

2020
Heimstaden AB
Year-end report
JANUARY – DECEMBER



Heimstaden

Key data

January – December 2020

OPERATIONAL

<p>Rental income</p> <p>SEK 6,992 million</p> <p>2019, SEK 4,863 million</p>	<p>Cash flow from operating activities</p> <p>SEK 1,535 million</p> <p>2019, SEK 1,267 million</p>
<p>Net operating income</p> <p>SEK 3,867 million</p> <p>2019, SEK 2,725 million</p>	<p>Change in fair value of properties</p> <p>SEK 8,165 million</p> <p>up 5.9% in 2020</p>
<p>Net operating income, %</p> <p>55.3 %</p> <p>2019, 56.0%</p>	<p>Real economic letting ratio, residential</p> <p>97.5 %</p> <p>2019, 98.8%</p>

FINANCIAL

<p>Equity</p> <p>SEK 76.2 billion</p> <p>2019, SEK 59.9 billion</p>	<p>Cash and cash equivalents</p> <p>SEK 10.9 billion</p> <p>2019, SEK 10.7 billion</p>
<p>Net loan-to-value</p> <p>40 %</p> <p>2019, 40%</p>	<p>Loan-to-value, secured loans</p> <p>25 %</p> <p>2019, 32%</p>
<p>Interest coverage ratio</p> <p>2.8 x</p> <p>2019, 2.4x</p>	<p>Unutilised lines of credit</p> <p>SEK 14.6 billion</p> <p>2019, SEK 10.3 billion</p>

PROPERTIES

<div>Investment properties</div> <div>SEK 144 billion</div> <div>2019, SEK 114 billion</div> <div>Market value of Heimstaden's property portfolio.</div>	<div>Number of homes</div> <div>103,345</div> <div>2019, 54,863</div> <div>Heimstaden's property portfolio consists mainly of residential housing.</div>		
<div>Area</div> <div>7,058 thousand sqm</div> <div>2019, 4,031 thousand sqm</div>	<div>Residential area, %</div> <div>93 %</div> <div>2019, 91%</div>	<div>Number of commercial units</div> <div>4,204</div> <div>2019, 2,749</div>	<div>Number of parking spaces</div> <div>23,200</div> <div>2019, 19,682</div>

Property pictured on front cover: Grunewaldstraat, Netherlands

The period in brief

January – December 2020

- Rental income for the period increased by 44 percent compared to 2019, primarily driven by acquisitions.
- Like-for-like rental income growth was 3.6 percent.
- Net operating income margin of 55 percent (56), in line with previous year.
- Real economic letting ratio decreased to 97.5 percent (98.8), but continued strong operational performance and resilient markets with more than 99 percent rent collection.
- Completed acquisitions of SEK 25,445 million and change in fair value of investment- and development properties amounted to SEK 8,165 million (6,517).
- The market value of the portfolio was SEK 144 billion and included 103,345 homes.
- Strong financial position with net loan-to-value of 40 percent (40) and interest coverage ratio of 2.8x (2.4).
- Announced acquisition of 6,237 residential units in Denmark for SEK 16.6 billion. Transaction closed in January 2021.
- Announced first investment in Poland, consisting of two turnkey build-to-rent projects in Warsaw.

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



Vester Voldgade 6-8, Denmark

Continued sustainable development

As for everyone else, 2020 was a different and challenging year for Heimstaden. Therefore, it is with great pleasure that I look back on a year in which we managed, despite the circumstances, to continue our progress towards the ambitions we have set for the company. The fourth quarter was no exception, and we were able to announce several very important transactions and milestones reached towards the end of the year.

Flexibility and innovation

I would like to begin by highlighting our employees, who demonstrated great flexibility and focus throughout the year. As early as February, after the first indications of a possible pandemic, we recognised the potential risks it posed to the overall economy and our operations and formed a special task force. Since then, this task force has guided our efforts to address the consequences of the pandemic and served as a platform for fast decision-making and knowledge sharing between the markets in which we operate. Despite restrictions, our employees have persisted in operating and maintaining our properties and the situation has accelerated the further development of our digital customer services. It has been necessary to introduce new approaches to customer contact, including online 3D apartment viewings, and we have been challenged to innovate in numerous ways. I am certain



that we have gained many new insights that will be of value to our operations even after we return to a more normal situation. Our rent collection has remained stable at high levels throughout the year and only a few of our commercial tenants have experienced problems due to the pandemic. We have sought to support these customers in various ways during this difficult time.

Committed community building

Our property portfolio is home to 250,000 people, making Heimstaden a significant private European residential real estate company. For this reason, we bear an increasing societal responsibility, which obliges us to weave social and climate aspects into everything we do. This includes our ability to counteract involuntary social exclusion, to ensure security throughout the neighbourhoods where we are located, to contribute to good urban planning and more. Urban planning in particular is an area in which we have considerable skill and we often work closely with municipalities to identify ways of building a better society.

Structured sustainability work

We are among the first major European residential real estate companies to commit to the Science Based Targets initiative (SBTi) to set science based climate goals in line with the Paris Agreement, which will

be reviewed and validated by SBTi. In 2020, Heimstaden Bostad submitted its first report to the Carbon Disclosure Project (CDP) and earned a place on the CDP's C-list for efforts on climate change. In a response to the European Commission on its proposed taxonomy legislation, we welcomed the initiative, but indicated several perceived shortcomings in the proposal that we believe might negatively impact efforts to combat climate change. In December, Heimstaden Bostad received an improved ESG risk rating from Sustainalytics, a widely respected evaluator of ESG, placing Heimstaden Bostad in the top 7 percent of its our industry group. I am enormously proud that we work with sustainability issues in a purposeful, structured and innovative manner.

Major acquisition in Denmark

We have continued to work vigorously with transactions, despite current travel restrictions making it challenging for us to visit potential acquisition targets. In 2020, we made significant acquisitions in the Czech Republic and Berlin, Germany, and in the fourth quarter we could proudly announce a large acquisition in Denmark. The Danish portfolio contains more than 6,000 homes and will make Denmark our largest market in terms of value. We are now the largest private landlord in Denmark, Norway and the Czech Republic, and we are amongst the largest in Sweden and the Netherlands. During the quarter, we also announced our first investment in Poland in the form of two build-to-rent projects and we will establish an in-house Polish property management organisation in 2021. We also continued to make complementary acquisitions in our existing markets and our construction projects in Denmark and Sweden are progressing as planned and attracting considerable interest.

Heimstaden Bostad's credit rating raised to 'BBB'

In the fourth quarter, Standard & Poor's raised Heimstaden Bostad's credit rating to 'BBB', a reflection of an increasingly diversified and high-quality residential portfolio, enhanced earnings base and strong financial discipline with improving credit metrics. The upgrade will likely result in even more stable access to financing and lower credit expenses for Heimstaden Bostad and, going forward, we will continue our efforts with an ambition to raise Heimstaden Bostad's credit rating even further.

Roadmap for 2021

In 2021, we will continue to execute on our strategy and hope to announce more important acquisitions. We will continue to improve our organisation, not only to generate favourable financial and operational results but, even more importantly, become even better at identifying and meeting our customers' needs.

I also hope that the world will be able to get back to a more normalised situation, allowing us all to move freely, socialise with friends, travel across borders and experience the world in the manner to which we are accustomed. At Heimstaden, we are currently putting the finishing touches on a comprehensive social sustainability initiative that I hope

to present soon. As a large company, during challenging and uncertain times, it is important that we support those among us who are the most vulnerable. Not only can we afford to do this, but it is also something we want to do and something which should be expected of us.

Patrik Hall
CEO Heimstaden



Significant events during the fourth quarter

At the end of the period, the market value of Heimstaden's property portfolio was SEK 144 billion, excluding signed acquisitions that had not closed as of the balance sheet date. Listed below are the most significant transactions and events in the fourth quarter.

Covid-19

Throughout 2020, residential real estate markets have proven highly resilient to the effects of the Covid-19 pandemic. In all of Heimstaden's markets, governments have implemented financial and social measures to support companies and individuals who are particularly affected by the crisis and the impact of the pandemic on Heimstaden Bostad has been limited.

Globally, the rate of recovery is expected to vary between regions and countries and Heimstaden Bostad acknowledges the prevailing uncertainty regarding the duration and ramifications of the ongoing pandemic. The company has considerable financial flexibility with a robust balance sheet and remains well positioned to deal with any adverse effects that may arise in the short to medium term.



Strengthened platform through acquisition of Danish residential portfolio

In December, Heimstaden Bostad agreed to acquire Niam AB's Danish residential portfolio, branded as HD Ejendomme A/S, one of Denmark's leading residential real estate companies, for SEK 16.6 billion (DKK 12.1 billion). The transaction closed in January 2021 and included 6,237 residential units and 35 commercial properties with a total annual gross rental income (GRI) of approximately SEK 938 million (DKK 684 million). It also included a fully integrated operational platform with 85 employees, which has been integrated into Heimstaden Denmark.

First entry into Poland with the acquisition of two turnkey build-to-rent projects

In December, Heimstaden Bostad announced its first investment in Poland with the acquisition of two build-to-rent, turnkey projects in Warsaw, Poland for approximately SEK 640 million (PLN 285 million). The projects include approximately 640 residential units with additional commercial units and parking spaces. The projects are expected to be completed in Q1 2022 and Q1 2023 and have an estimated GRI p.a. upon completion of around SEK 53 million (PLN 23.5 million).

