 2019	Listing
<b>Refinancing risk</b>			
Capital tied up (months)	at least 15	121	
Loan maturity (percentage in individual year)	maximum 40	19 (2022)	
Limitation, individual lenders (percent)	maximum 50	SEK 14 (ABN Amro)	
<b>Interest-rate risk</b>			
	In according with respective covenants		
Fixed interest (years)	In accordance with separate interest rate hedging strategy	2.42	
Interest rate hedge (percent)	at least 25	56	
<b>Credit risk</b>			
Equity/assets ratio (percent)	at least 25	38	
Interest coverage ratio (multiple, rolling 12 months)	maximum 50%	2.0	

### INTEREST COVERAGE RATIO Q3 (ICR)



Years	30 Sep 2019			Fixed interest, loans incl. basis swaps			Fixed interest incl. derivatives <sup>1)</sup>		
	SEK m	Share, %	Interest, incl. margin, %	SEK m	Share, %	Interest, incl. margin, %			
0–1	62,415	96.2	1.8	31,930	49.2	2.0			
1–2	381	0.6	1.5	2,591	4.0	2.0			
2–3	375	0.6	1.5	5,074	7.8	1.9			
3–4	1,426	2.2	2.1	5,555	8.6	2.4			
4–5	–	–	–	10,776	16.6	1.7			
>5 years after balance sheet date	261	0.4	2.2	8,932	13.8	2.0			
<b>Total</b>	<b>64,858</b>	<b>100.0</b>	<b>1.8</b>	<b>64,858</b>	<b>100.0</b>	<b>2.0</b>			

<sup>1)</sup> The credit margin is evenly spread across the maturity structure

The average remaining term of fixed interest in the loan portfolio amounts to: 0.44 years

The average remaining term of fixed interest in the loan portfolio, including derivatives, amounts to: 2.42 years

## Note 7 Change in value of investment properties

### Yield requirement

Years	Average	Interval
2018	3.65%	0.95% – 8.50%
2019 Q3	3.58%	0.85% – 8.08%



## Note 8 Change in value of derivatives

### Change in market value of derivatives

Market value of derivatives, 31 Dec 2018	18
Acquired derivatives	–
Redeemed derivatives	–
Currency effect, balance sheet	-7
Currency effect in valuation of basis swaps	-145
Unrealised changes in value	-141
Market value of derivatives, 30 Sep 2019	-275

## 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	-3	-3	–	–	–	–
Acquisitions during the period	22,669	326	6,779	157	–	15,408
Acquisitions from associated companies	–	–	–	–	–	–
Investments during the period	1,976	1,033	559	371	7	7
Currency change	2,417	–	1,183	751	31	452
Market value after transactions	103,307	37,360	32,303	16,800	741	16,103
Unrealised value change	4,857	1,537	1,117	634	24	1,545
Market value of investment properties, 30 Sep 2019	108,164	38,897	33,419	17,433	765	17,648

## Note 10 Financial instruments

### Change in loan volume

Interest-bearing loans, 31 Dec 2018	45,687
Repayments on loans	-6,859
Currency exchange effect on loans	-968
New borrowing/loans taken over	26,998
Interest-bearing loans, 30 Sep 2019	64,858

Years	Capital tied up, loans		Lines of credit		
	SEK million	Share, %	Interest, incl. margin, %	SEK million	Share, %
0-1 years	685	1	4.1	1,734	19
1-2 years	10,055	16	1.8	302	3
2-3 years	8,977	14	2.8	4,800	53
3-4 years	12,458	19	2.7	2,162	24
4-5 years	10,191	16	2.0	–	–
>5 years after balance sheet date	22,493	3	0.9	–	–
<b>Total</b>	<b>64,858</b>	<b>100</b>	<b>1.8</b>	<b>8,998</b>	<b>100</b>

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

### Funding source, SEK m

	Credit	Secured, %	Share, %	Unutilised credit commitment
Bonds	21,375	–	33	–
Mortgages	20,187	100	31	–
Bank loans	23,296	100	36	8,998
<b>Total</b>	<b>64,858</b>	<b>67</b>	<b>100.0</b>	<b>8,998</b>

### Financial instruments

Maturity, interest rate derivatives				
Years	Type	SEK million	Share, %	Interest, % <sup>1)</sup>
0-1 years	Paying fixed	3,546	10	0.01
1-2 years	Paying fixed	2,209	7	0.24
2-3 years	Paying fixed	4,699	14	0.23
3-4 years	Paying fixed	5,029	15	0.36
4-5 years	Paying fixed	10,876	32	0.15
>5 years after balance sheet date	Paying fixed	7,671	23	0.48
<b>Total purchased swaps</b>		<b>34,030</b>	<b>100</b>	<b>0.26</b>

