

Heimstaden

Q4 2022 Fixed Income Presentation

*Heimstaden is a leading
European residential **real estate**
investor and manager with a
mission to acquire, develop, and
manage Friendly Homes*



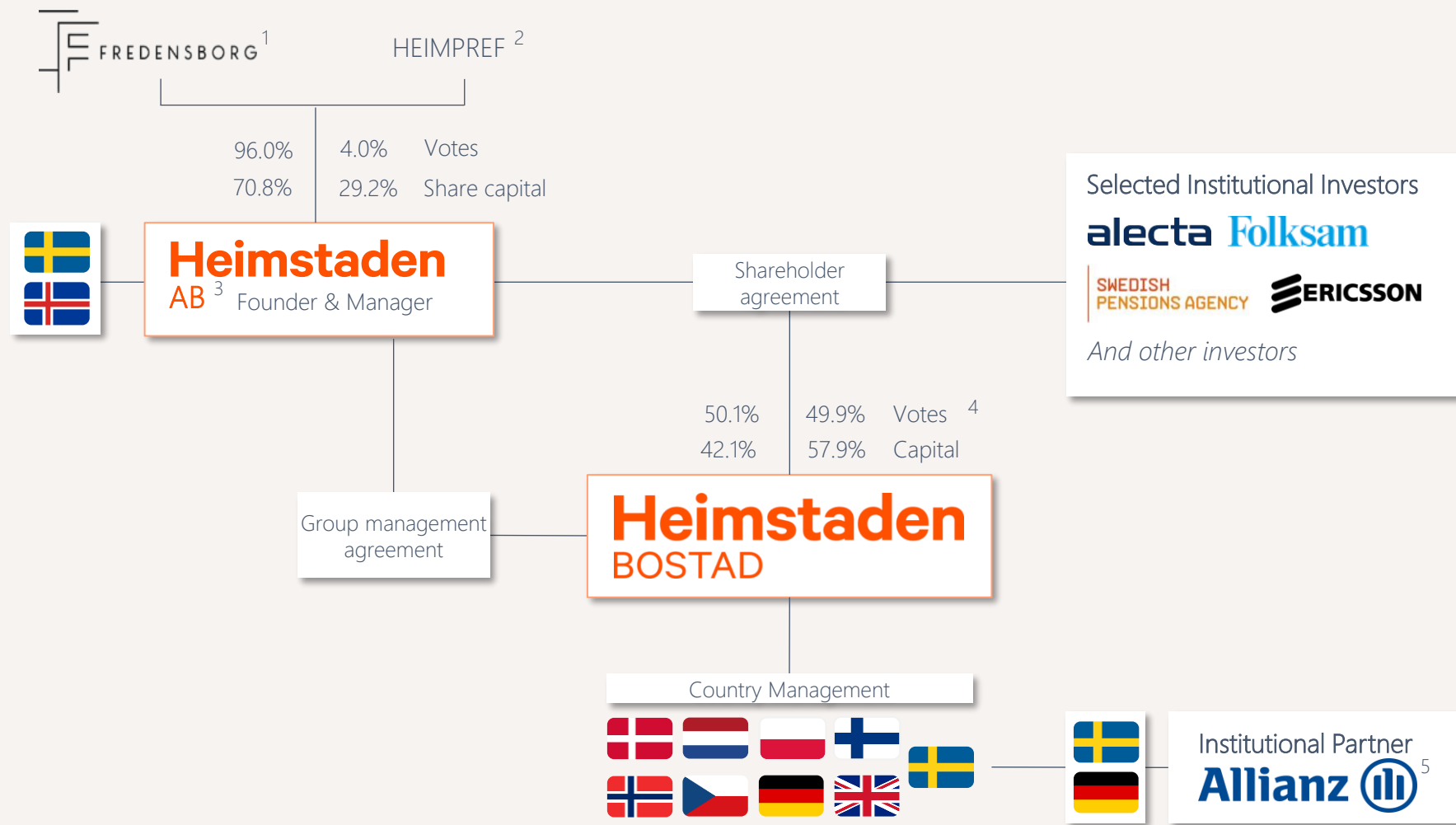
1 Heimstaden AB Standalone

2 Heimstaden Bostad

3 Appendix



Ownership Structure



Note: Q4 2022, excludes effects from equity raise (reinvestment + new investor) in March 2023 – Heimstaden AB to remain in voting majority as per SHA.

1) Ownership including minor holding of preference shares. 2) Listed on Nasdaq First North Growth Market. 3) Also directly holds Icelandic and Swedish properties. 4) Net asset value excluding non-controlling interest and hybrid bonds with accrued interest. 5) Two partnerships, one with Swedish properties acquired from Akelius and one with German assets (formerly wholly owned by Allianz).

The Attractiveness of the Investment in Heimstaden Bostad

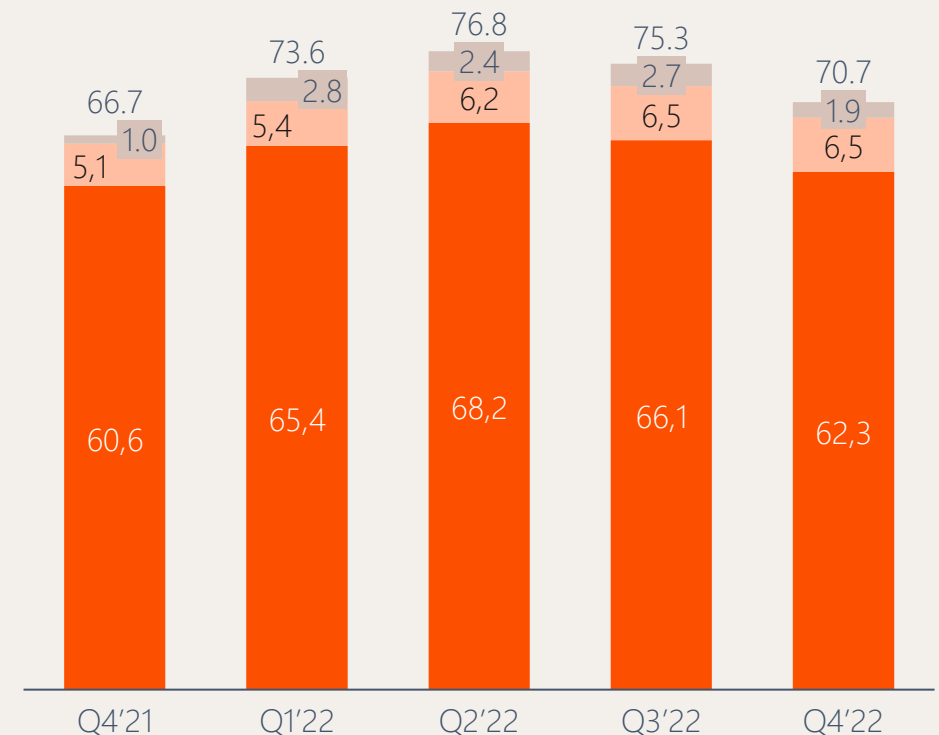
1 Stable returns on a risk-adjusted basis

2 Income streams regulated by contractual agreements

3 Dividends from Heimstaden Bostad to be maximized

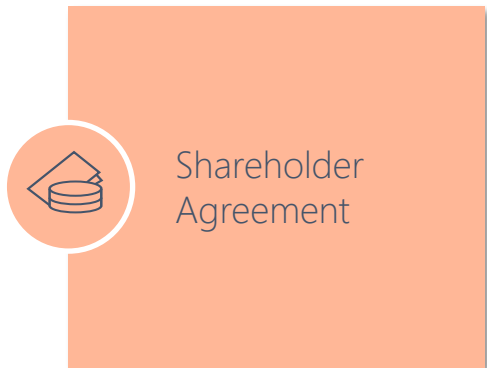
Heimstaden AB standalone's assets

Cash
Standalone property portfolio
Heimstaden AB share of Heimstaden Bostad's NAV



Stable Income Streams Regulated by Contractual Agreements

Agreement



Purpose

- Sets the frame for management agreements and operations.
- Aligns incentives between Heimstaden and institutional owners.
- Fundamental issues require institutional owners consent¹.

Structure and economics

- Different share classes balances risk-reward among the shareholders.
- Dividends paid (or made) to Heimstaden AB in 2022: 3,250 SEKm.