Issued bonds for a total amount of SEK 1,000 million

In October, Heimstaden issued two senior unsecured bonds. The first bond amounts to SEK 500 million, has a tenor of 3.25 years and a floating interest rate of STIBOR 3m + 330 basis points. The second bond amounts to SEK 500 million, has a tenor of 5 years and a floating interest rate of STIBOR 3m + 400 basis points.

Heimstaden Bostad's S&P credit rating upgraded to 'BBB'

In December, S&P Global Ratings (S&P) upgraded Heimstaden Bostad's credit rating to 'BBB' with a stable outlook. S&P cited the strengthened residential portfolio, enhanced earnings base and strong financial discipline as key reasons for the upgrade.

Received first CDP score

In December, Heimstaden Bostad received its first Carbon Disclosure Project (CDP) score based on FY 2019 reporting and was awarded a grade of C for its actions on climate change.

Earning capacity

The earning capacity represents annualised earnings calculated on the basis of Heimstaden's balance sheet as of 31 December 2020 and therefore only includes the property portfolio and capital structure as of that date. It is not a forecast for the current year or for the next 12-month period.

The earning capacity is based on the contracted rental income, current property costs and administrative costs of the property portfolio as at 31 December 2020. Announced property acquisitions that closed after the balance sheet date are not included in the calculation.

The earning capacity does not include any adjustment for development trends in rent levels, vacancy rates, property costs or interest rates, nor does the earning capacity provide any adjustment for expected changes in the fair value of properties, acquisitions or disposals.

Earning capacity as per 31 December 2020

Amounts in SEK million	
Rental income	7,837
Property costs	-3,386
Net operating income	4,450
Central administration costs	-318
Profit before financial items	4,132
Financial income	
Financial costs	-1,321
Profit from property management	2,812
Profit from property management attributable to:	
The Parent Company's shareholders	1,131
Non-controlling interests	1,681
Key data	
Net operating income, %	56.8
Interest coverage ratio (ICR), multiple	3.1

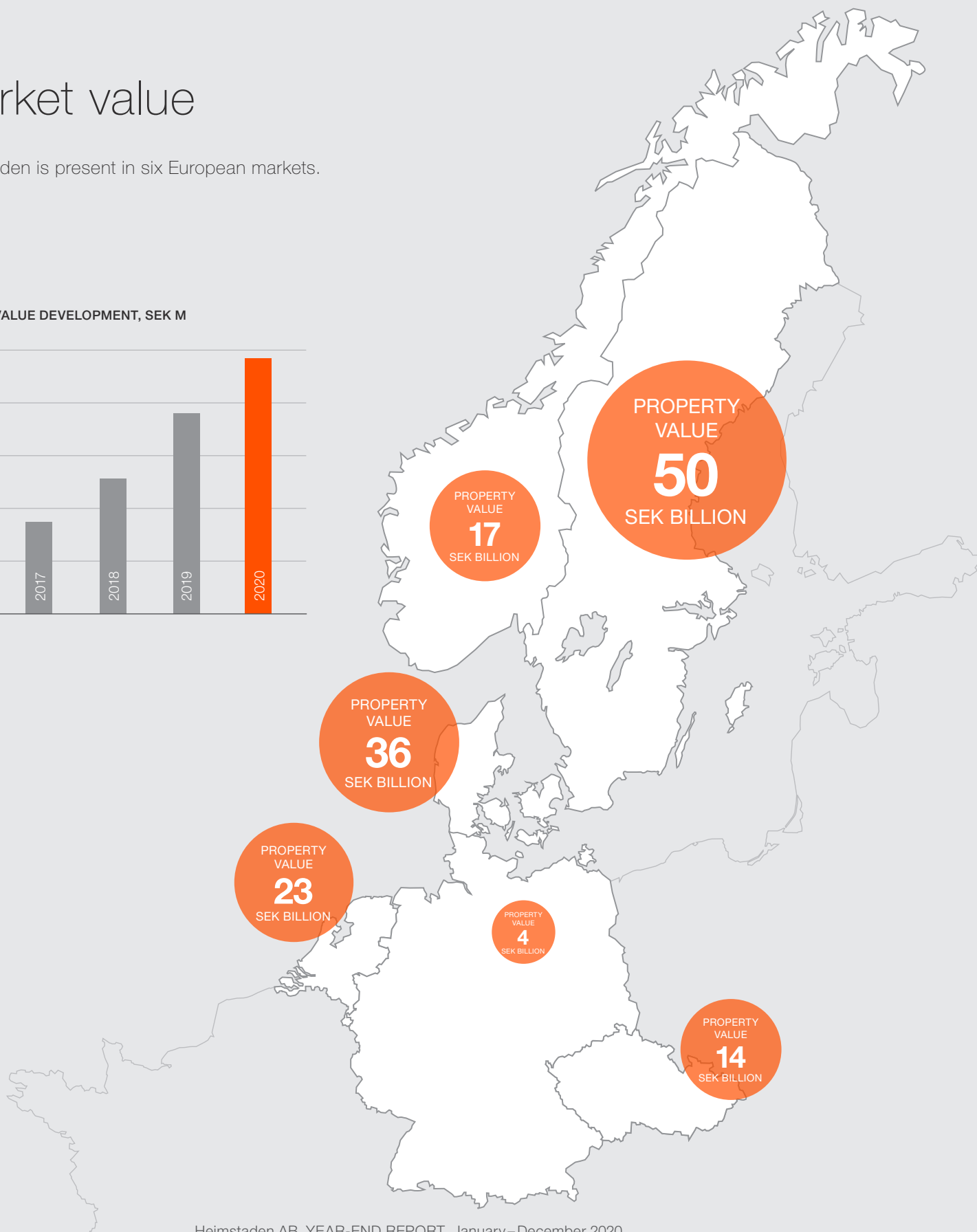
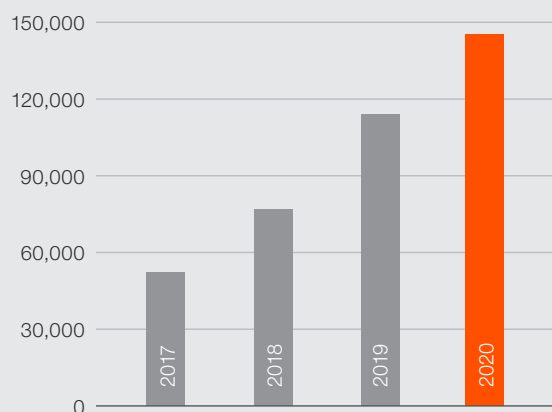


Ruth 7, Sweden

Market value

Heimstaden is present in six European markets.

MARKET VALUE DEVELOPMENT, SEK M



Sweden

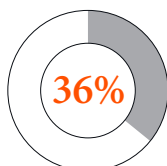


THE MARKET IN BRIEF

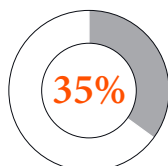
- Like-for-like rental income growth was 4 percent in the period.
- Improved net operating income margin, driven mainly by lower repair and maintenance and heating costs.
- During the period, properties were acquired for SEK 4,618 million.
- The change in the fair value of properties was 5.0 percent.
- Average valuation yield requirement was 3.6 percent.

SWEDEN	2020	2019
Market value, SEK m	50,312	41,630
Rental income, SEK m	2,502	2,231
Net operating income, SEK m	1,223	1,084
Net operating income, %	48.9	48.6
Economic letting ratio, residential, %	98.3	98.3
Real economic letting ratio, residential, %	99.2	99.4
Area, sqm	2,172,724	2,029,704

RENTAL INCOME, SHARE OF HEIMSTADEN TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN TOTAL



MARKET DATA – SWEDEN

The Swedish population grew by approximately 1.4 percent during the year compared with 2019. The degree of urbanisation remained at about the same level.

The Stockholm region grew by approximately 1.5 percent, while growth in Sweden's southernmost region, Skåne, (with Malmö as its growth engine) was 1.2 percent. The number of households grew, indicating increased demand for housing.

GDP is expected to contract by 2.8 percent and unemployment to increase to 8.5 percent in 2020.

	2020	2019
Number of residents, thousands	10,433	10,293
GDP growth, %	-2.8	1.2
Inflation, %	0.3	1.8
Urbanisation, %	87.2	87.1
Unemployment, %	8.5	6.8
<i>Stockholm (Municipality)</i>		
Number of households, thousands	1,049	1,033
Average household size	2.3	2.3
<i>Skåne (Region)</i>		
Number of households, thousands	623	616
Average household size	2.2	2.2

Source: Oxford Economics

All numbers for Q4 2020 are estimates, except for urbanisation rate. GDP growth is calculated as the annual growth since the same period in the previous year. Inflation is quoted on an annual basis.



Denmark

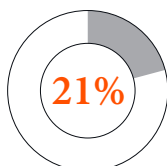


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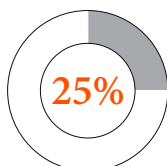
- Like-for-like rental income growth was 2 percent in the period.
- Improved net operating income margin.
- During the period, properties were acquired for SEK 1,279 million.
- Adjusted for currency effects, the change in the fair value of properties was 3.1 percent.
- Average valuation yield requirement was 3.6 percent.

