

Heimstaden BOSTAD

Investor call

27 September 2021



Presenters



Arve Regland

Chief Financial Officer

CFO of Heimstaden AB and Fredensborg AS since 2019. Former CEO of Entra ASA and Partner at ABG Sundal Collier with additional experience from Arthur Andersen and EY.



Christian Fladeland

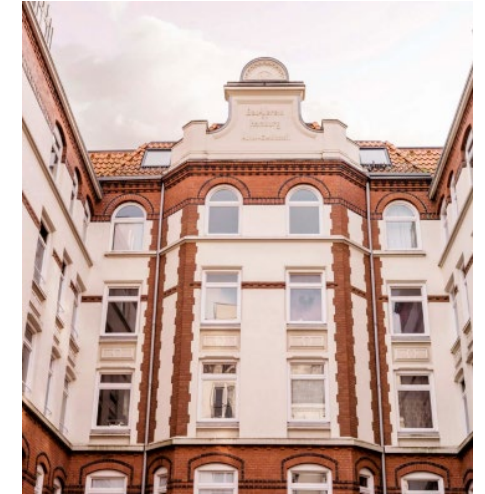
Co-Chief Investment Officer

Joined Heimstaden in 2019 and previously held the position of Partner at Colliers International Denmark.



Acquisition of Akelius' German, Swedish and Danish portfolios

- SEK 92.5 billion (EUR 9.1 billion) acquisition of high-quality residential portfolio located in existing markets.
- Firmly positions Heimstaden Bostad as Europe's second largest¹⁾ and most diversified residential real estate company.
- Location and scale of the portfolio brings synergy and operational scale effects unique to Heimstaden Bostad
- Closing early December 2021, subject to merger clearance.
- Leverage maintained in line with financial policy.
- Fitch initiated coverage with BBB rating on a post-acquisition basis.



1) Assuming successful merger of Vonovia and Deutsche Wohnen

Strategic rationale and why scale matters

Strategic rationale

- 1 High-quality portfolio, located in attractive European city centres or in nearby commuting municipalities.
- 2 Existing markets with good conditions for efficient integration and operational scale effects unique to Heimstaden Bostad.
- 3 Persistent supply-demand imbalance ensures low vacancy risk and is supportive of capital value appreciation.
- 4 Regulated markets with strong affordability allow for attractive risk-adjusted returns.

Why scale matters



Financial

- ✓ Portfolio diversification
- ✓ Capital market access
- ✓ Preferred buyer



Operation

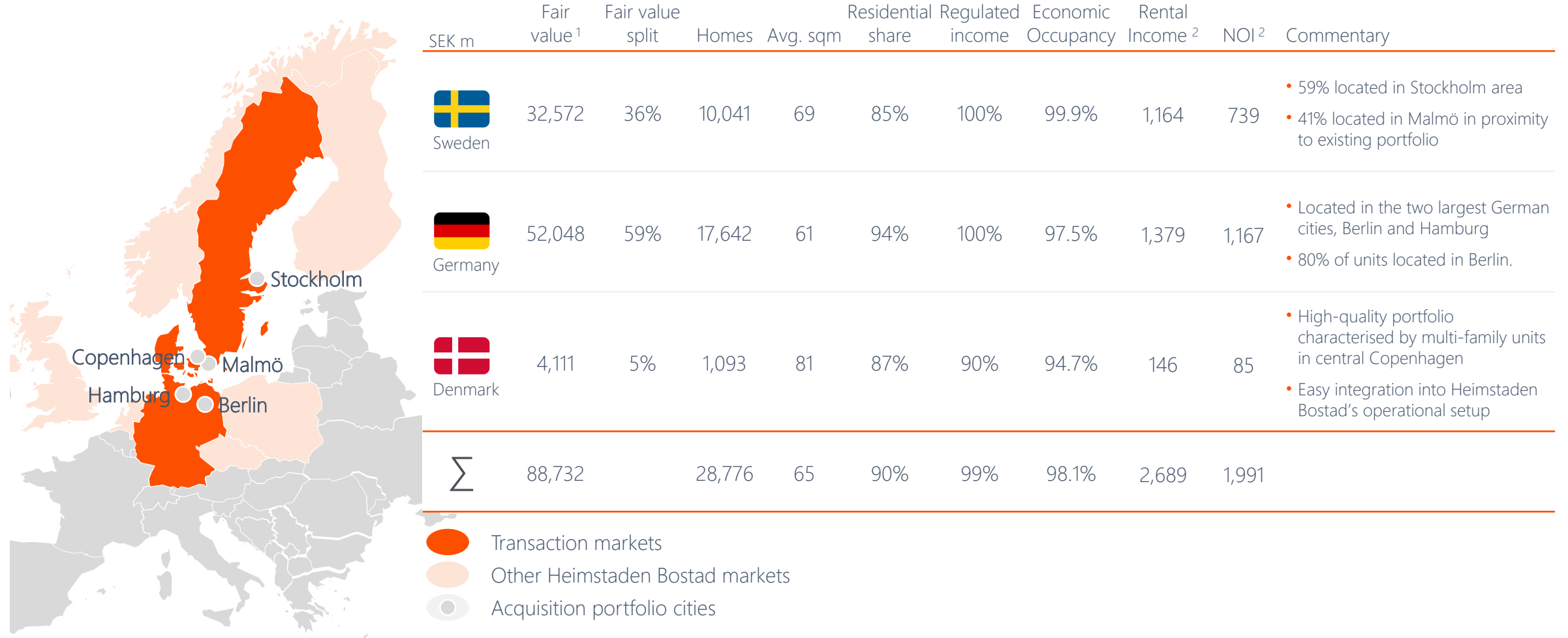
- ✓ Cost efficiency
- ✓ Best practice solutions across markets increase rent- and value potential
- ✓ Shared operational strategy across markets
- ✓ Specialized Group support allows for local focus