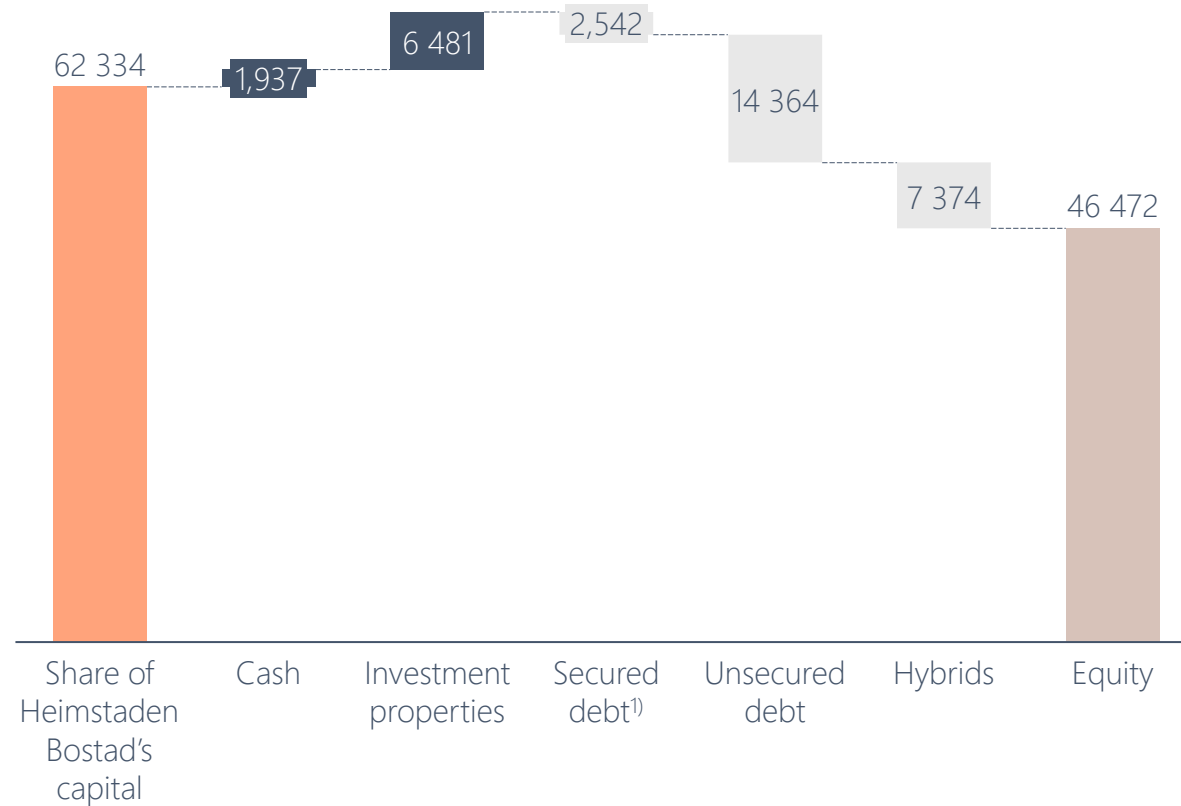
- Outlines operational structure and Heimstaden AB's responsibilities as manager.
- Active until at least 2047

- Priced at 0.2% of the fair value of investment properties and paid quarterly.

Waterfall of Heimstaden AB Standalone

Waterfall of Heimstaden AB standalone

SEK million



1) Secured loans exclude Heimstaden Bostad deferred charges effect on Heimstaden AB debt. 2) Net LTV calculated as Net debt / (Share of Heimstaden Bostad's NAV + other investment properties).

Financial Policy – Standalone basis

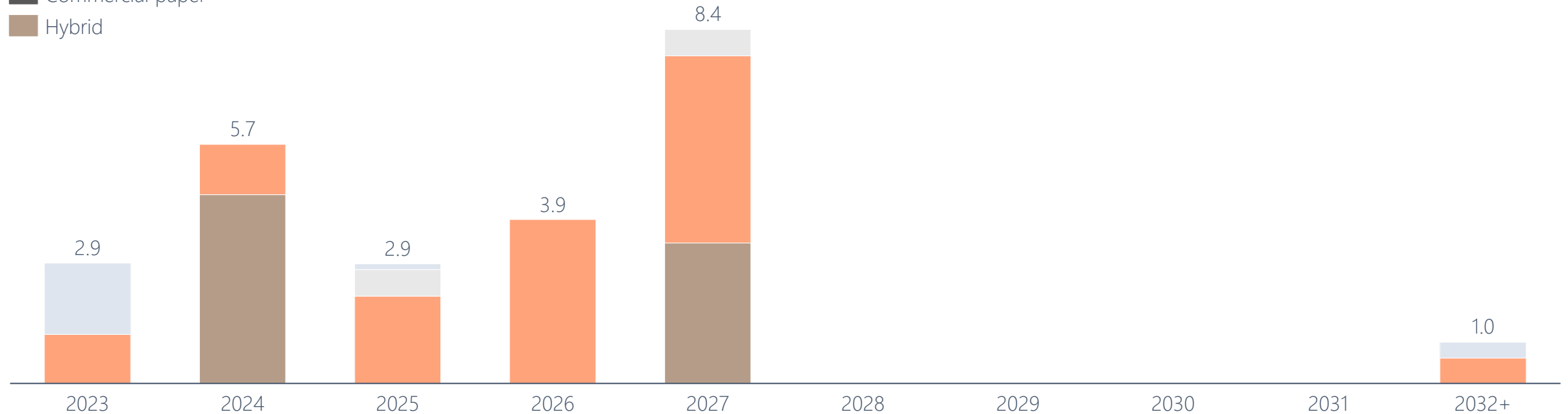
	Incurrence-based covenant in EUR-bond	Policy	Q4 2022
Net LTV ²⁾	✓	<30%	21.8%
ICR	✓	>2.0x	4.3x
ICR incl. hybrids		>1.5x	3.0x

- Cash position of 1.9bn SEK and undrawn RCF of 1,000 SEKm
- Available liquidity should at least cover 12-month forward interest expenses
- Unsecured financing consists of both SEK, EUR and ISK bonds, as well as the remaining bridge loan related to the Akelius transaction

Maturity Profile of Heimstaden AB Standalone

Maturity profile of Heimstaden AB standalone¹⁾

SEK billion

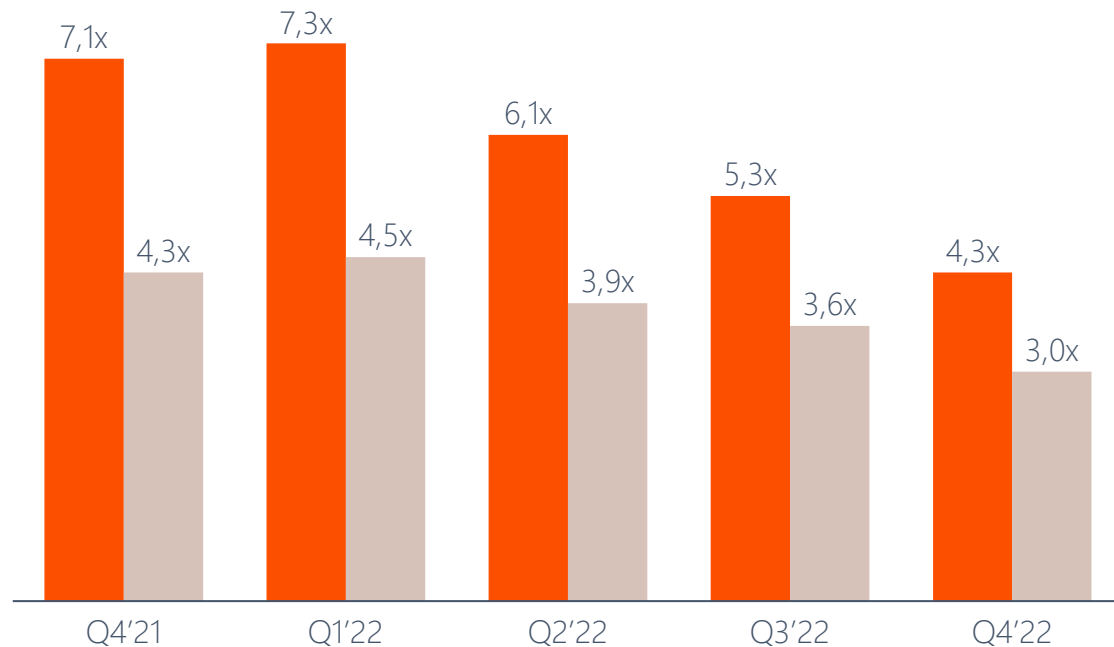


¹⁾ Maturity profile as of 2022-12-31.

Standalone Credit Metrics

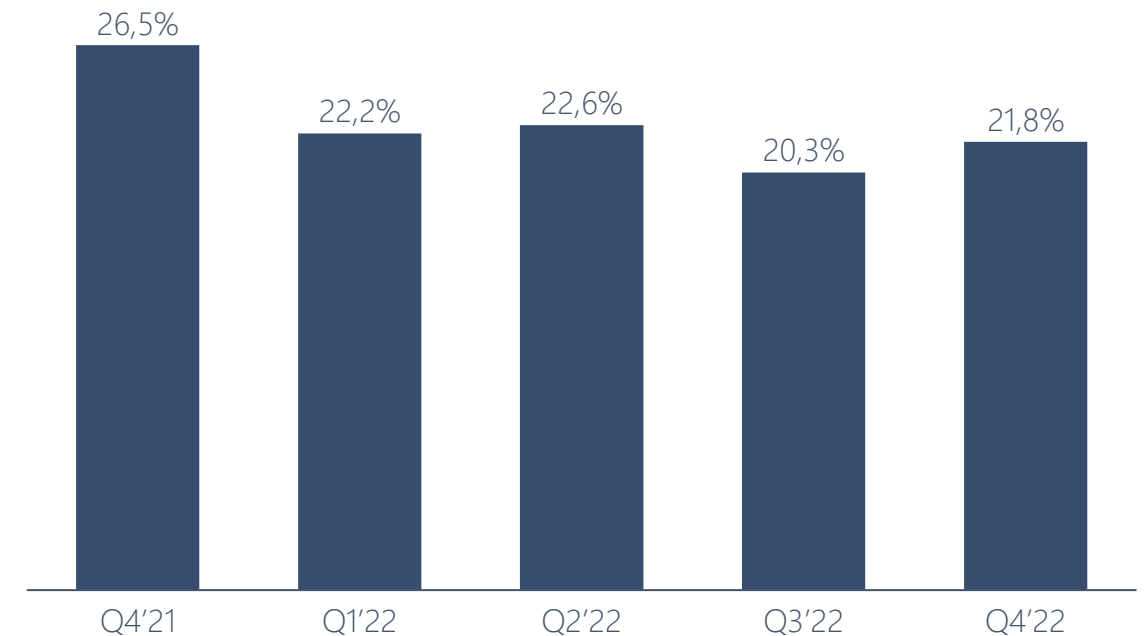
Interest Coverage Ratios¹⁾

- ICR, excluding hybrid dividends (covenant >2.0x)
- ICR, including hybrid dividends (policy >1.5x)



Net LTV²⁾

- Net LTV (covenant <30%)



1) Financial policy definition. 2) Net debt excluding hybrid capital divided by Heimstaden's share of Heimstaden Bostad's NAV plus investment properties.