DENMARK	2020	2019
Market value, SEK m	36,200	34,643
Rental income, SEK m	1,485	1,292
Net operating income, SEK m	956	825
Net operating income, %	64.3	63.9
Economic letting ratio, residential, %	94.5	94.3
Real economic letting ratio, residential, %	96.7	97.5
Area, sqm	882,428	842,750

RENTAL INCOME, SHARE OF
HEIMSTADEN TOTAL



MARKET VALUE, SHARE OF
HEIMSTADEN TOTAL



MARKET DATA – DENMARK

The Danish population grew by 0.4 percent during the year compared with 2019.

Copenhagen was the growth engine with a population increase of 1.1 percent.

GDP is expected to contract by 5.0 percent and unemployment to increase to 4.9 percent in 2020.

	2020	2019
Number of residents, thousands	5,840	5,818
GDP growth, %	-5.0	2.9
Inflation, %	0.4	0.8
Urbanisation, %	88.4	88.2
Unemployment, %	4.9	3.7
<i>Copenhagen</i>		
Number of households, thousands	389	386
Average household size	2.1	2.0

Source: Oxford Economics

All numbers for 2020 Q4 are estimates, except for urbanisation rate. GDP growth is calculated as the annual growth since the same period in the previous year. Inflation is quoted on an annual basis.



Norway

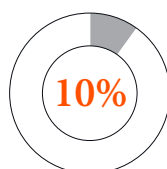


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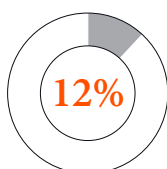
- Like-for-like rental income growth was 4 percent in the period.
- Higher net operating margin, driven partly by lower property management costs partly offset by higher vacancy.
- No properties were acquired during the period.
- Adjusted for currency effects, the change in the fair value of properties was 8.3 percent.
- Average valuation yield requirement was 2.9 percent.

NORWAY	2020	2019
Market value, SEK m	17,008	17,372
Rental income, SEK m	668	702
Net operating income, SEK m	455	469
Net operating income, %	68.1	66.8
Economic letting ratio, residential, %	93.3	97.8
Real economic letting ratio, residential, %	94.3	98.7
Area, sqm	222,165	222,165

RENTAL INCOME, SHARE OF
HEIMSTADEN TOTAL



MARKET VALUE, SHARE OF
HEIMSTADEN TOTAL



MARKET DATA – NORWAY

The Norwegian population grew by 0.9 percent during the year compared with 2019. The number of households in Oslo grew by 2.2 percent.

The degree of urbanisation increased by 0.3 percentage points.

GDP is expected to contract by 1.8 percent and unemployment to increase to 5.3 percent in 2020.

	2020	2019
Number of residents, thousands	5,399	5,350
GDP growth, %	-1.8	0.9
Inflation, %	1.4	2.2
Urbanisation, %	82.6	82.3
Unemployment, %	5.3	3.7
<i>Oslo</i>		
Number of households, thousands	355	348
Average household size	1.9	2.0

Source: Oxford Economics

Figures for the fourth quarter of 2020 are estimated for the end of the fourth quarter, except for GDP growth and inflation, which are estimates for full-year 2020.



Germany

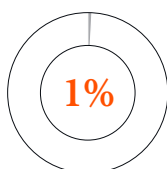


THE MARKET IN BRIEF

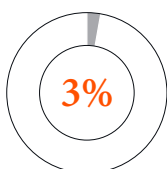
- Heimstaden completed its first acquisition in the German market in the fourth quarter of 2019.
- During the period, properties were acquired for SEK 1,272 million.
- Adjusted for currency effects, the change in the fair value of properties was 7.7 percent.
- Average valuation yield requirement was 1.9 percent.
- In 2020 Heimstaden Bostad expanded local property management to facilitate for the acquisition of 3,902 residential units.

GERMANY	2020	2019
Market value, SEK m	3,716	2,292
Rental income, SEK m	101	21
Net operating income, SEK m	32	13
Net operating income, %	31.4	58.8
Economic letting ratio, residential, %	96.5	97.4
Real economic letting ratio, residential, %	97.5	99.2
Area, sqm	109,634	72,479

RENTAL INCOME, SHARE OF
HEIMSTADEN TOTAL



MARKET VALUE, SHARE OF
HEIMSTADEN TOTAL



MARKET DATA – GERMANY

Germany showed positive population growth over the year, with growth in Berlin at 0.8 percent.

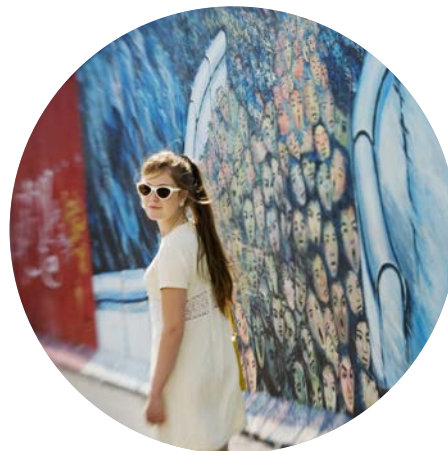
A solid influx of new residents has increased demand for housing in Berlin.

GDP is expected to contract by 3.9 percent and unemployment to increase to 6.1 percent in 2020.

	2020	2019
Number of residents, thousands	83,205	83,121
GDP growth, %	-3.9	0.6
Inflation, %	-0.2	1.5
Urbanisation, %	77.4	77.4
Unemployment, %	6.1	5.0
<i>Berlin</i>		
Number of households, thousands	2,047	2,034
Average household size	1.8	1.8

Source: Oxford Economics

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Netherlands

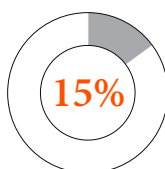


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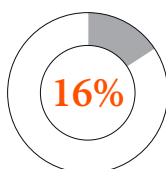
- Heimstaden Bostad completed its first acquisition in the Dutch market in the fourth quarter of 2019.
- During the period, properties were acquired for SEK 5,480 million.
- Adjusted for currency effects, the change in the fair value of properties was 4.7 percent.
- Average valuation yield requirement was 3.6 percent.

NETHERLANDS	2020	2019
Market value, SEK m	23,365	17,781
Rental income, SEK m	1,028	617
Net operating income, SEK m	557	334
Net operating income, %	54.2	54.1
Economic letting ratio, residential, %	96.6	96.6
Real economic letting ratio, residential, %	98.9	99.0
Area, sqm	1,056,268	864,212

RENTAL INCOME, SHARE OF
HEIMSTADEN TOTAL



MARKET VALUE, SHARE OF
HEIMSTADEN TOTAL



MARKET DATA – NETHERLANDS

The population grew by 0.6 percent over the year.

GDP is expected to contract by 3.6 percent and unemployment to increase to 4.9 percent in 2020.

The Netherlands is one of Europe's most urbanised countries. The degree of urbanisation increased by approximately 0.2 percentage points.

	2020	2019
Number of residents, thousands	17,453	17,349
GDP growth, %	-3.6	1.6
Inflation, %	1.0	2.6
Urbanisation, %	91.9	91.7
Unemployment, %	4.9	4.3
<i>Amsterdam metropolitan area</i>		
Number of households, thousands	705	698
Average household size	2.0	2.0

Source: Oxford Economics

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Czech Republic

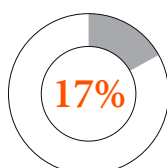


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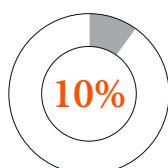
- Heimstaden completed its first acquisition in the Czech market on 20 February 2020.
- During the period, properties were acquired for SEK 12,985 million.
- Adjusted for currency effects, the change in the fair value of properties was 15.6 percent.
- Average valuation yield requirement was 5.3 percent.

CZECH REPUBLIC	2020	2019
Market value, SEK m	13,826	–
Rental income, SEK m	1,208	–
Net operating income, SEK m	645	–
Net operating income, %	53.4	–
Economic letting ratio, residential, %	90.9	–
Real economic letting ratio, residential, %	94.3	–
Area, sqm	2,614,942	–

RENTAL INCOME, SHARE OF HEIMSTADEN TOTAL



MARKET VALUE, SHARE OF HEIMSTADEN TOTAL



MARKET DATA – CZECH REPUBLIC

The population grew by 0.2 percent over the year.

In the Ostrava region, the number of households remained largely unchanged and, combined with expectations of further reductions in average household size, this is expected to support continued demand in the housing market.

The Czech Republic had low unemployment relative to comparable countries in 2019, however this is expected to rise to 3.9 percent in 2020.

	2020	2019
Number of residents, thousands	10,686	10,662
GDP growth, %	-9.7	2.3
Inflation, %	2.5	2.9
Urbanisation, %	73.7	73.9
Unemployment, %	3.9	2.8
<i>Moravskoslezsky kraj (incl. Ostrava)</i>		
Number of households, thousands	493	493
Average household size	2.4	2.4

Source: Oxford Economics

Figures for the fourth quarter of 2020 are estimated for the end of the fourth quarter, except for GDP growth and inflation, which are estimates for full-year 2020.





