

2020 ANNUAL AND SUSTAINABILITY REPORT

Heimstaden
BOSTAD



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- Refers to audited sections. Pages 8–9, 44–47, 62–71 and 88–138 and make up Heimstaden Bostad's Administration Report and financial information, which have been audited by the company's auditors.

The Statutory Sustainability Report, in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, was approved for publication by the Board of Directors. Find our Statutory Sustainability Report index on page 33.

Administration Report and Financial Information

Heimstaden Bostad is a public company. Corporate identification number. 556864-0873. Domiciled in Malmö, Sweden.

This report contains forward-looking information based on the current expectations of Heimstaden Bostad's management. No guarantee can be provided that these expectations will prove correct and future outcomes may vary considerably compared to what is presented in the forward-looking information based on, among other things, changing economic-, market- and competitive conditions, changes in legal requirements and other policy measures and exchange rate fluctuations.

The Annual Report is published in Swedish and English. The Swedish version is the original and has been audited by Heimstaden Bostad's auditor. Figures in brackets refer to the previous year, 2019, unless otherwise stated.

Company Structure



Heimstaden Bostad contracts Heimstaden AB as investment, asset, property and facility manager. All employees are employed by Heimstaden AB, with the exception of employees in the Czech Republic, which are employed by Heimstaden Bostad. The property companies are fully owned by Heimstaden Bostad.

Heimstaden Bostad AB is owned by industrial investor Heimstaden AB together with long-term institutional investors who share a philosophy for evergreen and sustainable investments. For more information on the ownership structure of Heimstaden Bostad, see pages 38–39 of this report.



An Evergreen Platform of *Friendly Homes*

With a presence in six European countries, Heimstaden Bostad is a leading European residential real estate company with an evergreen perspective.

Guided by our values and Scandinavian heritage, we aim for excellence in happiness and life quality for both our customers and our employees, combined with commercially outstanding in-house operations that are sustainable and responsible.

That is how we fulfil our vision to **enrich and simplify lives through Friendly Homes.**



CARE

about and respect our co-workers, customers, partners and the society we live in. We find sustainable solutions for people and buildings.



DARE

to think way outside the box. We always look for better ways to do what we do. We encourage diversity, open minds and new ideas.



SHARE

our knowledge and willingly help each other grow. We are authentic, transparent and honest in our communication and actions.



Diversified portfolio across strong European markets

Heimstaden Bostad's property portfolio is diversified across attractive European markets with stable economies and favourable demographics. The portfolio has a balanced exposure to regulated and unregulated rent, which provides Heimstaden Bostad with stable and secure cash flows as well as potential upside from positive market developments.

At the end of 2020, Heimstaden Bostad was present in six markets: Sweden, Denmark, the Netherlands, Norway, the Czech Republic and Germany. In December 2020, Heimstaden Bostad also announced its first investment in Poland, two turnkey build-to-rent projects that will be delivered in 2022 and 2023.



Residential real estate is attractive and resilient

Residential real estate is the world's largest asset class, and since most people in Europe own their homes, the residential sector is a crucial part of all countries' economies. Heimstaden Bostad's portfolio is primarily located in large cities and growth areas and with a growing economy and favourable demographic trends, such as urbanisation and smaller households, we expect continued growth in housing demand in Heimstaden Bostad's core areas in the years to come.



Fully integrated platform with proven operational track record

Heimstaden Bostad has contracted Heimstaden to run a fully integrated operating platform with competent and experienced in-house personnel. Heimstaden's operational experience and scalable platform allow us to establish ourselves in new markets rapidly and cost-efficiently. By sharing best practices throughout the organisation, we ensure a common Heimstaden Bostad experience for customers in all our markets.



Robust financial position and conservative financial policies

Heimstaden Bostad follows a strategy for responsible growth and value creation. Despite strong growth over the last few years, we have continuously improved our operating performance and financial metrics. To ensure steady and sustainable development, we adhere to conservative financial policies that support our long-term strategy and vision. At the end of 2020, Heimstaden Bostad had a well-diversified financing structure, strong liquidity position and a robust balance sheet.