<sup>1)</sup> 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, basis swaps				
Years	Type	SEK million	Share, %	Interest, % <sup>1)</sup>
0-1 years	Paying variable	–	–	–
1-2 years	Paying variable	–	–	–
2-3 years	Paying variable	5,348	42	3.17
3-4 years	Paying variable	–	–	–
4-5 years	Paying variable	7,333	58	2.69
>5 years after balance sheet date	Paying variable	–	–	–
<b>Total purchased swaps</b>		<b>12,681</b>	<b>100</b>	<b>2.89</b>

<sup>1)</sup> 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, 25 October 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 9 months Jan-Sep	2018 9 months Jan-Sep	2019 3 months Jul-Sep	2018 3 months Jul-Sep	2018 12 months Jan-Dec
<b>Property-related data</b>					
Rental income, SEK m	3,483	2,408	1,302	866	3,393
Letting ratio, housing (number), %	97.4	97.7	97.4	97.7	97.3
Real letting ratio, housing (number), %	99.1	–	99.1	–	98.6
Surplus ratio, %	56.9	55.1	60.6	60.7	53.4
Acquisitions and property investments, SEK m	22,669	15,534	1,867	12,875	21,696
Property sales, SEK m	3	162	–	6	155
Market value of properties on balance sheet date, SEK m	108,164	70,003	108,164	70,003	76,249
Number of properties on balance sheet date	1,558	909	1,558	909	951
Lettatable area on balance sheet date, m <sup>2</sup>	3,849,954	2,546,224	3,849,954	2,546,224	2,732,359
Number of apartments on balance sheet date	52,263	36,467	52,263	36,467	39,006
Proportion living area on Balance Sheet date, %	91	89	91	89	89
<b>Financial data</b>					
Cash flow from operating activities, SEK m	296	160	-3	-262	-266
Profit from property management, SEK m	884	639	590	176	989
Interest coverage ratio (ICR), multiple	2.0	2.3	2.0	2.3	2.2
Equity/assets ratio, %	38.5	43.7	38.5	43.7	40.7
Loan-to-value ratio (LTV), %	53.0	44.9	53.0	44.9	49.12
Loan-to-value ratio, secured loans, %	34.4	44.9	34.4	44.9	28.83
Average interest rate on balance sheet date, %	2.0	1.9	2.0	1.9	1.8
Average period of fixed-interest on loans, incl. derivatives, years	2.4	0.9	2.4	0.9	2.1
Average period for which capital is tied up, year	10.1	7.4	10.1	7.4	8.0
Return on equity, %	16.6	13.4	16.6	13.4	13.2
Equity on the balance sheet date, SEK m	44,302	34,089	44,302	34,089	33,936
Net asset value on the balance sheet date, SEK m	47,493	36,072	47,493	36,072	36,154
Long-term asset value on the balance sheet date, SEK m	47,768	36,072	47,768	36,072	36,136
DEBT/EBITDA, multiple	22	19	22	19	20
<b>Data per share</b>					
Profit per ordinary share, SEK	294	151	91	28	139
Equity per ordinary share, SEK	1,473	1,191	1,703	1,191	1,182
Equity per preference share, SEK	380	380	380	380	380
Number of ordinary shares outstanding at the end of the period	13,204,000	13,204,000	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	2,343,750	2,343,750
Average number of ordinary shares outstanding	13,204,000	13,204,000	13,204,000	13,204,000	13,204,000
Average number of preference shares outstanding	2,343,750	2,343,750	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, %**

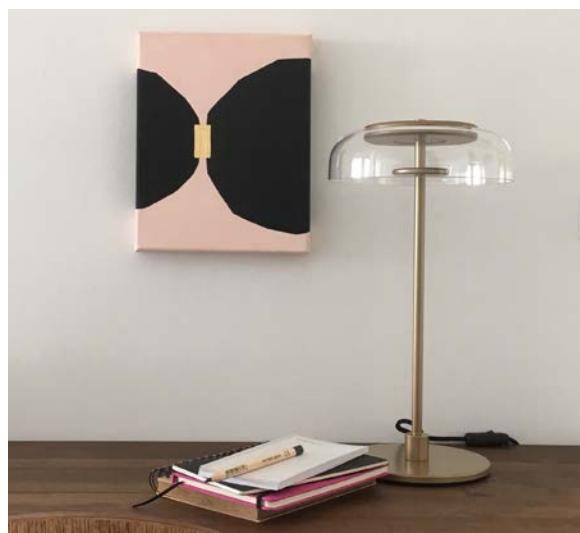
Equity as a percentage of total assets.

## **Loan-to-value ratio (LTV), %**

Net liabilities as a percentage of total assets.

## **Loan-to-value ratio, secured loans, %**

Secured loans as a percentage of total assets.



## **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 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 year-end report for October – December 2019, will be published on 14 February 2020.

Annual General Meeting 2020, will be held on 8 May at Heimstaden's headquarters in Malmö.

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 25 October 2019.

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Magnus Nordholm, Acting CFO Heimstaden AB, +46 (0)705–29 31 44

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