Tempelstraat, Netherlands

Consolidated Statement of Comprehensive Income

Amounts in SEK million	Note	2020 12 months Jan–Dec	2019 12 months Jan–Dec	2020 3 months Oct–Dec	2019 3 months Oct–Dec
Rental income	4	6,992	4,863	1,928	1,380
Property costs	5	-3,125	-2,138	-1,047	-638
Net operating income	5	3,867	2,725	881	742
Central administration costs		-229	-172	-36	-72
Other operating income		57	27	22	-10
Other operating costs		-2	-46	29	-46
Profit from participations in associated companies		56	196	78	184
Profit before financial items		3,749	2,729	974	798
Financial income	6	99	57	26	40
Financial costs – interest-bearing liabilities	6	-1,371	-1,152	-308	-239
Other financial income	6	–	6	0	6
Other financial costs	6	-188	-186	-50	-55
Right-of-use assets		-36	-29	-6	-9
Currency gains and losses		400	-133	197	-133
Profit from property management		2,654	1,293	833	409
<i>Profit from property management attributable to:</i>					
The Parent Company's shareholders		1,039	709	304	234
Non-controlling interests		1,615	583	528	175
Change in fair value of properties	7	8,165	6,517	2,120	1,617
Change in fair value of financial instruments	8	-178	-107	157	324
Profit before tax		10,640	7,703	3,110	2,349
Current tax		-395	-259	34	-81
Deferred tax		-1,892	-1,443	-565	-472
Profit for the period		8,353	6,001	2,578	1,797
<i>Profit for the period attributable to:</i>					
The Parent Company's shareholders		4,431	4,099	1,420	1,032
Non-controlling interests		3,922	1,902	1,159	765
Other comprehensive income		-4,493	432	-1,821	-840
Comprehensive income		3,860	6,433	757	956
<i>Comprehensive income attributable to:</i>					
The Parent Company's shareholders		1,725	4,425	323	494
Non-controlling interests		2,135	2,008	435	462

Rental income

Rental income for the period amounted to SEK 6,992 million (4,863), which corresponds to an increase of 44 percent, primarily attributable to property acquisitions in the Netherlands and the Czech Republic. The comparable property portfolio had a 4 percent like-for-like growth over the period.

The economic letting ratio for residential was 96 percent (97) in the period. Adjusted for intentionally vacant homes, the real economic letting ratio was 97 percent (99).

Property costs

Property costs amounted to SEK 3,125 million (2,138). The change is mainly attributable to an increased number of properties.

Net operating income

Net operating income amounted to SEK 3,867 million (2,275) for the period, corresponding to a net operation income percent of 55.3 percent (56.0).

Central administration costs

Costs for central administration amounted to SEK 229 million (172). The increase is mainly attributable to growth of the organisation.

Financial costs – interest-bearing liabilities

Financial costs for the period were SEK 1,371 million (1,152), driven by an increased debt portfolio. At the end of the period, Heimstaden Bostad's interest rate hedging ratio was 80 percent (65). Despite this increase, the average interest rate at the balance sheet date, including derivatives and charges for unutilised credits, had decreased to 1.8 percent (1.9), driven by lower credit margins on bank loans and corporate bonds, as well as changed base rates. The interest coverage ratio for the last 12 months was 2.8 (2.4).

The interest rates on approximately 40 percent (49) of the loan portfolio will change within a year. All other things equal, an increase of one percent in the base rates (Euribor, Stibor, Cibor, Nibor), would increase Heimstaden's interest costs by approximately SEK 191 million (179) annually. A one percent decrease in the base rates would decrease interest costs by approximately SEK 70 million (-58).

The difference in sensitivity is due to interest rate hedging and several credit agreements containing interest rate floor clauses restricting interest rate changes on the downside. Negative base rates can result in increased costs for the interest rate hedging portfolio as floating rate receiving cash flows become negative.

Other financial costs

Other financial costs pertain primarily to costs of a non-recurring nature related to new borrowings and redemption of loans.

Currency gains and losses

Currency gains and losses amounted to a net gain of SEK 400 million (loss 133), and relate primarily to unrealised exchange rate differences on cash, liabilities and associated currency hedges.

Profit from property management

Profit from property management increased to SEK 2,654 million (1,293), mainly due to acquisitions. Excluding currency gains and losses, profit from property management increased by 58 percent compared with the preceding year, driven primarily by acquisitions and lower cost of debt.

Change in value of properties

After currency adjustments, the change in the fair value of properties amounted to SEK 8,165 million (6,517), whereof 7.977 (6.463) relates to investment properties and 188 (53) to development properties. This corresponds to a 5.9 percent increase over the year. The valuation yield requirement for the quarter averaged 3.62 percent, compared with 3.63 percent at the end of 2019. Excluding the acquisition of the Czech portfolio, the yield requirement was 3.45 percent in the rest of the portfolio.

Changes in the value of financial instruments

In accordance with the established financial policy and interest rate hedging strategy, Heimstaden uses interest rate derivatives and cross currency swaps to manage interest rate and currency risks. The change in value related to interest-rate derivatives during the period amounted to a negative SEK 178 million (107). Currency effects related to currency hedging of unsecured bonds are reported on the line item Currency gains and losses.

Tax

The positive development in Heimstaden's property portfolio resulted in an increase of SEK 1,892 (1,443) million in deferred tax liabilities. Current tax amounted to SEK 395 million (259).

Other comprehensive income

Other comprehensive income consists of unrealized exchange rate differences from the consolidation of foreign subsidiaries, and intra-group loans treated as extended equity, and amounted to a negative SEK 4,493 million (positive 432), driven by a stronger SEK. The total amount may be reclassified to profit or loss in subsequent periods.

Consolidated Statement of Financial Position

Amounts in SEK million	Note	31 Dec 2020	31 Dec 2019
Assets			
Non-current assets			
Intangible assets		74	72
Investment properties	9	144,428	113,719
Leasing assets		749	895
Tangible fixed assets		60	30
Participations in associated companies		371	337
Other financial non-current assets		931	580
Total non-current assets		146,613	115,633
Current assets			
Development properties and tenant-owned homes in progress		1,292	865
Accounts receivable		86	23
Other current receivables		2,106	1,062
Prepaid costs and accrued income		308	337
Cash and cash equivalents		10,906	10,687
Total current assets		14,698	12,974
TOTAL ASSETS		161,310	128,606



Investment properties

On the balance sheet date, the fair market value of Heimstaden's property portfolio was SEK 144,428 million, compared with SEK 113,719 million at the end of 2019. During the period, properties were acquired for a value of SEK 25,634 million, most of which concerns the acquisition in the Czech Republic. The total change in the fair value of the properties excluding development properties for the period amounted to SEK 7,977 million, corresponding to a change of 5.8 percent. SEK 1,866 million is attributable to the acquisition in the Czech Republic. The remaining change comprised investments in the existing portfolio and exchange rate effects.

For a more detailed description of Heimstaden's methodology for valuing properties, see pages 116-117 of the 2019 Annual Report.

Leasing assets

Leasing assets are primarily attributable to land leaseholds.

Participations in associated companies

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

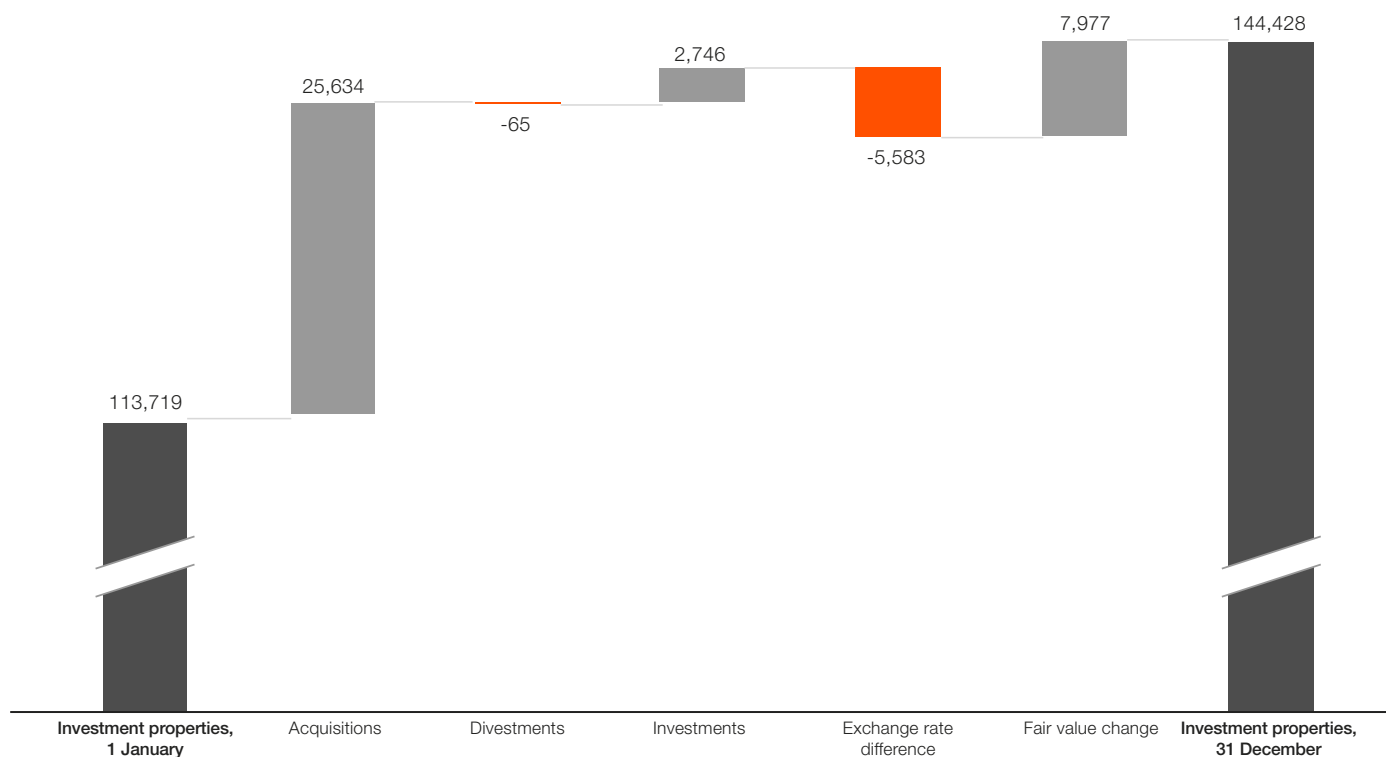
Other financial non-current assets

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 931 million (580) at the end of the period.