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A Leading European Residential Company

Heimstaden Bostad: amounts in SEK, Q4 2022



345bn

Investment Properties



8.1bn

Net operating income,
earnings capacity¹⁾



64.1%

Net Operating Income Margin¹⁾



98.4%

Real Economic Occupancy
Ratio



158,326

Homes



BBB

S&P and Fitch



50.3% / 52.6%

LTV²⁾












3.4x / 2.6x

Interest Coverage Ratio³⁾

1) FY 2022. 2) IFRS Net LTV / S&P method incl. 50% of hybrid capital as debt. 3) IFRS ICR / S&P method incl. 50% of hybrid dividends.

A pan-European portfolio

		Fair value (SEKm) ¹	Fair value split	Fair value / sqm (SEK)	# of Homes	NOI (SEKm) ²	Real economic occupancy ³	Regulated income
	Sweden	96,851	28.1%	30,671	44,785	2,132	99.1%	100.0%
	Denmark	73,640	21.4%	38,092	19,815	2,057	98.0%	15.5%
	Norway	20,338	5.9%	91,566	4,453	529	99.4%	-
	Finland	3,837	1.1%	22,818	3,170	93	95.6%	-
	Germany	92,820	26.9%	46,443	29,704	1,505	98.4%	100.0%
	Netherlands	30,048	8.7%	28,329	13,464	810	99.7%	53.4%
	United Kingdom ⁴	2,854	0.8%	75,651	60	3	100%	-
	Czech Republic	23,443	6.8%	9,050	42,593	955	97.1%	27.9%
	Poland ⁵	1,026	0.3%	40,844	282	-9	81.8%	-
Total		344,856	100%	30,940	158,326	8,141	98.4%	59.8%

Note: Figures as of Q4 2022.

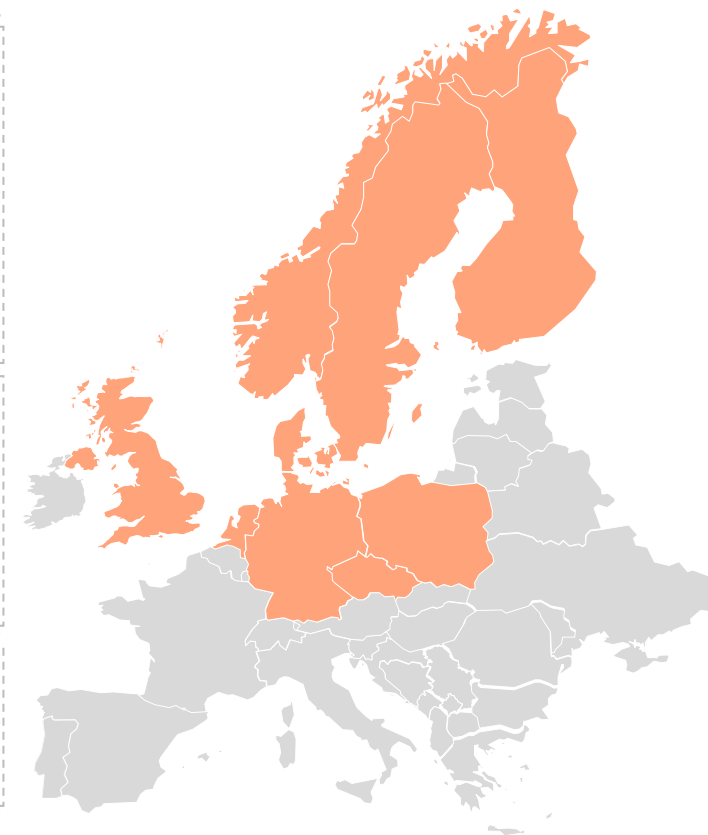
1) Including accrued costs for forward funding projects

2) Net operating income, full year 2022

3) Measured in SEK adjusted for TIs

4) Fair value / sqm for UK is for standing assets only.

5) Investments made through forward purchase contracts are not recognized as investment properties until turnkey delivery (2022-2025)



60% Regulated Income Provides Downside Protection



Sweden

100% regulated. Rent is negotiated between the property owner and the Swedish Union of Tenants on an annual basis based on the Swedish rental system of utility value.



Norway

0% regulated. Norway has free market rent. The market practice in Norway comprises residential contracts with a three-year lease duration, where the contracts can be renewed at market rent after three years.



UK

0% regulated. The most common rental regime is Assured Shorthold Tenancy (AST). Most AST leases are completely free market while a sub-segment is focused specifically on affordability.



Netherlands

72% regulated. All rental properties fall under the "housing evaluation system", which determines if a unit is classified as "liberalised" (free market rent) or "regulated" (rent control).



Czech Republic

28% regulated. Deregulated since 2011. Landlords have contractual freedom to negotiate with tenants on the length of tenancy and rental rate.



Poland

0% regulated. Poland has free market rent. Standard lease contracts are 12 months long and can be renewed at expiry subject to negotiation between landlord and tenant.



Denmark

16% regulated. Two regimes depending on the construction year of the property. Properties built before 31 December 1991 have regulated rent, rest have market-based rents, which are increased annually by CPI.



Finland

0% regulated. Units are either "liberalised" (free market rent) or "ARA regulated" (rent control). Liberalised units are typically CPI-linked. Heimstaden Bostad targets liberalised units.

Germany



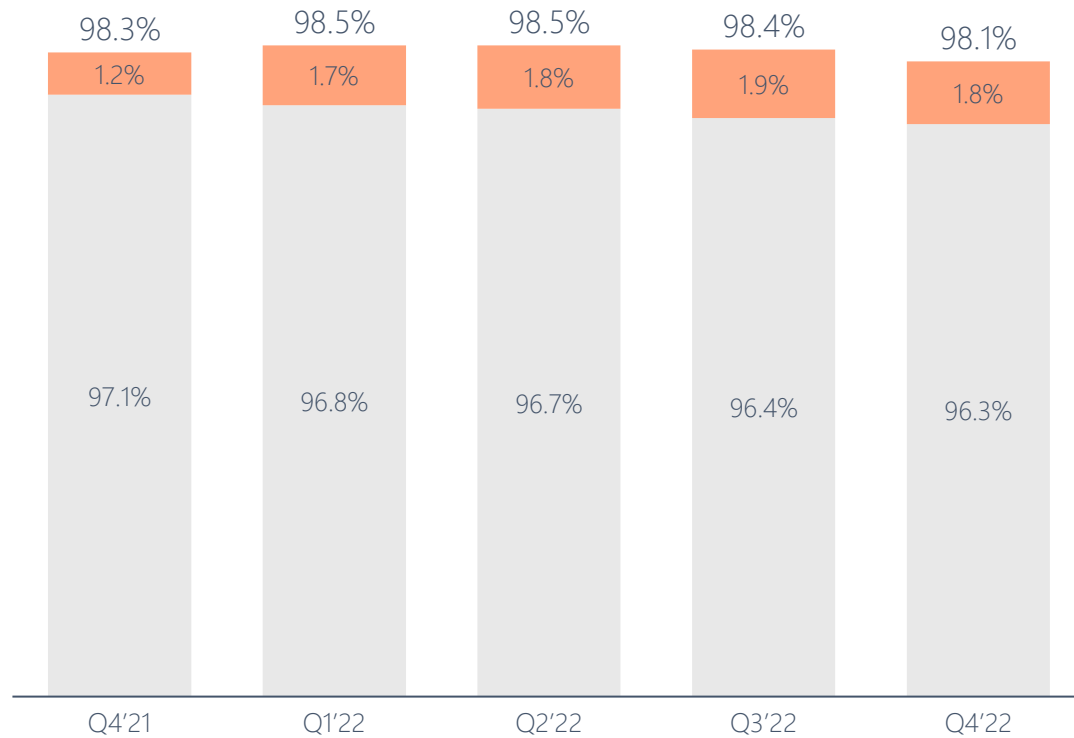
100% regulated. Rent regulation system since 2015. Most municipalities publish a rental survey to create transparency and to slow the pace of rent inflation. CPI indexation can be agreed upon.

Note: Percentage regulated income refers to Heimstaden Bostad's portfolio as of Q4 2022, not country average.