Strong ownership dynamics with an evergreen perspective

Heimstaden Bostad AB is owned by industrial investor Heimstaden AB together with long-term institutional investors who share a philosophy for evergreen and sustainable investments; Alecta, Folksam Group, Sandvik Pension Fund and Ericsson Pension Fund. Heimstaden AB has substantial experience in acquiring, developing and managing residential real estate and is the investment, asset, property and facility manager of Heimstaden Bostad.

103,315

Homes

144 billion

Fair Value, SEK

7 million

Total Area, sqm

93%

Residential Area¹

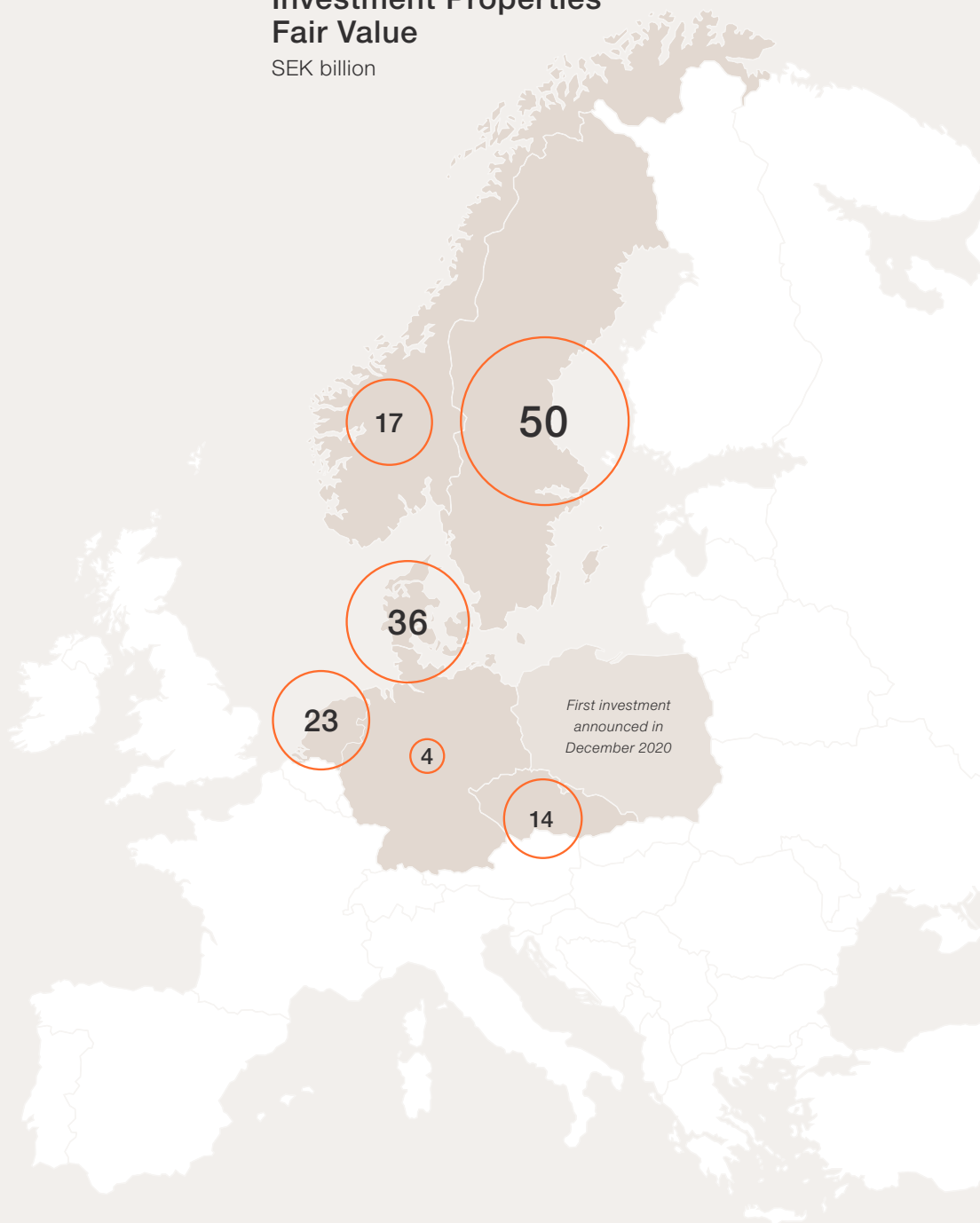
54%

Regulated Units

¹ 7% commercial premises and parking

Investment Properties Fair Value

SEK billion



The Year in Brief

Heimstaden Bostad continued to grow and Heimstaden strengthened its operational platform in 2020, despite global challenges brought on by the Covid-19 pandemic. We have pursued our strategy for responsible growth in attractive European markets, and the fair value of our portfolio grew from SEK 114 billion to SEK 144 billion. Throughout the year, customer satisfaction developed positively and, through dedicated and targeted efforts, we passed several important milestones in our ESG strategy.

62.5%

Rental Income Growth

25.4 billion

Acquisitions, SEK

40.2%

Net Loan-to-Value

BBB

S&P Rating

First Quarter

Acquired more than 42,000 apartments in the Czech Republic, making Heimstaden Bostad the country's largest private residential real estate company with a property value of SEK 13.8 billion.