Development properties and tenant-owned homes in progress

In connection with the acquisition of investment properties in Norway in 2017, building rights and ongoing construction projects were also acquired. The item, amounting to SEK 1,292 million (865), concerns the development and construction of condominium homes in Oslo that are to be divested upon completion.

INVESTMENT PROPERTIES MARKET VALUE DEVELOPMENT, SEK MILLION



Consolidated Statement of Financial Position

Amounts in SEK million	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity ¹⁾		76,166	59,942
Non-current liabilities			
Interest-bearing liabilities	10	39,153	39,743
Interest-bearing unsecured liabilities	10	27,963	17,066
Leasing liabilities		748	896
Financial instruments	8	433	65
Other liabilities		389	–
Deferred tax liability		5,446	3,640
Total non-current liabilities		74,132	61,411
Current liabilities			
Interest-bearing liabilities	10	1,611	1,137
Interest-bearing unsecured liabilities	10	6,354	4,000
Financial instruments	8	14	–
Accounts payable		477	332
Current tax liabilities		237	202
Other current liabilities		1,195	994
Accrued costs and prepaid income		1,126	569
Total current liabilities		11,013	7,254
TOTAL EQUITY AND LIABILITIES		161,310	128,606
¹⁾ Of which non-controlling interests		49,959	36,134

Consolidated Statement of Changes in Equity

Amounts in SEK million	Share capital	Other capital contributions	Hybrid bond ¹⁾	Other reserves	Retained profit	Attributable to Parent Company shareholders	Non-controlling interests	Total equity
Equity, 31 Dec. 2018	78	6,466	–	–	9,956	16,500	17,436	33,936
Other comprehensive income				326		326	106	432
Profit for the period			45		4,054	4,099	1,902	6,001
Total comprehensive income	–	–	45	326	4,054	4,425	2,008	6,433
Dividend			-45		-47	-92	-56	-147
Contributions from non-controlling interests						–	8,644	8,644
Dividend to non-controlling interest						–	-465	-465
Non-controlling interests						–	52	52
Hybrid bond issue			3,000			3,000	8,523	11,523
Issue costs			-25			-25	-9	-34
Equity, 31 Dec 2019	78	6,466	2,975	326	13,963	23,808	36,134	59,942
Other comprehensive income				-2,706		-2,706	-1,787	-4,493
Profit for the period			222		4,210	4,431	3,922	8,353
Total comprehensive income	–	–	222	-2,706	4,210	1,725	2,135	3,860
Dividend			-222		-47	-268	-963	-1,232
Contributions from non-controlling interests						–	7,610	7,610
Hybrid bond issue			1,030			1,030	5,189	6,219
Premium, hybrid bond			-30		30	–	–	–
Repurchase, hybrid bond			-100		20	-80	–	-80
Issue costs			-8			-8	-145	-153
Equity, 31 Dec 2020	78	6,466	3,867	-2,380	18,176	26,206	49,959	76,166

¹⁾ Heimstaden presents the nominal value of hybrid bonds with issue costs deducted.

Interest-bearing liabilities

At the end of the period, Heimstaden's net loan-to-value ratio was 40 percent (40). Of the total interest-bearing liabilities, 54 percent (66) related to loans secured by property mortgages, resulting in a loan-to-value ratio for secured loans of 25 percent (23).

The total loan portfolio amounted to SEK 75,369 million (61,946) on the balance sheet date. Of this amount, 46 percent (34) consists of unsecured bonds, 28 percent (32) to mortgages loans and 26 percent (34) of traditional bank loans. There are also unutilised lines of credit of SEK 14,627 million (10,269).

The average loan tenor of Heimstaden's interest-bearing liabilities was 10.1 years (10.1). The largest proportion of loan maturities in an individual year occurs within 3 to 4 years and accounts for 13 percent (17) of the loan portfolio. The average period of fixed interest, including the effect of derivatives, amounts to 2.8 years (2.6).

Financial instruments

Financial instruments consist of derivative instruments for interest rate and currency hedging and are primarily related to Heimstaden's unsecured bonds.

Deferred tax liability

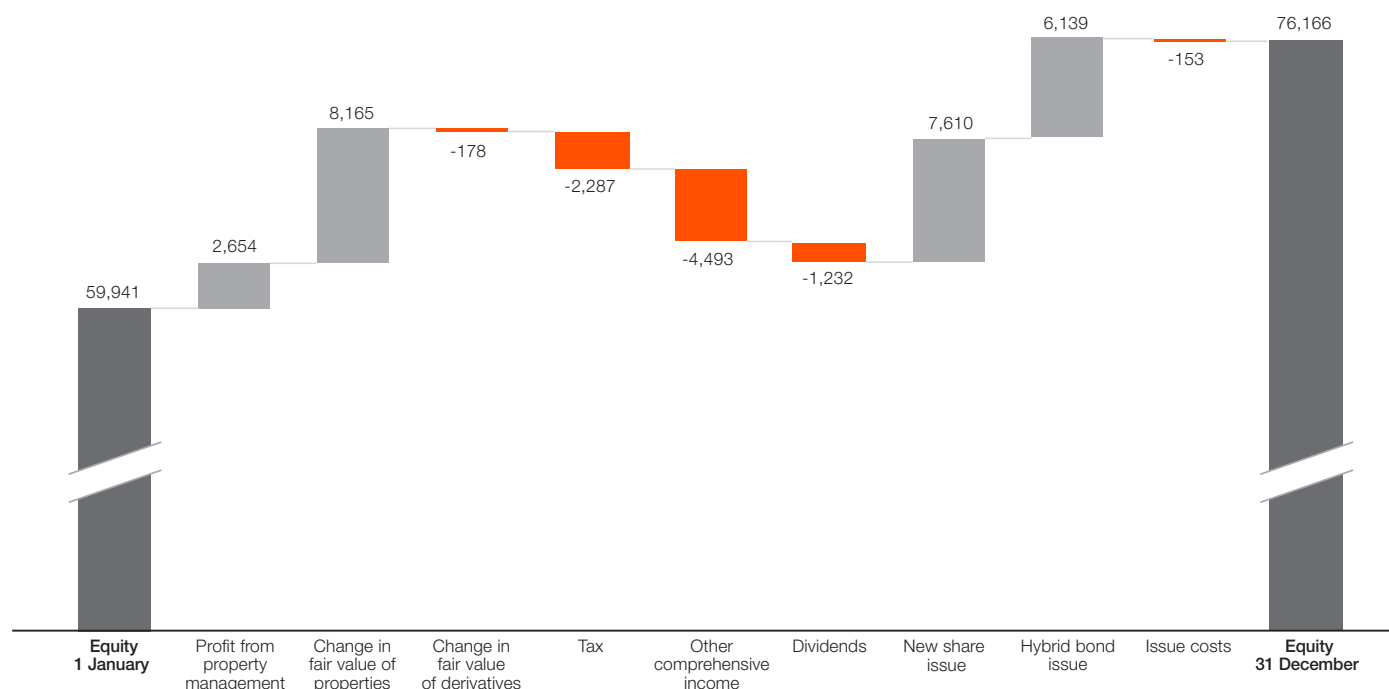
The positive change in fair value of Heimstaden's property portfolio resulted in an increased deferred tax liability, amounting on the balance sheet date to SEK 5,446 million (3,640).

Equity

Equity amounted to SEK 76,166 million (59,942), resulting in an equity ratio of 47 percent (47). The change in equity over the period is primarily attributable to a new share issue in the second quarter of 2020.

Heimstaden is exposed to currency risk in EUR, DKK, NOK and CZK. This risk is associated with the foreign operations and to financing denominated in EUR in the Parent Company. The Parent Company's unsecured bonds in EUR have largely been hedged through swaps to the same currency as the assets that the loans are intended to finance. The currency risk associated with the foreign operations is limited to net capital in each currency.