Stable Operations

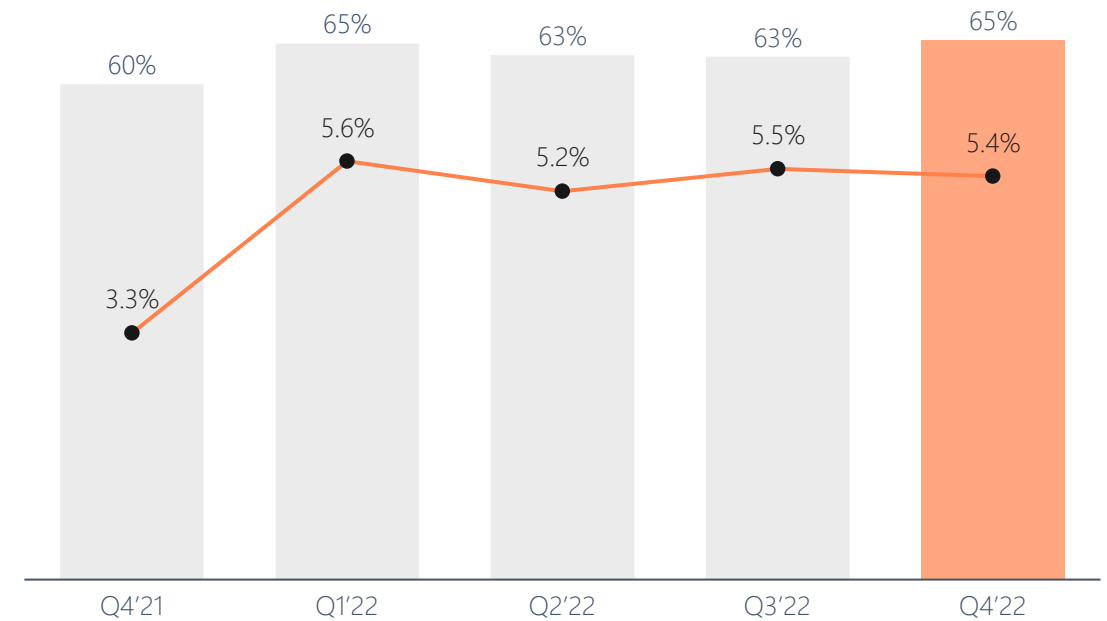
Occupancy¹

■ Economic occupancy
■ Non-market vacancy adj.



Like-for-like rental income growth y-o-y

● Like-for-like growth
■ Share of income from comparable portfolio





































































Note: Q4 2022.

1) Residential net rental income divided by estimated gross residential rental income for the period

Costs of Electricity and Heating are Generally with the Tenants and Have Limited Impact on OPEX

Majority of utility costs carried directly or indirectly by tenants, exposing HSTB cost base to core CPI

Country	Inflation in Utilities	Electricity	Heating & water	Core Inflation	Facility mgmt.	Insurance	Taxes	Maintenance
	31.8%			6.8%				
	25.1%			5.4%				
	30.1%			6.1%				
	30.0%			7.1%				
	25.8%			13.3%				
	6.0%		  ¹	5.4%				
	28.3%		  ²	4.9%				
	88.8%			6.4%				
	25.3%			12.0%	  ³			

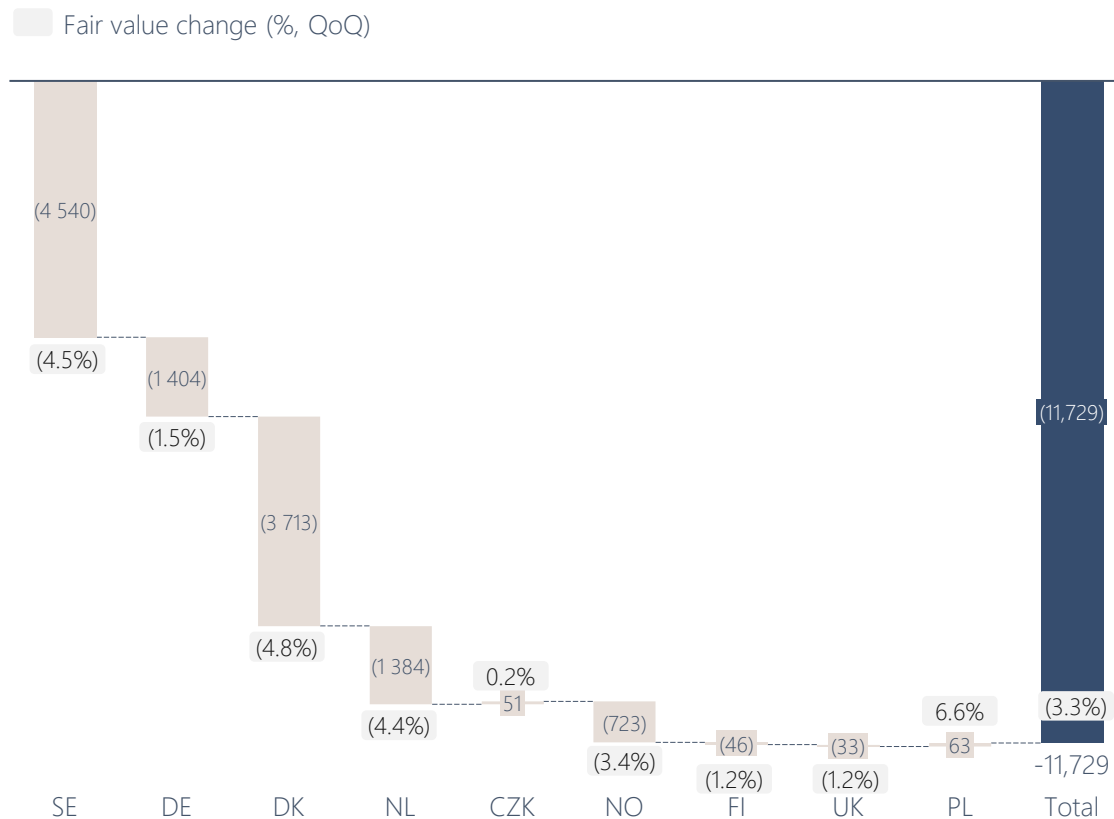
 = Paid by tenants directly
  = Paid by landlord, reimbursed 1:1 via service charge
  = Paid by landlord

Note: Inflation in Utilities and Core based on the Harmonised Index of Consumer Prices (HICP), as of December 2022. 1) In Norway, ~50% is paid by the landlord, remainder is reimbursed; 2) In Finland water is reimbursed, whereas heating is carried by landlord; 3) In Poland facility mgmt. is partly covered by service charges

Source: Macrobond, Oxford Economics & Heimstaden

Short-term Pressure on Valuations

Fair value change per geography



Note: Q4 2022.

Comments

- Sweden:
 - Values down on sentiment-based yield expansion (low transaction volumes) mitigated slightly by expected upcoming rent increases.
- Germany:
 - Values down on sentiment-based yield expansion (low transaction volumes) mitigated somewhat by positive rent roll performance increasing NOI.
- Netherlands:
 - Values down on sentiment-based yield expansion (low transaction volumes), weakening outlook in VPV market and higher RETT on exit.
 - Mitigated to a small extent by the removal of Landlord Levy assumption.
- Denmark:
 - Values down on sentiment-based yield expansion (low transaction volumes) mitigated to some extent by positive rent roll performance increasing NOI.
- CEE markets:
 - Despite experiencing sentiment-based yield expansions, values were either flat or marginally up as a result of strong rent roll performance with significantly increasing NOI offsetting the yield increases.

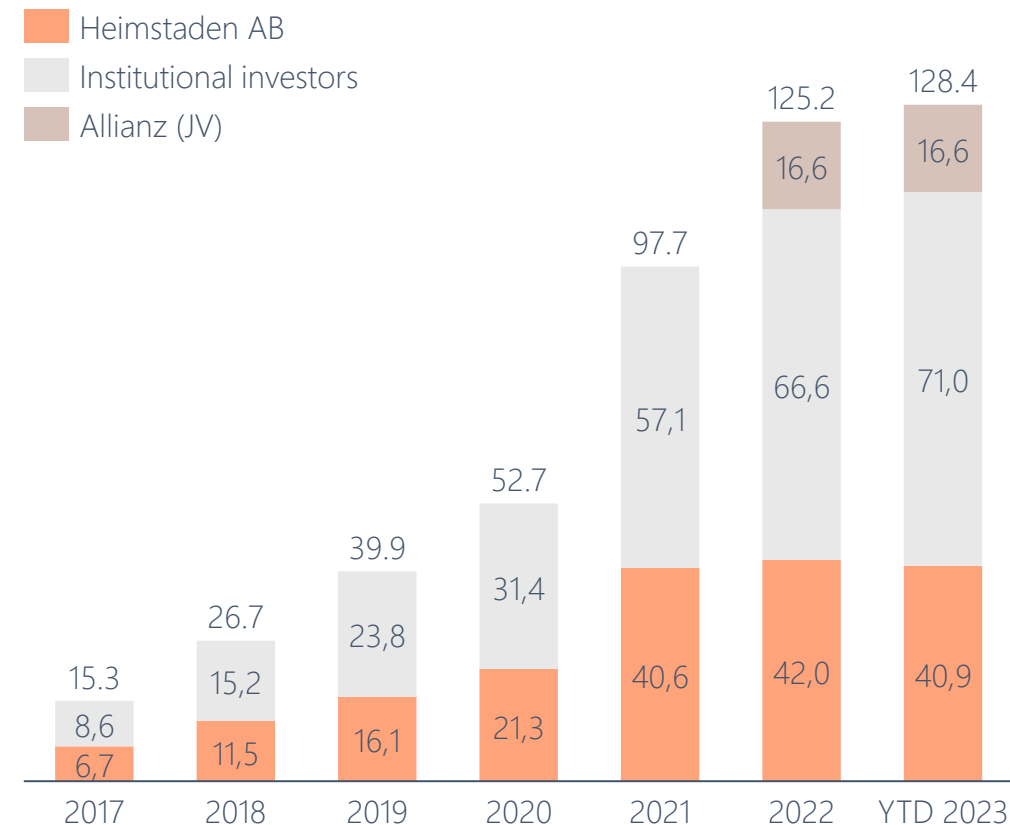
Committed Owners

Ownership overview

Q4 2022	About Highlight	Investment in Heimstaden Bostad			
		Year invested	Capital (SEK bn) ²	Share of capital ¹	Voting share
Heimstaden	Family-owned real estate vehicle	2013	62.3	42.1%	50.1%
alecta	5th biggest occupational pension company in Europe	2013	52.7	35.6%	30.8%
Folksam	The Folksam Group provides insurance and opportunities for long-term savings.	2020	25.5	17.2%	14.8%
SWEDISH PENSIONS AGENCY	The Swedish Pensions Agency is responsible for and pays national public pension.	2021	2.8	1.9%	1.6%
ERICSSON	Corporate pension for one of Sweden's largest companies	2013	2.2	1.5%	1.4%
Other investors	n.a.	-	2.3	1.6%	1.4%