ESG

- ✓ Regular and more comprehensive ESG reporting
- ✓ Larger global impact from ESG investments enabled by centralised ESG strategy and sharing of case studies and best practise solutions

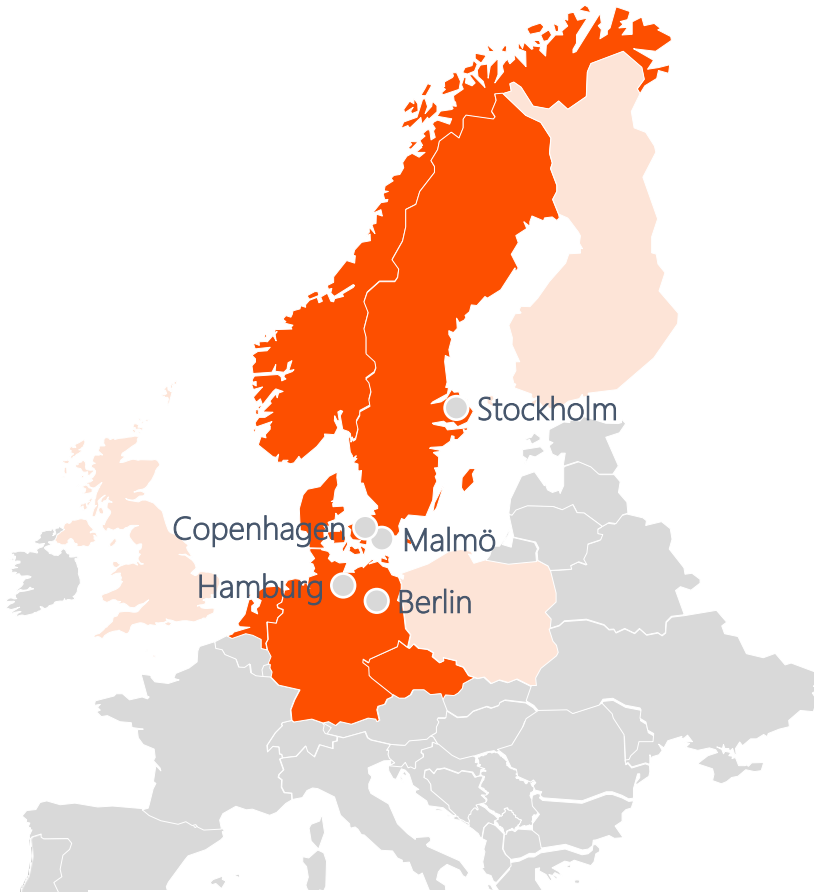
High-quality portfolio across existing markets



High-quality portfolio strategically located in existing Heimstaden Bostad markets and cities






1) Estimated 2) Earnings capacity excluding service charge.