EQUITY DEVELOPMENT¹⁾, SEK MILLION



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

Consolidated statement of cash flows

Amounts in SEK million	2020 12 months Jan–Dec	2019 12 months Jan–Dec	2020 3 months Oct–Dec	2019 3 months Oct–Dec
Operating activities				
Profit before tax	10,640	7,703	3,110	2,349
Adjustments for non-cash items:				
– Change in fair value of investment properties	-8,165	-6,517	-2,122	-1,627
– Change in fair value of derivative instruments	178	107	514	-324
– Other non-cash items	-370	-51	-233	-117
Tax paid	-364	-159	-43	15
Cash flow from operating activities before changes in working capital	1,920	1,082	1,225	296
Change in working capital				
Change in current receivables	-293	-62	-334	140
Change in development properties and tenant-owned homes in progress	–	-113	–	-113
Change in current liabilities	-92	360	75	648
Cash flow from operating activities	1,535	1,267	966	971
Investing activities				
Property acquisitions	-12,894	-10,990	-3,979	-1,944
Investment properties	-2,988	-2,607	-1,207	-710
Acquisitions of subsidiaries	–	-72	–	–
Acquisitions of other non-current assets	–	-16	37	-16
Deposits paid for acquisitions	-1,025	-536	-1,297	-392
Other receivables, future acquisitions	140	-231	747	-231
Other investments	–	-4	–	–
Property sales	–	14	–	11
Acquisitions of participations in associated companies	-14	-14	-12	-14
Change in loans to associated companies	-381	-361	-52	-122
Change in financial assets	-28	-46	-23	-63
Cash flow from investing activities	-17,189	-14,864	-5,785	-3,481
Financing activities				
Contributions from non-controlling interests	7,610	8,644	–	6,229
Dividend to non-controlling interest	-894	-465	–	–
Dividend, preference shares	-47	-47	-12	–
Dividend hybrid bond	-294	-100	-62	-12
Issue costs	-153	-34	-68	-135
Issue of hybrid bond	6,139	11,523	5,189	8,548
Re-payments of interest-bearing liabilities	-12,404	-59	-3,750	-5,235
Re-payments of financial instruments	113	–	113	–
Issue of unsecured bonds	16,132	–	4,968	–
Cash flow from financing activities	16,201	19,461	6,379	9,396
Cash flow for the period	546	5,863	1,561	6,886
Opening cash and cash equivalents	10,687	4,775	9,602	3,841
Currency effect in cash and cash equivalents	-327	48	-257	-41
Closing cash and cash equivalents	10,906	10,687	10,906	10,687

Operating activities

Cash flow from operating activities, before changes in working capital, amounted to SEK 1,920 million (1,082). The increase is primarily attributable to a larger property portfolio. After a reduction in working capital, cash flow from operating activities amounted to SEK 1,535 million (1,267).

Investing activities

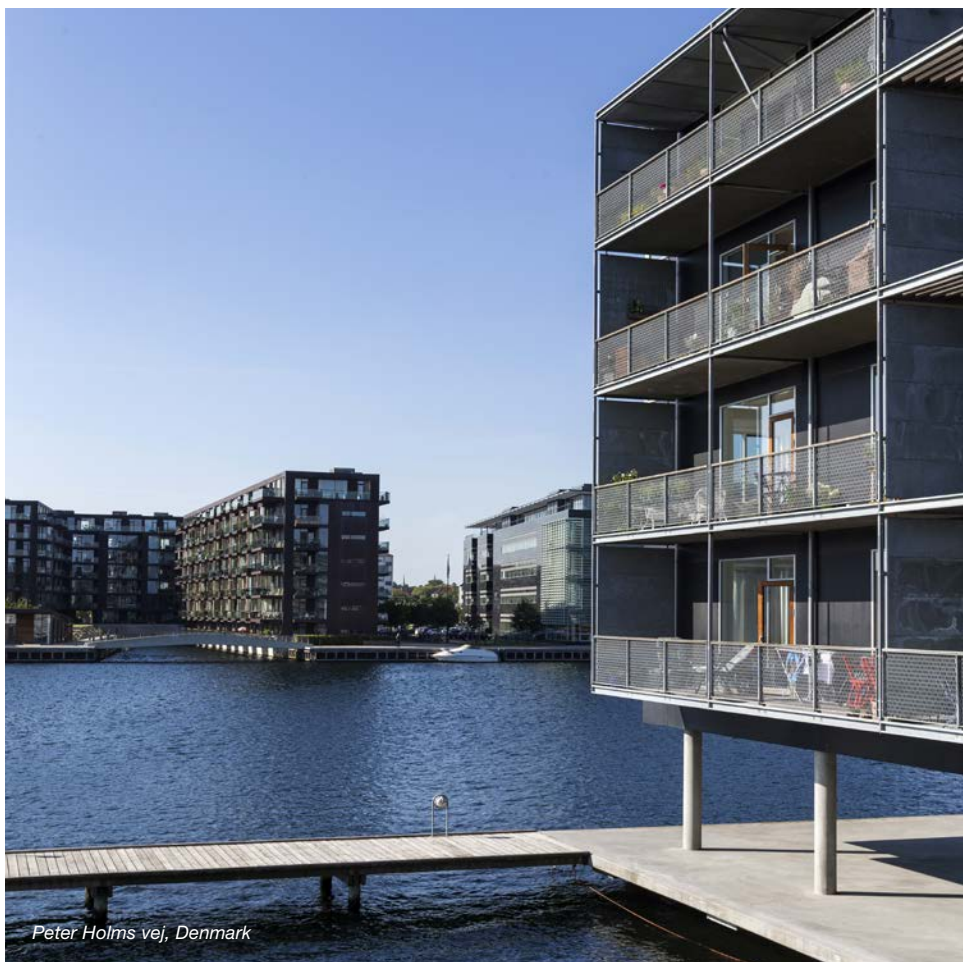
Cash flow from investing activities was negative in the amount of SEK 17,189 million (14,864). Most of the flow relates to the property acquisition in the Czech Republic.

Financing activities

Cash flow from financing activities amounted to SEK 16,201 million (19,461). The amount is attributable primarily to the new issue of a hybrid bond and to capital contributions from non-controlling interests.

Cash flow

Cash flow for the period was SEK 546 million (5,863) and cash and cash equivalents amounted to SEK 10,906 million (10,687) at the end of the period.



PARENT COMPANY INCOME STATEMENT

	2020 12 months Jan-Dec	2019 12 months Jan – Dec
Amounts in SEK million		
Other operating income	262	147
Other operating costs	-218	-136
Operating profit/loss	44	11
Profit from participations in Group companies	34	1,740
Profit before financial items	77	1,751
Interest income	23	73
Interest costs	-112	-106
Other financial costs	-265	–
Profit from property management	-278	1,717
Profit before tax	-278	1,714
Profit for the period	-278	1,714

Other operating income

Other operating income for the period amounted to SEK 262 million (147) and pertains to management fees invoiced to Heimstaden Bostad. The increase is explained by the increased size of the property portfolio.

Other operating costs

Other operating costs for the period amounted to SEK 217 million (136) and pertain to the organisation of the Parent Company. The increase was mainly attributable to the growth of the organisation as a consequence of a larger property portfolio.

Other financial costs

Other financial costs refer to exchange rate differences related to cash and cash equivalents.

PARENT COMPANY BALANCE SHEET

	31 Dec 2020	31 Dec 2019
Amounts in SEK million		
Assets		
Non-current assets		
Tangible fixed assets	1	1
Financial fixed assets	–	–
Shares in subsidiaries	18,565	15,282
Receivables, subsidiaries	322	200
Other financial non-current assets	–	–
Total non-current assets	18,888	15,483
Current assets		
Receivables, subsidiaries	1,456	636
Other current receivables	102	79
Cash and cash equivalents	3,002	6,122
Total current assets	4,561	6,838
TOTAL ASSETS	23,449	22,321
EQUITY AND LIABILITIES		
Equity	18,380	17,984
Non-current liabilities		
Interest-bearing liabilities	319	200
Unsecured bonds	3,986	3,000
Liabilities, subsidiaries	714	959
Total non-current liabilities	5,018	4,159
Current liabilities		
Liabilities, subsidiaries	–	99
Other current liabilities	51	79
Total current liabilities	51	177
TOTAL EQUITY AND LIABILITIES	23,449	22,321

Shares in subsidiaries

Participations in subsidiaries refer to shares in subsidiaries and the change compared with the previous year is mainly attributable to acquisitions in the Netherlands and the Czech Republic.

Receivables, subsidiaries

Receivables from subsidiaries refer to lending from Heimstaden to the subsidiaries.

Unsecured bonds

The unsecured bonds amounted to SEK 3,986 million (3,000) on the balance sheet date.

PARENT COMPANY CASH FLOW STATEMENT

Amounts in SEK million	2020 12 months Jan–Dec	2019 12 months Jan–Dec
Operating activities		
Profit before tax	-311	1,719
Adjustments for non-cash items:		
– Other non-cash items	222	-1,794
Cash flow from operating activities before changes in working capital	-89	-75
Change in working capital		
Change in current receivables	-23	108
Change in development properties and tenant-owned homes in progress	-17	59
Cash flow from operating activities	-129	92
Investing activities		
Acquisitions of subsidiaries	–	7,619
	–	-72
Cash flow from investing activities	–	7,547
Financing activities		
Dividend, preference shares	-47	-47
Dividend on hybrid bond and issue costs	-280	-70
New issue of hybrid bond	1,000	3,000
Re-payments of interest-bearing liabilities	1,105	700
Change in intra-group loans	-4,521	-5,804
Cash flow from financing activities	-2,743	-2,221
Cash flow for the period	-2,872	5,418
Opening cash and cash equivalents	6,124	706
Currency effect in cash and cash equivalents	-252	–
Closing cash and cash equivalents	3,000	6,124

Cash flow for the period

Cash flow for the period was negative in the amount of SEK 2,872 million (positive 5,418). During the period, a new issue of hybrid bonds was implemented and loans were provided to subsidiaries.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amounts in SEK million	Share capital	Share premium reserve	Hybrid bond ¹⁾	Retained profit	Total equity
Equity, 31 Dec 2018	78	729	–	12,579	13,386
Profit for the period			45	1,670	1,715
Total profit	–	–	45	1,670	1,715
Dividend			-45	-47	-91
Issue of hybrid bond			3,000		3,000
Issue costs			-25		-25
Equity, 31 Dec 2019	78	729	2,975	14,202	17,984
Profit for the period			222	-499	-278
Total profit	–	–	222	-499	-278
Dividend			-222	-47	-268
Issue of hybrid bond			1,030		1,030
Premium, hybrid bond			-30	30	0
Repurchase, hybrid bond			-100	20	-80
Issue costs			-8		-8
Equity, 31 Dec 2020	78	729	3,867	13,706	18,380

¹⁾ Heimstaden presents the nominal value of hybrid bonds with issue costs deducted.