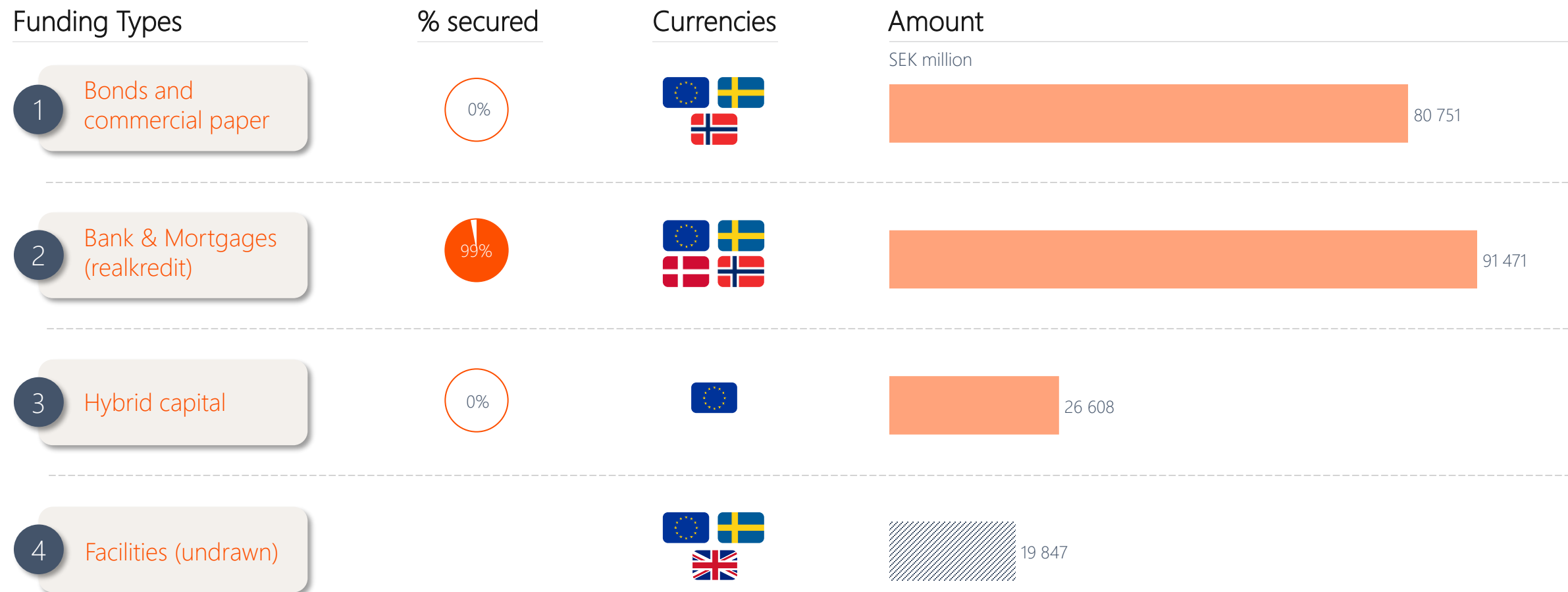
Cumulative equity injections³⁾

SEK billion



1) As of Q4 2022. 2) Capital means Heimstaden Bostad's net asset value excluding non-controlling interest and hybrid bonds with accrued interest. 3) Cash injections, dividend reinvestment, less sale of shares from Heimstaden AB.

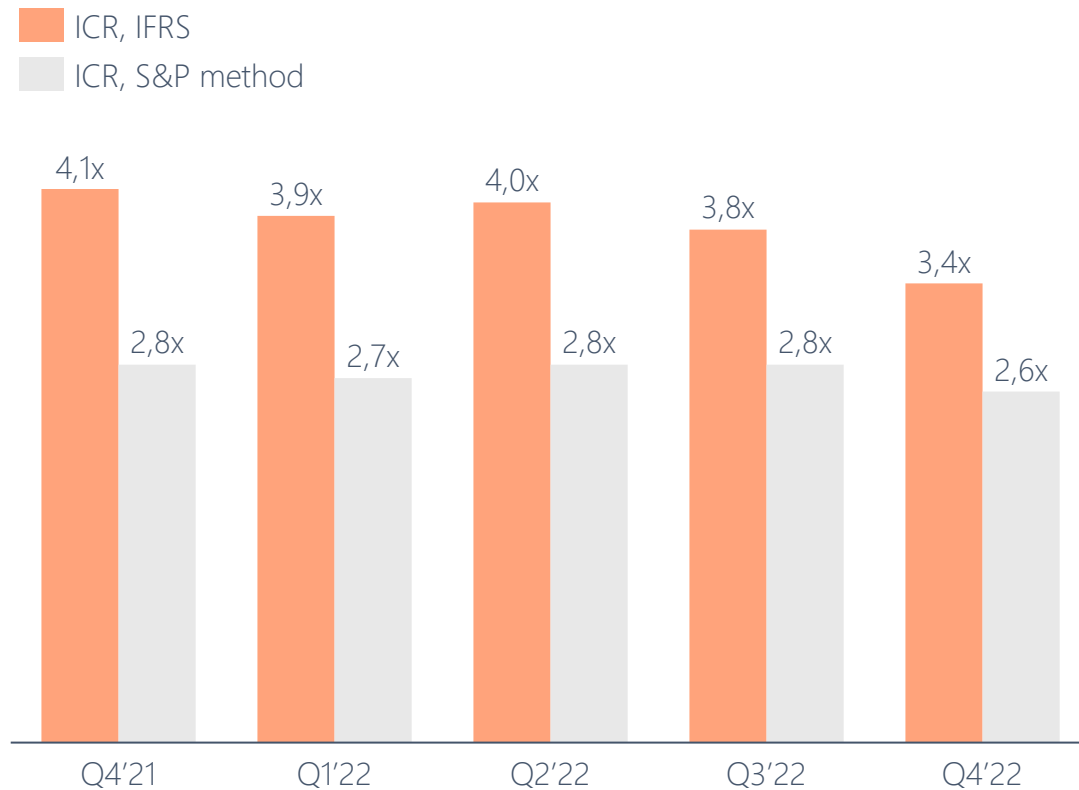
Ensuring Access to Attractive Funding¹⁾



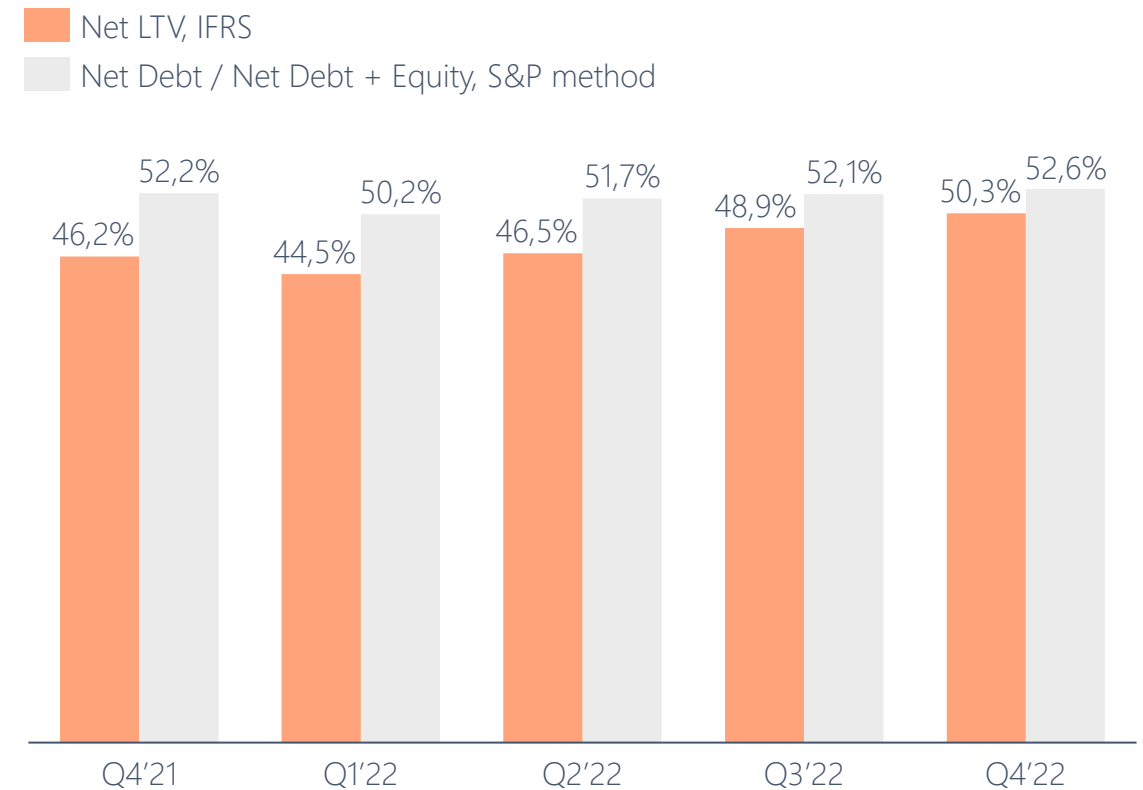
Note: Q4 2022, includes buyback of 10.3 SEKbn keeping all else equal.