Pro-forma portfolio overview



Poland: Investments made through forward purchase contracts and not recognised as investment properties until turnkey delivery.
 UK: Newbuild project acquired in Q2 2021.
 Finland: Acquisition closed in Q3 2021.

Acquired portfolio locations

	Fair value ¹ (SEK m)	Fair value split	Homes	Residential share ²	Regulated income (%)	Economic occupancy (%)	NOI ³ (SEK m)
 Sweden	86,075	31%	41,680	87%	100%	99%	2,182
 Germany	68,644	25%	24,900	92%	100%	98%	1,484
 Denmark	61,267	22%	17,452	92%	16%	96%	1,780
 Netherlands	24,184	9%	13,330	98%	68%	97%	748
 Norway	18,842	7%	4,593	84%	0%	92%	480
 Czech Republic	15,428	6%	42,904	95%	34%	92%	792
 United Kingdom	360	0%	-	-	-	-	-
Σ	274,800		144,859	91%	64%	97%	7,466

1) Q2 2021 portfolio adjusted for estimated pro forma fair value of acquired portfolio.

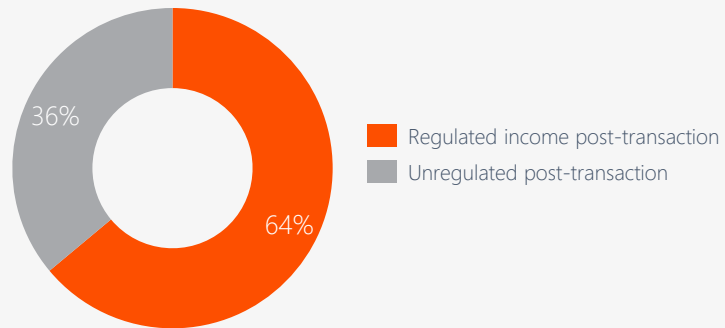
2) Based on total rental income.

3) Q2 2021 pro forma net operating income.

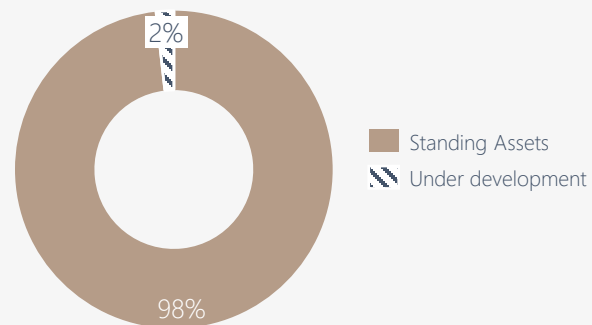
Improving diversification and business risk profile with increased presence in A quality cities