Folksam Group became an investor in Heimstaden Bostad through a SEK 7.2 billion directed share issue, of which Folksam Group subscribed for SEK 4 billion and Heimstaden AB subscribed for SEK 3.2 billion

Established Covid-19 Task Force to ensure aligned measures and communication across all markets.

Established new set of sustainability targets.

Second Quarter

Launched the "Hello, you are not alone" initiative in the Czech Republic to enrich everyday life for Heimstaden Bostad's senior customers.

Increased presence in the Netherlands through the acquisition of a Dutch residential portfolio consisting of more than 2,000 residential units.

Submitted our first CDP report and received a score of C for actions on climate change.

Completed SEK 5.6 billion directed share issue towards exiting owners.

Casper von Koskull was elected independent Chairman of the Board.

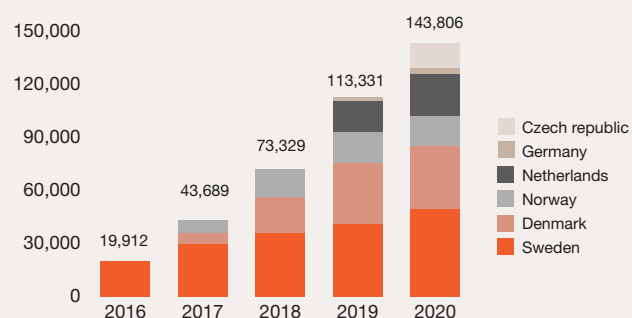
Key Figures

SEK million

	2020	2019	2018	2017	2016
Rental income	6,721	4,135	2,996	1,585	796
Net operating income	-2,828	-1,732	-1,245	-780	-404
Profit from property management	3,893	2,403	1,751	805	392
Profit after tax	8,673	4,460	3,023	1,577	1,342
Net loan-to-value %	40.2	44.8	51.5	53.7	52.8
Interest coverage ratio, x	2.9	2.5	2.4	3.1	3.7
Residential letting ratio, %	94.4	97.6	97.4	98.6	99.7

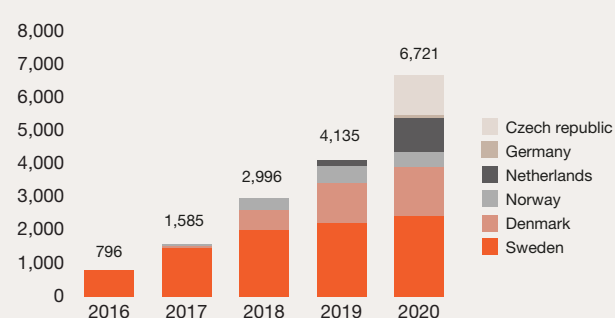
Fair Value

SEK million



Rental Income

SEK million



Third Quarter

Provided apartments for Covid-19 relief efforts in Ostrava in the Czech Republic, offering free accommodation for up to 30 volunteers.