Credit Metrics

ICR, IFRS and S&P method¹⁾



Net LTV and Net debt / Net Debt + Equity, S&P method¹⁾

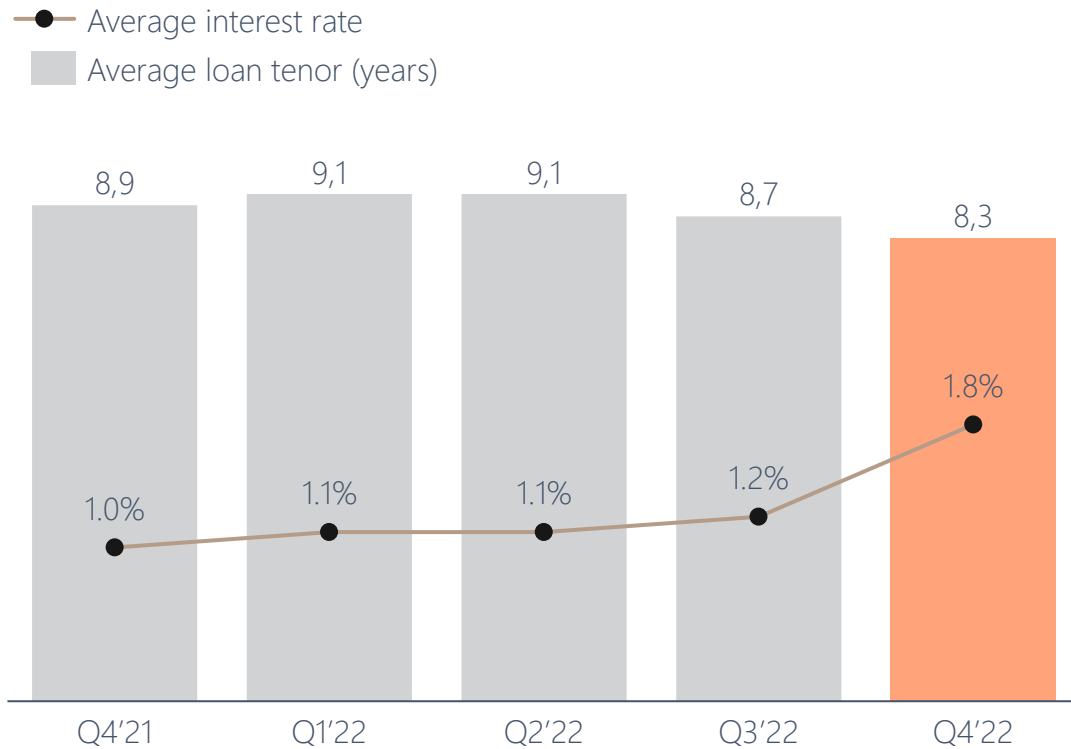


Q4 figures

1) Adjusted to reflect the S&P classification of Heimstaden Bostad's outstanding hybrid capital as 50% debt.

Funding Metrics

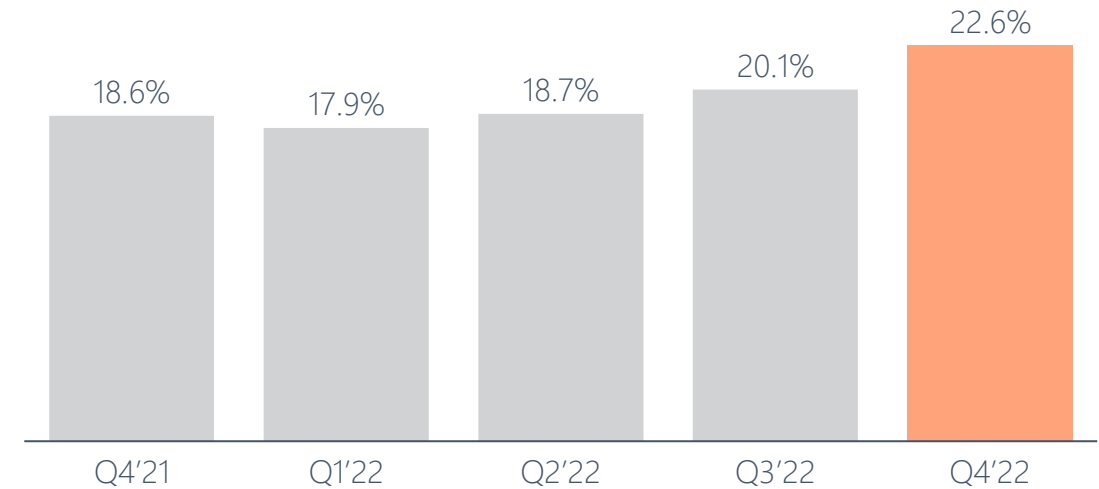
Cost of debt and loan tenor



- Tenors, instruments and currencies generate a balanced mix
- Hedge ratio of 76.3% (policy $\geq 75\%$)
- Average interest fixing period of 3.2 years

Secured loan-to-value

Financial covenant < 45%



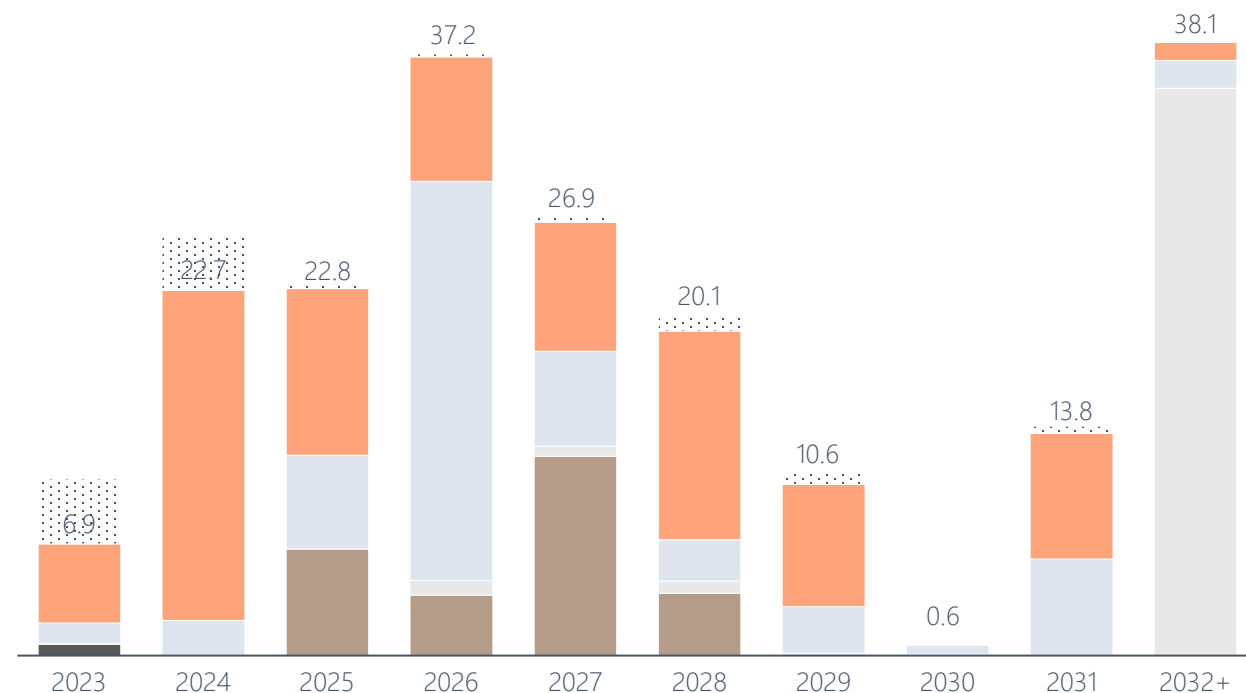
- Bank financing attractive on a relative basis.
- Large German portfolio gives access to local bank market
- Significant headroom to covenant means that more secured funding could be added going forward.