Strong rental mix and standing asset portfolio

Rental income



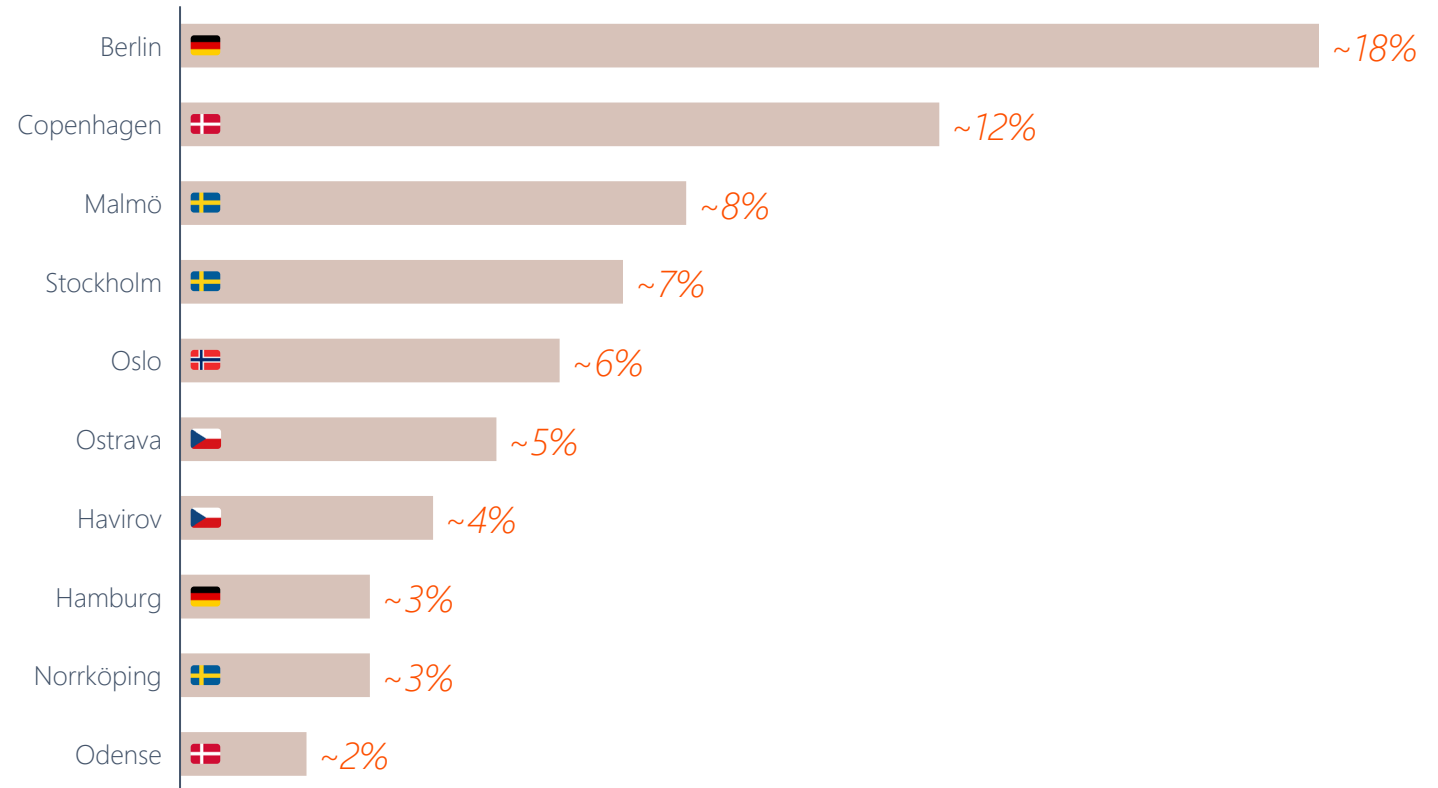
Investment properties¹



12%-point increase in regulated income post-transaction

1) Estimated pro forma figures based on Q2 2021 reported figures and adjusted for acquired portfolio.