Note 1 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, with the exception of IFRS 3. Heimstaden's 2019 Annual Report contains a more detailed description of the accounting principles.

IFRS 3 Business combinations

On 21 April 2020, the EU adopted amendments regarding the definition in IFRS 3 of a business combination. The classification of an acquisition as either a business combination or an asset acquisition causes differences in the accounting. The changes introduced in IFRS 3 are expected to result in more acquisitions being reported as asset acquisitions.

The accounting for business combinations differs from the accounting of asset acquisitions, with, for example, goodwill not being recognised in asset acquisitions. There are also differences in the accounting and valuation of supplementary purchase considerations, acquisition expenses and deferred tax. Accordingly, the classification as either business combinations or asset acquisitions is crucial when preparing financial reports in accordance with IFRS.

Companies may choose to perform a "concentration test" and, should this prove that the acquisition is an asset acquisition, no further assessment is required. However, the test does not answer the question of whether an acquisition is a business acquisition but can only show if it is an asset acquisition. If essentially the entire fair value of the gross assets acquired can be attributed to an asset or a group of similar assets, the voluntary test shows the acquisition to constitute an asset acquisition. If the test is performed and it is not possible to prove the acquisition to be an asset acquisition, further assessment must be made to determine whether or not the acquisition is a business acquisition.

The criteria for an acquisition to constitute a business combination is that there must be financial resources and a substantial process that, combined, contribute substantially to a capacity to generate returns. The new guidance provides a framework for assessing whether there are financial resources and a substantial process. An acquisition including returns and a labour force trained in managing the process constitutes a business. If the acquisition lacks a labour force, it may nonetheless be the case that the acquired process is sufficiently unique or unusual, or costly to replace to be able to generate returns, that the acquisition nonetheless constitutes a business.

Effects of the change

The amendment shall be applied for financial years commencing on or after 1 January 2020. The changes to IFRS 3 entail Heimstaden's acquisitions in the Czech Republic being reported as asset acquisitions.

IAS 1 Presentation of Financial Statements

IAS 1 requires companies to disclose "significant" accounting principles. The IASB has replaced the "significance" reference with a requirement to disclose "essential" accounting principles to clarify where the limit is set for which disclosures are to be submitted. The IASB has also supplemented IAS 1 with guidance to help companies understand what makes an accounting principle essential. Since Heimstaden Bostad's disclosures are considered essential, the changes do not affect the accounting principles. The amendment shall be applied for financial years commenced as of 1 January 2020.

New and amended accounting principles yet to come into effect

New and amended IFRS accounting principles yet to come into effect have not been early adopted in the preparation of the consolidated and Parent Company financial statements. At the balance sheet date, there were no new or amended standards or interpretations published by IASB that are expected to have a material impact on the financial statements of the Group or the Parent Company.

Note 2 Information about related parties

No related party transactions other than salaries and board fees have been paid to management and the board as of Q4 2020.

Note 3 Events after the balance sheet date

On 12 January 2021, Heimstaden subscribed for SEK 1.5 billion in a SEK 4 billion directed new share issue by Heimstaden Bostad AB. Existing institutional investors in Heimstaden Bostad AB; Alecta, Ericsson and Folksam Group, also participated in the share issue.

On 20 January 2021, Heimstaden completed the repurchase of SEK 896 million of its outstanding SEK 1,250 million senior unsecured bond maturing on 18 May 2021 and announced the early redemption the remaining amount, which is expected to occur on 16 February 2021.

On 20 January 2021, Heimstaden issued two SEK 700 million senior unsecured subsequent bonds with maturity dates 15 January 2024 and 15 October 2025. The proceeds were primarily used to finance the repurchase and early redemption of the SEK 1,250 million bond maturing on 18 May 2021.

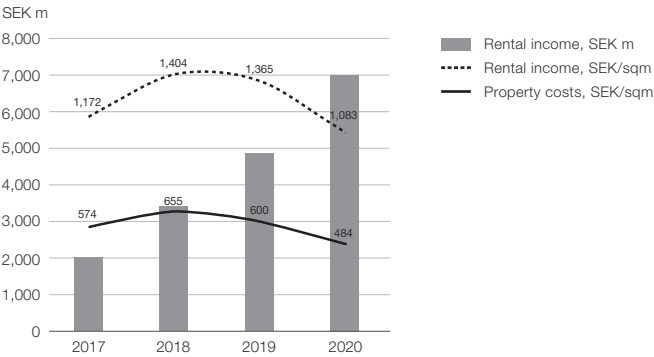
On 28 January 2021, Heimstaden established a domestic medium term note programme (MTN Programme). Under the MTN programme, Heimstaden can issue medium term notes in an aggregate amount of up to SEK 10 billion in either SEK, EUR or NOK, with a minimum tenure of one year.



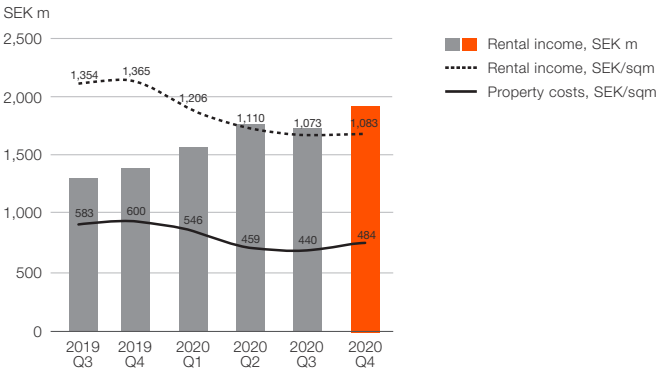
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Note 4 Rental income

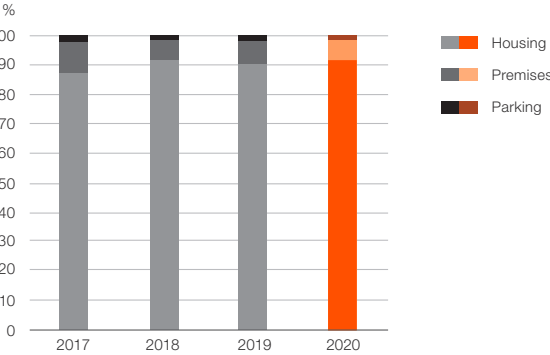
RENTAL INCOME AND PROPERTY COSTS



RENTAL INCOME AND PROPERTY COSTS

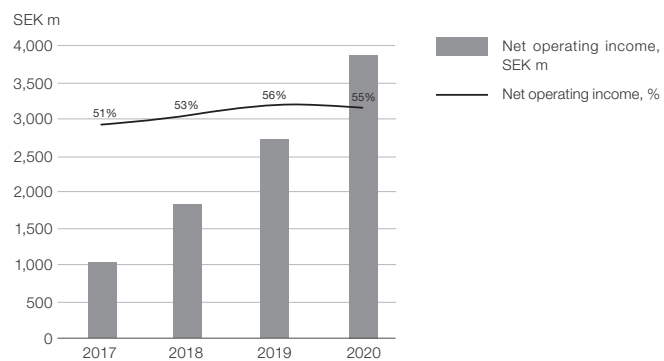
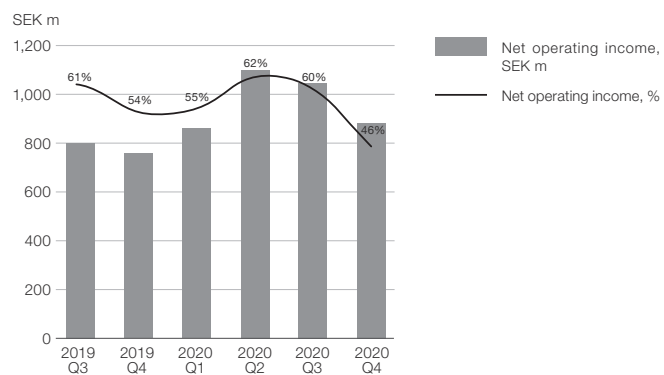


ALLOCATION OF RENTAL INCOME



Note 5 Property costs

Amounts in SEK million	2020 12 months Jan – Dec	2019 12 months Jan – Dec
Operating costs	-1,374	-960
Maintenance and repairs	-586	-546
Property administration	-863	-422
Property tax	-291	-202
Amortisation and depreciation	12	-8
Total property costs	-3,125	-2,138

NET OPERATING INCOME**NET OPERATING INCOME**

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.