Maturity Profile

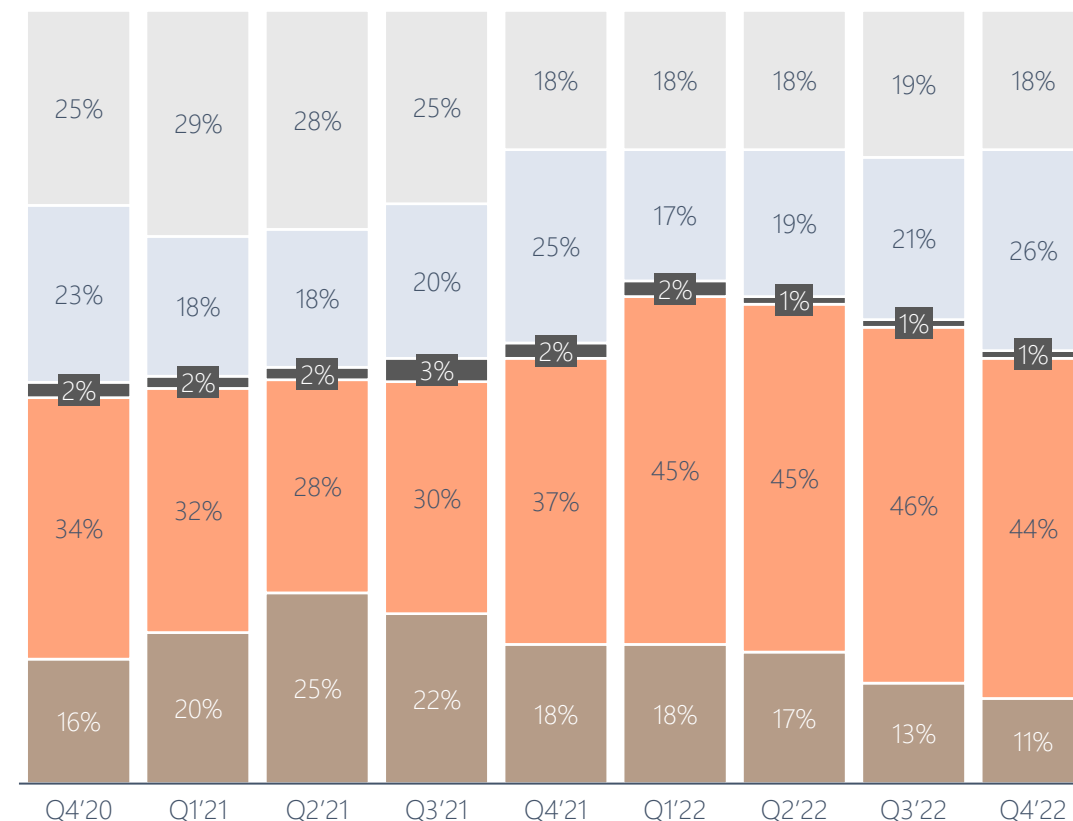
Maturity profile¹⁾

SEKbn

..... March 2023 buyback
 ■ Senior unsecured bonds ■ Bank debt ■ Hybrid bonds
 ■ Mortgage debt ■ Commercial paper



Funding sources



¹⁾ Maturity profile as of 2022-12-31, adjusted with the recently completed buyback (same FX as closing Q4).




1 Heimstaden AB Standalone

2 Heimstaden Bostad

3 Appendix



Heimstaden Bostad's Sustainability Targets

ESG	Focus	Current target
	Sustainable Operations	<p>Reduce absolute scope 1, 2, and 3 GHG emissions covering downstream leased assets 42% by 2030 from a 2020 base year¹</p> <p>Reduce the amount of purchased energy by, on average, 2% per sqm per year till 2025 (like for like basis, 2019 baseline)</p> <p>At least 1% reduced water consumption per sqm and year until 2030 (like-for-like, baseline 2019)</p>
	Sustainable R&M and New Construction	<p>Ecosystem services shall be evaluated for all new builds and major projects, at least the same amount of ecosystem services, or more, must be recreated</p> <p>Include renewable energy generation in all newbuilds</p>
	Friendly Workplace	<p>Employee survey: 8.5 for leadership, job satisfaction, and temperature (1-10)²</p> <p><5% work related sick leave³; 0 work related injuries</p> <p>Gender equality in Group Management Team (50%-50%)²</p>
	Friendly Homes	Annual customer survey by 2023: Service Index: 80%, Take Customer Seriously: 86%, Security: 80% by 2026
	Friendly Society	<p>240 inclusive jobs by 2026</p> <p>5 000 inclusive housing contracts by 2026</p>
	Leadership & Supervision	<p>100% of employees have signed the Code of Conduct for Employees and have completed training</p> <p>100% of contractors and suppliers have signed the Code of Conduct for business</p> <p>Require that suppliers covering 27 % of our spend should set science-based targets by 2027⁴</p>
	Fair, Transparent & Trustworthy	<p>No incidents of confirmed discrimination</p> <p>No incidents of confirmed corruption</p>

1) Downstream leased assets cover energy purchased by tenants. The target boundary includes biogenic land related emissions and removals from bioenergy feedstocks.

2) Long term target.

3) Includes both short and long-term sickness.

4) Approximately 15 big suppliers account for 27% of Heimstaden's spend and are covered by this target.

Executive Management

Sits with Heimstaden AB



Helge Krogsbøl
CEO

- CEO since 2023
- Deputy CEO 2022-2023
- COO 2018-2022
- Previously SVP at Pandox AB, GM/RDO at Benelux and MP at Room2Room



Thomas Alexander Hansen
CFO

- CFO since January 2022
- Spent last 9 years at Scatec ASA where he held senior positions within the areas of financial reporting and control, financial systems, international tax, and commercial operations in Scatec ASA



Eddo Rats
COO

- COO since 2022
- Previously Country Manager for Heimstaden Netherlands



Karmen Mandic
CMO

- CMO since 2015
- Previously Global Director MarCom at Octofrost



Suzanna Malmgren
CHRO

- CHRO since 2017
- Previously Partner at Alumni Harvey NashNordic EE and Manager at Impact Executives Nordic



Katarina Skalare
CSO

- CSO since 2018
- Chairwoman of the sustainability forum at Lund University



Christian Dreyer
CCO

- CCO since 2020
- Previously CEO of Eiendom Norge, NEF, and Eie Eiendomsmegling



Christian Fladeland
CIO

- Co-CIO since 2019
- Previously Partner at Colliers International Denmark



Paul Spina
CAMO

- CAMO since 2020
- Previously Head of Project Delivery at WeWork, and Project Manager at VWSE



Rodin Lie
CTO

- CTO since 2020
- Previously CDO at Selmer and Innovation Norway



Steen Jørgensen
Chief of Capital Raising

- Chief of Capital Raising since 2022
- Previously Partner and Head of IR in Copenhagen Infrastructure Partners



Kristian Berentsen
Chief Legal Officer

- CLO since 2022
- Previously CLO at Adolfsen Group and Corporate Counsel at Entra



Nikolaj Degn Brammer
CBDO

- CBDO since 2022
- Previously Bain & Company

Note: executive management is employed with the group manager, Heimstaden AB. Management team since January 2023.

Heimstaden AB Board of Directors



Ivar Tollefsen,
Chairman & majority
shareholder



John Giverholt,
Independent,
also sits in Fredensborg board



Vibeke Krag,
Independent



Fredrik Reinfeldt,
Independent

Heimstaden AB Standalone Income Statement

Income Statement (covenant and financial policy defined, not IFRS based)

SEK million (rolling 12 months)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Operating Income	826	755	656	581	430
Operating cost	-569	-478	-440	-376	-312
A Operating profit/loss	257	276	216	205	117
Pref A dividends	434	434	434	434	277
Common dividends	1,809	1,809	1,809	1,809	1,636
Pref B dividends	1,007	1,007	1,007	1,007	553
B Dividends from Heimstaden Bostad	3,250	3,250	3,250	3,250	2,465
Interest expense	-824	-668	-564	-474	-361
C Adjusted earnings after interest expense	2,683	2,582	2,686	2,776	2,104
Hybrid interest expense	-329	-317	-317	-301	-241
D Adjusted earnings after debt and hybrid instruments	2,354	2,265	2,369	2,475	1,863

Key credit ratios

Financial policy metrics	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
ICR: (A+B)/C	4.3x	5.3x	7.3x	7.3x	7.1x
ICR (Hybrids as 100% debt): (A+B)/(D)	3.0x	3.6x	4.4x	4.4x	4.3x

Key dynamics

- Asset Management fee and Pref A dividend will grow in line with Heimstaden Bostad's fair value of investment properties.
- Heimstaden Bostad's business model generates stable earnings and dividend capacity.
- In accordance with the shareholder agreement, Heimstaden Bostad shall maximise its dividends.

Heimstaden AB Standalone Relevant Assets and Debt

Relevant assets and debt (covenant and financial policy defined, not IFRS based)

SEK million	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
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Relevant assets

Heimstaden share of capital (in Heimstaden Bostad)	62,334	66,114	68,173	65,383	60,624
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Investment properties	6,481	6,489	6,175	5,380	5,083
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C Relevant assets	68,815	72,603	74,348	70,763	1,636
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A Cash and cash equivalents	1,937	2,652	2,440	2,788	980
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Interest-bearing debt

Interest-bearing secured debt	2,542	2,034	2,025	1,666	1,622
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Interest-bearing unsecured debt	14,364	15,359	17,209	16,830	16,709
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B Interest-bearing debt	16,906	17,393	19,234	18,496	18,331
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Hybrid capital	7,374	7,374	7,374	7,374	7,588
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Key credit ratios

Financial policy metrics	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
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Net LTV: (A-B)/C	21.8%	20.3%	22.6%	22.2%	26.4%
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Heimstaden AB Direct Real Estate Investments



Heimstaden Iceland

Portfolio Highlights

- Iceland's largest private residential portfolio
- Acquired in Q3 2021
- Location: Primarily Reykjavik capital area.