Top 10 cities by rental income ¹⁾

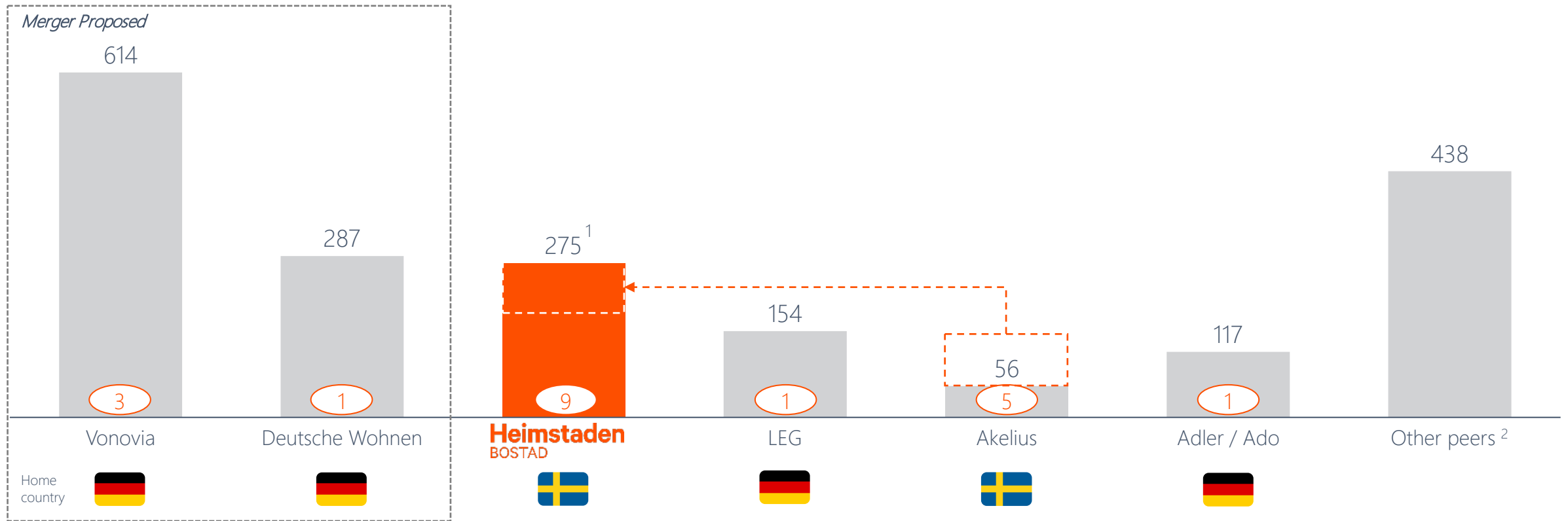


Top 10 cities make up ~68% of income...

Firmly established as Europe's second largest and most diverse residential company

■ Fair value (SEK bn)

○ # Markets



Source: Company information.

1) Heimstaden Bostad Q2 2021 pro forma fair value of investment properties. 2) Other peers consist of Grand City, Vesteda, Balder, Kojamo, TAG, and Wallenstam

Rated 'BBB' (stable) by Fitch and S&P

FitchRatings

BBB

Initiated Q3 2021

- Initiated on post-acquisition basis.
- Reaffirms S&P's existing rating.
- Positive view on unique governance framework and geographical diversification.

S&P Global Ratings

BBB

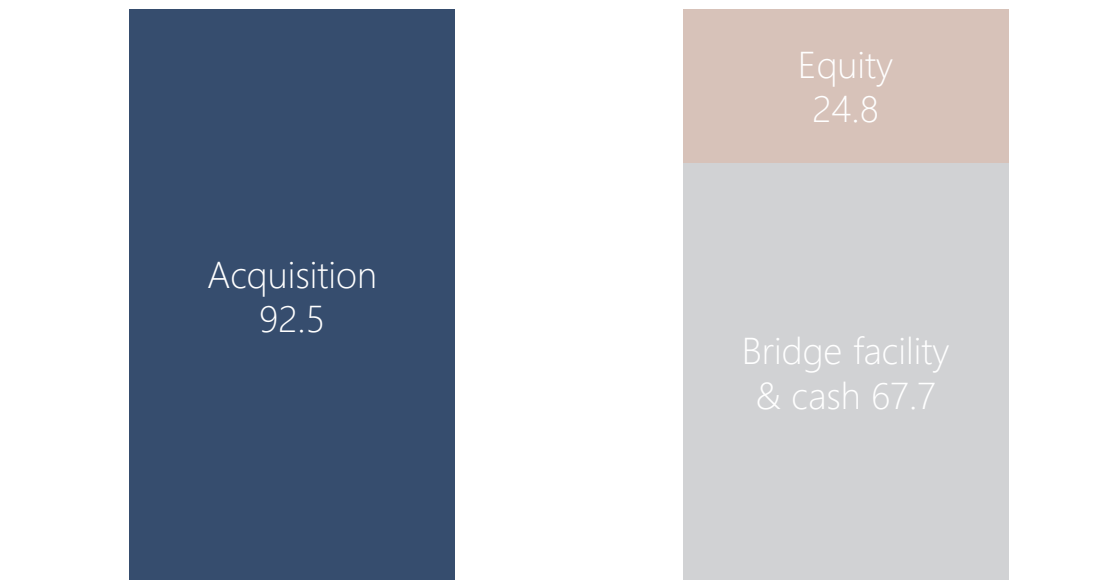
Last report April 2021

- BBB (Stable outlook) confirmed in April 2021.
- Pre-acquisition, expect opinion in the coming days.