Acquired 3,900 homes in Berlin and established German in-house property management. The transaction closed in January 2021.

Fourth Quarter

Announced the acquisition of more than 6,200 residential units and 35 commercial properties in Denmark, making it Heimstaden Bostad's largest market in terms of value. The transaction closed in January 2021.

Announced first investment in Poland with the acquisition of two turnkey build-to-rent projects comprising 640 residential units in Warsaw, with delivery starting in 2022.

Committed to setting emissions reduction targets according to the Science Based Targets initiative.

Received credit rating upgrade by S&P Global Ratings to 'BBB' with stable outlook.



Earnings Capacity

The earnings capacity represents annualised earnings calculated on the basis of Heimstaden Bostad'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 earnings capacity is based on the contracted rental income, current property costs and administrative costs of the property port-

folio as of 31 December 2020. Announced property acquisitions that closed after the balance sheet date are not included in the calculation. The earnings capacity does not include any adjustment for development trends in rent levels, vacancy rates, property costs or interest rates, nor does the earnings capacity provide any adjustment for expected changes in the fair value of properties, foreign exchange rates, acquisitions or disposals.

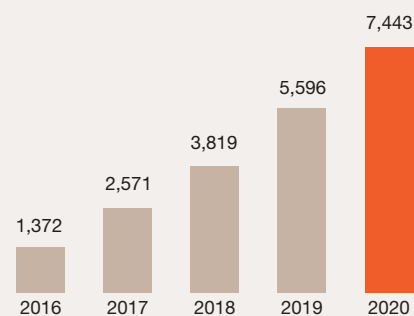
7.4 billion
Rental Income, SEK

3.8 billion
Profit Before Financials, SEK

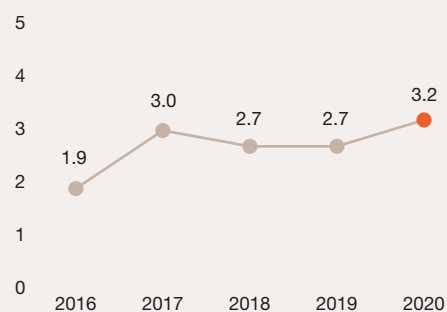
2.9%
Net Operating Income Yield

3.2x
Interest Coverage Ratio (ICR)

Earnings Capacity Rental Income
SEK million



Earnings Capacity ICR
multiple



A Different, Yet Successful Year

Although the pandemic made 2020 a different and challenging year, I am proud to say that we, despite the circumstances, continued our progress towards the ambitions we have set for the company. This was made possible by our professional, creative and dedicated people in Heimstaden and Heimstaden Bostad, who managed to navigate the challenges brought on by the pandemic. I would like to express my sincere gratitude to everyone working in the companies – you excelled during trying times and I cannot even begin to imagine what we can accomplish together once the world has normalised.

Several Major Acquisitions

We continued to work vigorously with transactions and continued to expand throughout new and existing markets. We reached several major milestones throughout the year; we successfully entered the Czech Republic, Heimstaden established property management operations in Berlin, and, towards the end of the year, we announced a major acquisition in Denmark, which closed in January 2021.

“I am enormously proud that we are taking action to face climate issues in a purposeful, structured and innovative manner.”

At the end of the year, we also announced our first investment in Poland in the form of two build-to-rent, turnkey projects and we are closely monitoring a number of other attractive European markets. Heimstaden Bostad is now one of the largest private landlords in Europe, and with strong values and a vision to enrich and simplify lives through Friendly Homes, we are an attractive landlord and business partner.