Q4 2022 key metrics:

- Fair value: SEK 5,583 million.
- Homes: 1,677.
- Rental income: SEK 298 million¹
- Net operating income: SEK 196 million¹



Minor Swedish Portfolio

Portfolio Highlights

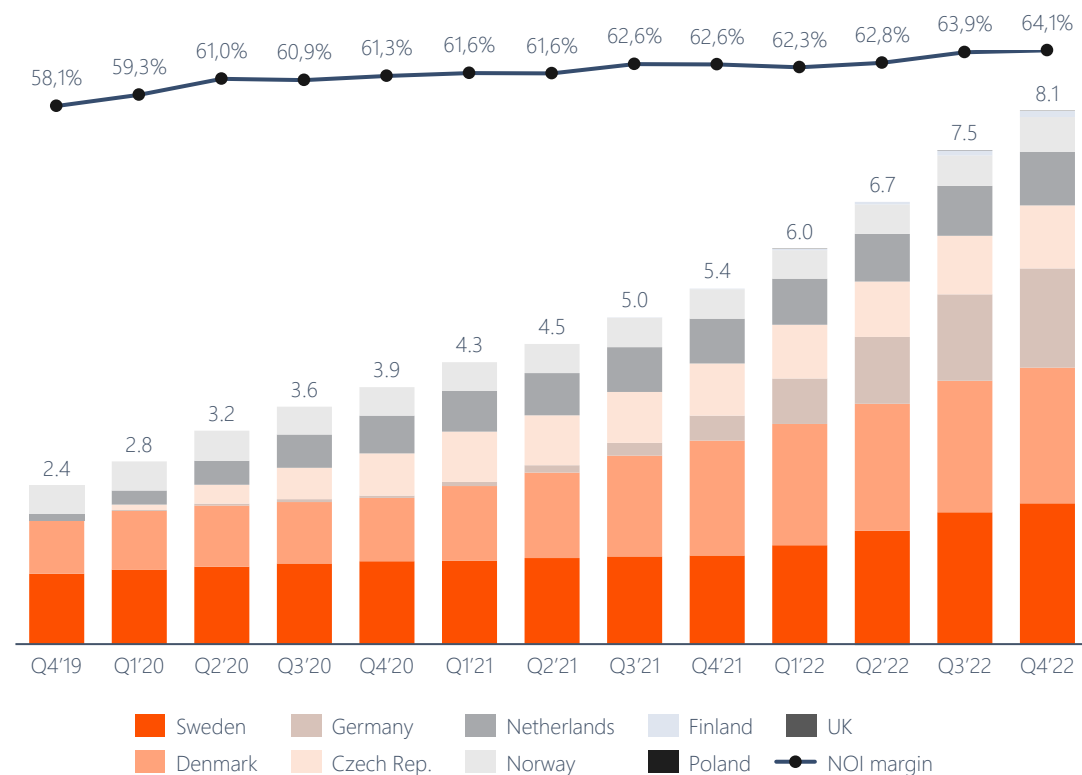
- New Swedish headquarter in Malmö.
- School in the city of Eskilstuna.
- SEK 848 million fair value as at Q4 2022.

1) Full year 2022

Historical Development

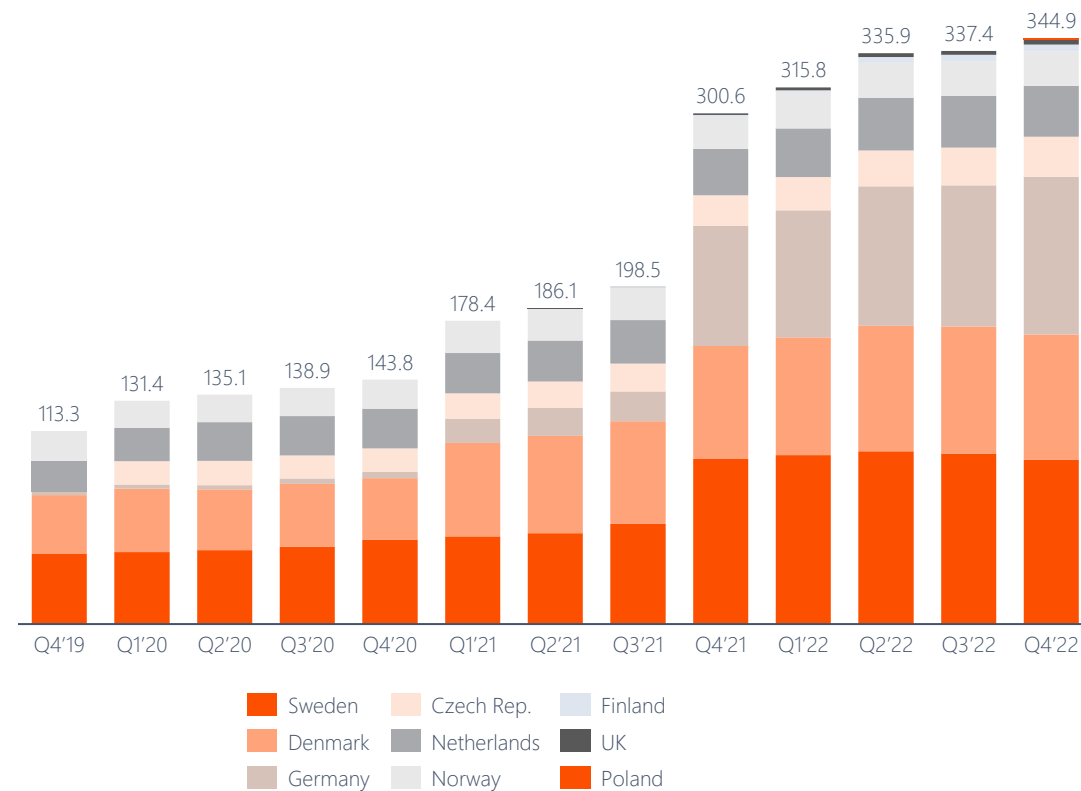
Net operating income and margin, 12-months rolling

SEK billion



Fair value of Investment Properties

SEK billion



Q4 figures

Heimstaden Bostad - Profit & Loss Statement

Figures in SEK million	2022	2021
Rental income	12,702	8,608
Service income	1,217	639
Property costs	-5,778	-3,861
Net operating income	8,141	5,386
Corporate administrative expenses	-887	-546
Other operating income	468	5
Other operating expenses	-231	-2,340
Profit from participation in associated companies	410	329
Profit before financial items	7,901	2,834
Fair value adjustment of investment properties	-5,111	21,363
Income from sale of inventory properties	402	-2
Operating profit	3,191	24,195
Interest expenses on interest-bearing liabilities	-2,275	-1,288
Interest Income	316	152
Net foreign exchange gains/losses	-6,578	76
Fair value adjustment of derivative financial instruments	1,115	819
Other financials	-2,131	70
Profit before tax	-6,362	24,024
Current tax expense	-836	-492
Deferred tax expense	1,878	-4,580
Profit for the period	-5,321	18,952
Other comprehensive income	13,703	3,627
Comprehensive income	8,382	22,579

Heimstaden Bostad Balance Sheet – Assets

Figures in SEK million	31 Dec 2022	31 Dec 2021
Assets		
Intangible assets	19,693	16,497
Investment properties	344,856	300,584
Property, plant and equipment	314	76
Investments in associated companies and joint ventures	9,698	739
Quoted equity investments	-	5,765
Derivative financial instruments	836	190
Deferred tax assets	982	-
Other non-current financial assets	3,703	2,431
Total non-current assets	380,082	326,282
Inventory properties	573	846
Rent and trade receivables	359	179
Other current financial assets	4,867	1,469
Derivative financial instruments	645	250
Prepayments	1,416	532
Cash and cash equivalents	9,385	19,508
Total current assets	17,245	22,784
Total assets	397,327	349,066

Heimstaden Bostad Balance Sheet – Equity and Liabilities

Figures in SEK million	31 Dec 2022	31 Dec 2021
Equity	180,854	160,273
Liabilities		
Interest-bearing liabilities	171,119	134,895
Lease liabilities	1,331	729
Derivative financial instruments	51	-
Other non-current financial liabilities	2,700	864
Deferred tax liabilities	22,941	21,904
Total non-current liabilities	198,142	158,392
Interest-bearing liabilities	11,572	23,485
Trade payables	833	566
Lease liabilities	84	5
Derivative financial instruments	75	6
Other current payables	3,008	4,411
Prepayments	2,758	1,863
Total current liabilities	18,330	30,336
Total equity and liabilities	397,327	349,066

Heimstaden Bostad Board of Directors



Casper von Koskull (Chair),
Independent^{1,2}



Axel Brändström,
Alecta¹



Anna Magnusson,
Alecta¹



Birgitta Stenmark,
Folksam Group¹



John Giverholt,
Heimstaden¹



Fredrik Reinfeldt,
Heimstaden



Vibeke Krag,
Heimstaden¹



Bente Landsnes,
Independent^{1,2}



Ivar Tollefsen,
Heimstaden

- During 2021, Heimstaden Bostad adopted the Swedish Corporate Governance Code, amended the composition of the board with new independent board members and strengthened its risk and compliance framework.
- The BoD shall consist of no less than 3 and no more than 11 members, with not more than 5 deputy members.
- Heimstaden AB shall be entitled to nominate the majority of the BoD members (max 6 of 11).
- Heimstaden AB nominates Chairman (approved by Institutional Investors). The Chairman of the Board is to be independent.
- The Institutional Investor owning the highest amount of Common Shares shall be entitled to nominate for appointment 2 BoD members, while the second and third largest Institutional Investors shall be entitled to nominate 1 member each.
- Heimstaden AB shall have the right and obligation to appoint the Managing Director of Heimstaden Bostad, as long as the asset management agreement is in force with Heimstaden AB.



Heimstaden