Financed with mix of debt and new equity from existing shareholders

Sources and uses

SEK billion

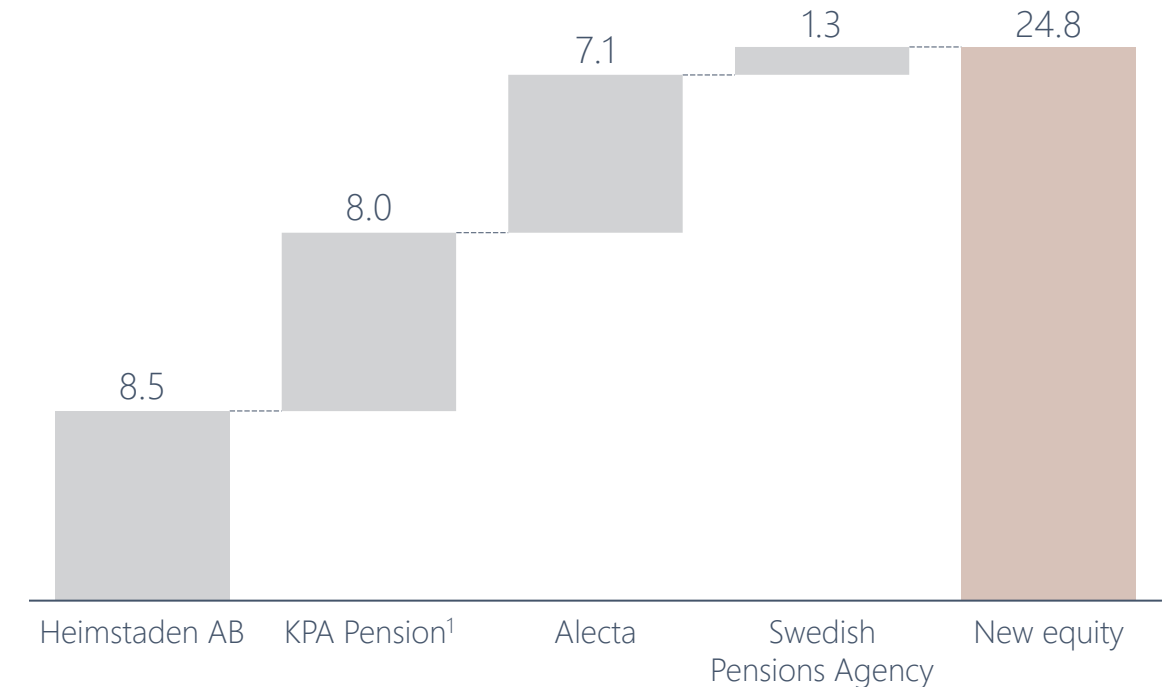


- Signed acquisition will likely also include secured debt takeover
- SEK 65.7 billion bridge financing structured as 12m+6m+6m maturity, utilisation likely to be less.

1) KPA Pension is part of Folksam Group.