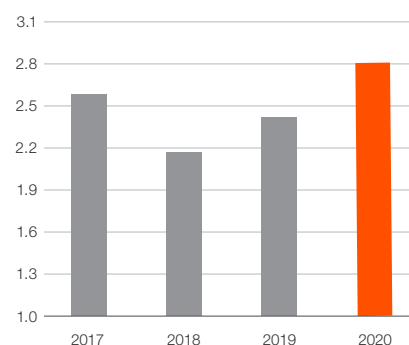
Heimstaden's operations, financial position and profit can be affected by a number of risks and uncertainties. These are described on pages 82–86 of the 2019 Annual Report. No significant changes have subse-

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 Dec 2020	Listing
Refinancing risk			
Average loan tenor (months)	at least 15	121	
Loan maturity (percentage in individual year)	maximum 40	13	(3 to 4 years)
Limitation, individual lenders (percent)	maximum 50	11	
Interest-rate risk			
	In according with respective covenants		
	In accordance with separate interest rate hedging strategy		
Fixed interest (years)		2.8	
Interest rate hedge (percent)	at least 25	80	
Credit risk			
Equity ratio (percent)	at least 25	47	
Interest coverage ratio (multiple, rolling 12 months)	at least 1.4	2.8	

INTEREST COVERAGE RATIO (ICR)



31 Dec 2020	Interest maturity, loans			Interest maturity incl. financial instruments ¹⁾		
	SEK m	Share, %	Interest, incl. margin, %	SEK m	Share, %	Interest, incl. margin, %
Years						
0–1	54,492	72	1.4	29,966	40	3.2
1–2	1,417	2	3.0	7,250	10	0.8
2–3	7,024	9	2.5	8,510	11	1.1
3–4	–	–	–	7,748	10	0.0
4–5	2,733	4	1.2	7,583	10	.06
> 5 years after balance sheet date	9,704	13	1.5	14,349	19	1.1
Total	75,369	100	1.5	75,406	100	1.8

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

The average remaining term of fixed interest in the loan portfolio amounts to: 1.63 years

The average remaining term of fixed interest in the loan portfolio, including derivatives, amounts to: 2.84 years

Note 7 Valuation of investment properties

Yield requirement

Years	Average
2019	3.63%
2020	3.62%

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

Market value of derivatives, 31 Dec 2019	-65
Unrealised changes in value basis swaps	-291
Realised changes in value interest rate swaps	113
Unrealised changes in value interest rate swaps	-203
Market value of derivatives, 31 Dec 2020	-447

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

Amounts in SEK million	Total	Sweden	Denmark	Norway	Germany	Netherlands	Czech Republic
Market value of investment properties, 31 Dec 2019	113,719	41,629	34,645	17,372	2,292	17,781	–
Sales during the period	-65	–	–	–	–	-65	–
Acquisitions during the period	25,634	4,618	1,279	–	1,272	5,480	12,985
Investments during the period	2,746	1,654	538	20	27	199	309
Currency change	-5,583	–	-1,354	-1,684	-140	-1,073	-1,333
Market value after transactions	136,451	47,901	35,108	15,709	3,450	22,321	11,960
Change in fair value of properties	7,977	2,410	1,092	1,299	265	1,044	1,866
Market value of investment properties, 31 Dec 2020	144,428	50,312	36,200	17,008	3,716	23,365	13,826



Note 10 Financial instruments

Financing source, SEK m

	Credit	Secured, %	Share, %	Unutilised credit commitment
Bonds	34,317	0	46	–
Mortgages	21,359	100	28	–
Bank loans	19,693	100	26	14,627
Total	75,369	54	100	14,627
Deferred charges	-288			
Total	75,081			

Change in loan volume

Interest-bearing loans, 31 Dec 2019	61,946
Repayments on loans	-6,726
Currency exchange effect on loans	-2,314
New borrowing/loans taken over	22,463
Interest-bearing loans, 31 Dec 2020	75,369

Years	Loan tenor		Lines of credit	
	SEK million	Share, %	million	Share, %
0–1	7,571	10	–	–
1–2	5,527	7	6,145	42
2–3	9,651	13	6,302	43
3–4	9,668	13	1,400	10
4–5	2,467	3	780	5
> 5 years after balance sheet date	40,485	54	–	–
Total	75,369	100	14,627	100

The average loan tenor is: 10.1 years

Financial instruments

Maturity, interest rate derivatives					
Years	Type	SEK million	Share, %	Interest, % ¹⁾	
0–1	Paying fixed	4,385	12	0.2	
1–2	Paying fixed	5,833	17	0.3	
2–3	Paying fixed	6,503	18	0.3	
3–4	Paying fixed	9,505	27	0.0	
4–5	Paying fixed	4,441	13	0.1	
> 5 years after balance sheet date	Paying fixed	4,646	13	0.2	
Total		35,313	100	0.2	

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, basis swaps					
Years	Type	SEK million	Share, %	Interest, % ¹⁾	
0–1	Paying variable	3,161	31	1.8	
1–2	Paying variable	–	–	–	
2–3	Paying variable	7,024	69	2.1	
3–4	Paying variable	–	–	–	
4–5	Paying variable	–	–	–	
> 5 years after balance sheet date	Paying variable	–	–	–	
Total		10,184	100	2.0	

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

Note 11 Investments in associated companies and joint ventures

	Share, %	Rental income	Net financial items	Change in value	Profit	Assets	Liabilities
Gamlebro	50	16	-5	–	-6	526	497
Fastighets AB Rosengård	25	147	-11	148	147	1,688	908
Byggrätt Norr AB	19	–	–	–	–	–	–
Upplands Bro, Brogårds stage 2	50	–	-22	25	4	606	382
Magnolia Projekt 5222 AB	50	–	–	–	–	–	–
A place to AS	50	–	-1	–	-2	347	346
KCP Utviklingsselskabet af 31. oktober AS.	50	–	-29	–	35	6	6
Atriet A/S	50	–	–	–	–	1	–
Total		163	-67	173	178	3,174	2,138



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

Malmö, 12 February 2021

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

	2020 12 months Jan – Dec	2019 12 months Jan – Dec	2020 3 months Oct – Dec	2019 3 months Oct – Dec
Property-related data				
Rental income, SEK m	6,992	4,863	1,928	1,380
Letting ratio, residential (number), %	94.4	97.6	94.4	97.6
Real letting ratio, residential (number), %	96.6	99.1	96.6	99.1
Economic letting ratio, residential, %	95.6	96.9	94.9	97.9
Real economic letting ratio, residential, %	97.5	98.9	97.0	99.2
Net operating income, %	55.3	56.0	45.7	53.8
Property acquisitions, SEK m	25,634	27,859	5,417	5,190
Property sales, SEK m	65	14	65	11
Market value of properties on balance sheet date, SEK m	144,428	113,719	144,428	113,719
Lettable area on balance sheet date, sqm	7,058,161	4,031,310	7,058,161	4,031,310
Number of homes on balance sheet date	103,345	54,863	103,345	54,863
Proportion residential on balance sheet date, %	93	91	93	91
Financial data				
Cash flow from operating activities, SEK m	1,535	1,381	966	1,085
Profit from property management, SEK m	2,654	1,293	833	409
Interest coverage ratio (ICR), multiple	2.8	2.4	2.8	2.4
Equity ratio, %	47.2	46.6	47.2	46.6
Net loan-to-value ratio (unsecured bonds covenant), %	39.8	39.9	39.8	39.9
Loan-to-value ratio, secured loans, %	25.3	23.5	25.3	23.5
Loan-to-value ratio (financial policy), %	52.1	51.7	52.1	51.7
Average interest rate on balance sheet date, %	1.8	1.9	1.8	1.9
Average period of fixed-interest on loans, incl. derivatives, years	2.8	2.6	2.8	2.6
Average period for which capital is tied up, year	10.1	10.1	10.1	10.1
Return on equity, %	12.2	18.0	12.2	18.0
Equity on the balance sheet date, SEK m	76,166	59,942	76,166	59,942
Net asset value on the balance sheet date, SEK m	81,611	63,582	81,611	63,582
Long-term net asset value on the balance sheet date, SEK m	82,044	63,647	82,044	63,647
DEBT/EBITDA, multiple	20	21	20	21
Data per share				
Profit per ordinary share, SEK	109	322	19	33
Equity per ordinary share, SEK	1,614	1,508	1,614	1,508
Equity per preference share, SEK	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
Number of preference shares outstanding at the end of the period	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
Average number of preference shares outstanding	2,343,750	2,343,750	2,343,750	2,343,750

Definitions and glossary

Letting ratio, residential (homes), %

Leased housing divided by total number of homes.

Real letting ratio, residential (homes), %

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

Economic letting ratio, residential, %

Net rental income divided by gross rental income plus estimated market rent for vacant homes.

Real economic letting ratio, residential, %

Net rental income divided by gross rental income plus estimated market rent for vacant homes, adjusted for voluntary vacancies due to standard improvements.

Net operating income, %

Net operating income as a percentage of rental income.

Residential 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 ratio, %

Equity as a percentage of total assets.

Net loan-to-value ratio (unsecured bonds covenant), %

Net liabilities as a percentage of total assets.

Loan-to-value ratio, secured loans, %

Secured loans as a percentage of total assets.

Loan-to-value ratio (financial policy), %

Net debt, financial leasing and 50 percent of the capital attributable to hybrid bonds as a proportion of net debt, financial leasing and equity.

Net liabilities

Interest-bearing liabilities less financial assets 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 net 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 and hybrid 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 portion of the profit for the period accounted for by preference shares and hybrid capital has been taken into account.

Like-for-like growth, %

Rental income including vacancy, adjusted for acquisitions and divestments.

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 agency of the below contact persons at 08:00 CET on 12 February 2021.

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The interim report for January–March 2021 will be published on 30 April 2021.

Heimstaden

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