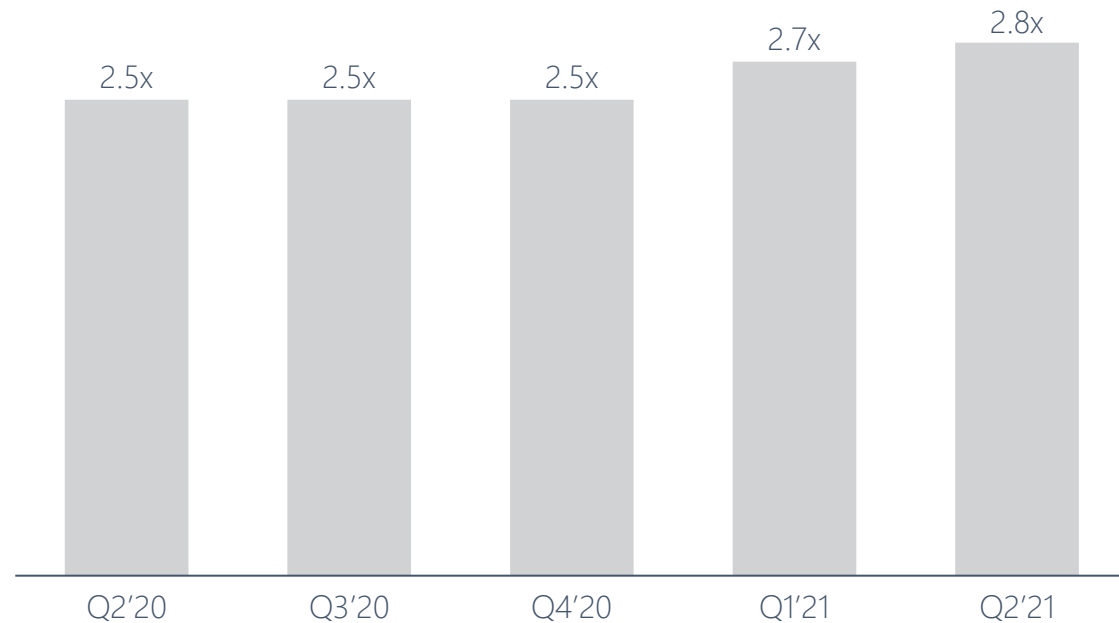
Equity contributions from existing shareholders

SEK billion



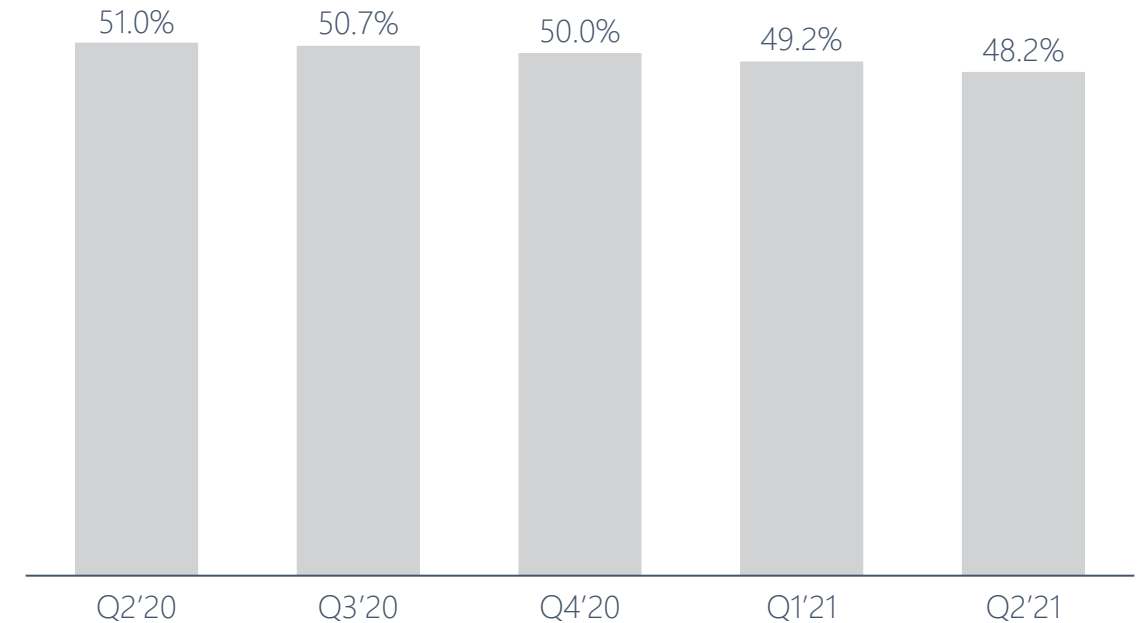
Committed to maintaining credit metrics within long-term targets

ICR as of Q2'21 reported ¹⁾



- Expected neutral to positive ICR impact from transaction.

Net debt / Net Debt + Equity as of Q2'21 reported ¹⁾



- Expected to be in high-end of financial policy 45%-55% at year-end and to stabilise around 52%-53% medium-term.

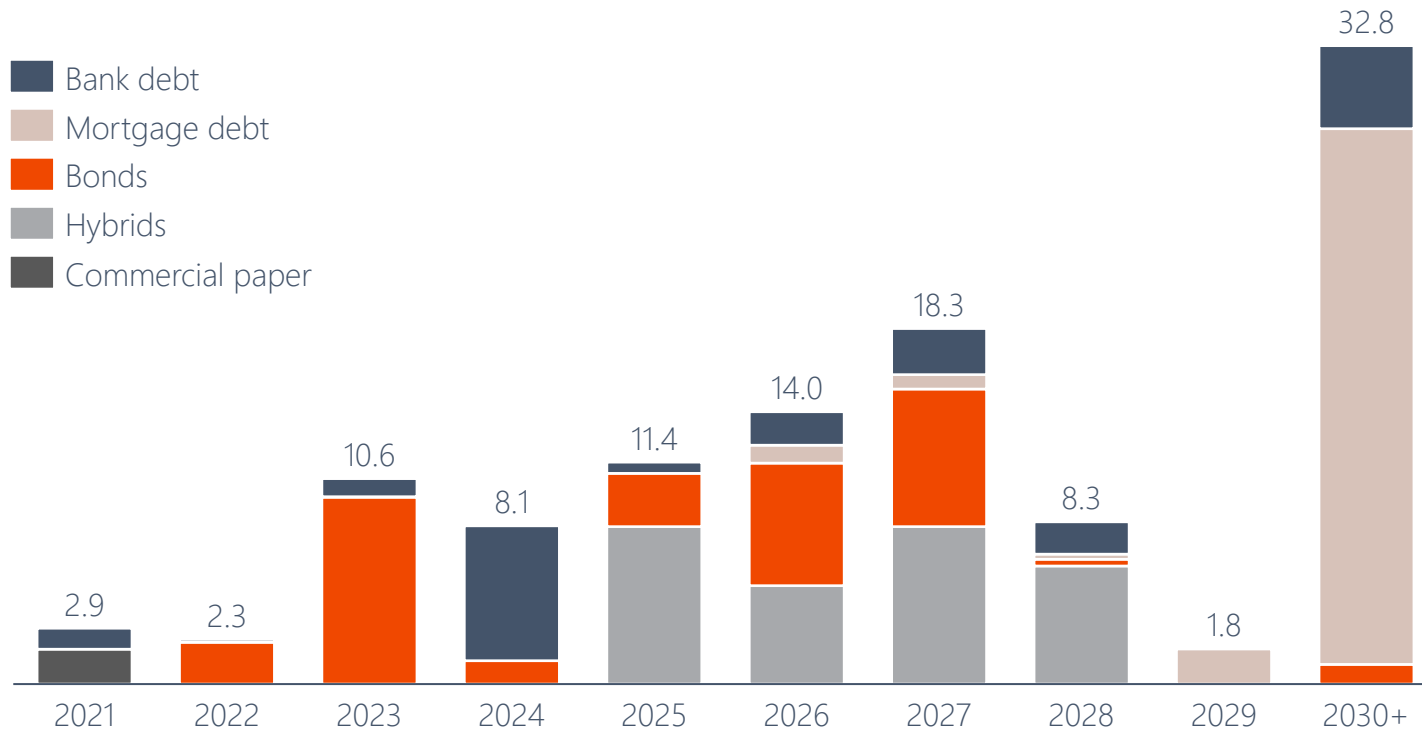
¹⁾ As defined by S&P with 50% of hybrid instruments classified as debt

Limited refinancing needs over the next 12-18 months

Maturity profile as of Q2 2021 reported

SEK billion

Bank debt
Mortgage debt
Bonds
Hybrids
Commercial paper



- 2022 maturities of SEK 2.3bn
 - May: SEK 700m senior unsecured
 - Sep: SEK 946m senior unsecured
 - Dec: SEK 500m senior unsecured
- Unutilised RCF of SEK 17.7bn.
- EUR 750m, 8y senior unsecured issued in Q3 2021

Key takeaways



Europe's second largest and most diversified residential real estate company¹⁾



Pure residential focus with evergreen investment philosophy



Fully integrated operating platform provides significant scale advantages



Positive scale effects from absorption of high quality assets and operations



Improved business risk profile



Committed to long-term financial strategy

¹⁾ Following expected merger of Vonovia and Deutsche Wohnen.

Heimstaden
BOSTAD