Dedicated Sustainability Work

Providing homes for around 250,000 people, we have a special obligation to conduct our business in a socially and environmentally sustainable way. In 2020, we were 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. We also submitted our first CDP report and received a score of C for efforts on climate change. In December, we received an improved ESG risk rating from Sustainalytics, a widely respected evaluator of ESG, placing Heimstaden Bostad in the top 7 percent of our industry group.

We also welcome the EU Taxonomy initiative. However, in 2020 we sent a response to the European Commission to inform them that we see several shortcomings in the proposed legislation that might negatively impact efforts to combat climate change. We hope to maintain open dialogue with authorities to ensure that regulations and legislation is as fair and impactful as possible.

In addition to caring deeply about environmental aspects, we also bear significant societal responsibility, which includes counteracting involuntary social exclusion, working to ensure safe and secure neighbourhoods and contributing to good urban planning. 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.

Early in 2021, we presented a partnership with SOS Children's Villages called A Home for a Home, where we will donate EUR 100 per apartment annually. In the first year, starting from July this year, the donation will amount to more than EUR 11 million and will provide safe and friendly homes for many children in need all over the world.

Resilient Product in Times of Change

The past year has provided us with numerous insights into how we can infuse even more resilience and stability into our processes and our organisation. But more importantly, it has made evident the continuous need to challenge our business model and our offering. The pandemic triggered a shift in how we use our homes and remote work became the new normal. Hopefully, we will soon revert to a more normalised situation, however it is likely that remote work and home office will remain more common even after the pandemic.

In 2020, our customers spent more time at home than ever before, and we are therefore glad to see that we have continued to receive positive feedback on our customer scorecards, which proves that our product is resilient even in times of change. Nevertheless, going forward we will



evaluate how potential long-term changes in how we structure our home and work lives may impact our product and business model, which in turn may influence the type and structure of future Heimstaden homes as well as the services we provide.

Improved Credit Rating

In 2020, we reached a significant milestone when Standard & Poor's raised our 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 improved access to financing and lower credit expenses, and, going forward, we will continue our efforts with an ambition to raise our credit rating even further.

Roadmap for 2021

In 2021, we will continue to execute on our strategy and hope to announce new important acquisitions. We will continue to improve our organisation, to generate favourable financial and operational results and become even better at identifying and meeting our customers' needs.

Finally, let me express my sincere hope that the world recovers and that we can return 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.

Patrik Hall, CEO Heimstaden Bostad AB

Enrich and Simplify Lives Through *Friendly Homes*

Our Core Ambitions



¹ Most employees are employed by Heimstaden AB.

Quantum Leap Strategy

To fulfil our vision and achieve our high ambitions, Heimstaden Bostad has developed a strategy to continue taking quantum leaps throughout the organisation.

Our values make up the foundation on which we build our concept of Friendly Homes and shape everything we do, including how we operate, communicate and interact.

Achieving efficient and innovative operations is what residential real estate is really about, enabling us to outperform and execute efficiently and successfully on our four strategic pillars: Customer Centred, Friendly Workplace, Sustainable Mindset and Financial Strength. Together, these pillars are essential to fulfil our vision of Friendly Homes.



Efficient and Innovative Operations

Heimstaden Bostad has contracted Heimstaden to run a fully integrated platform across the property life cycle, which is key to achieving efficient and innovative operations.

Heimstaden's competent in-house management ensures a top performing and agile way of working, which combines resources and know-how in a lean and flexible organisation. By constantly sharing best practices, we ensure a common experience in all markets – for customers, employees and partners.

Always seeking technical and digital improvements, we are continuously working to build a modern digital ecosystem with high-quality platforms as a key enabler for scalability, decision-making, quality reporting and excellent customer service.

Heimstaden BOSTAD

Owning the entire value chain ensures control of value creation and the customer journey.



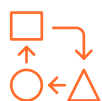
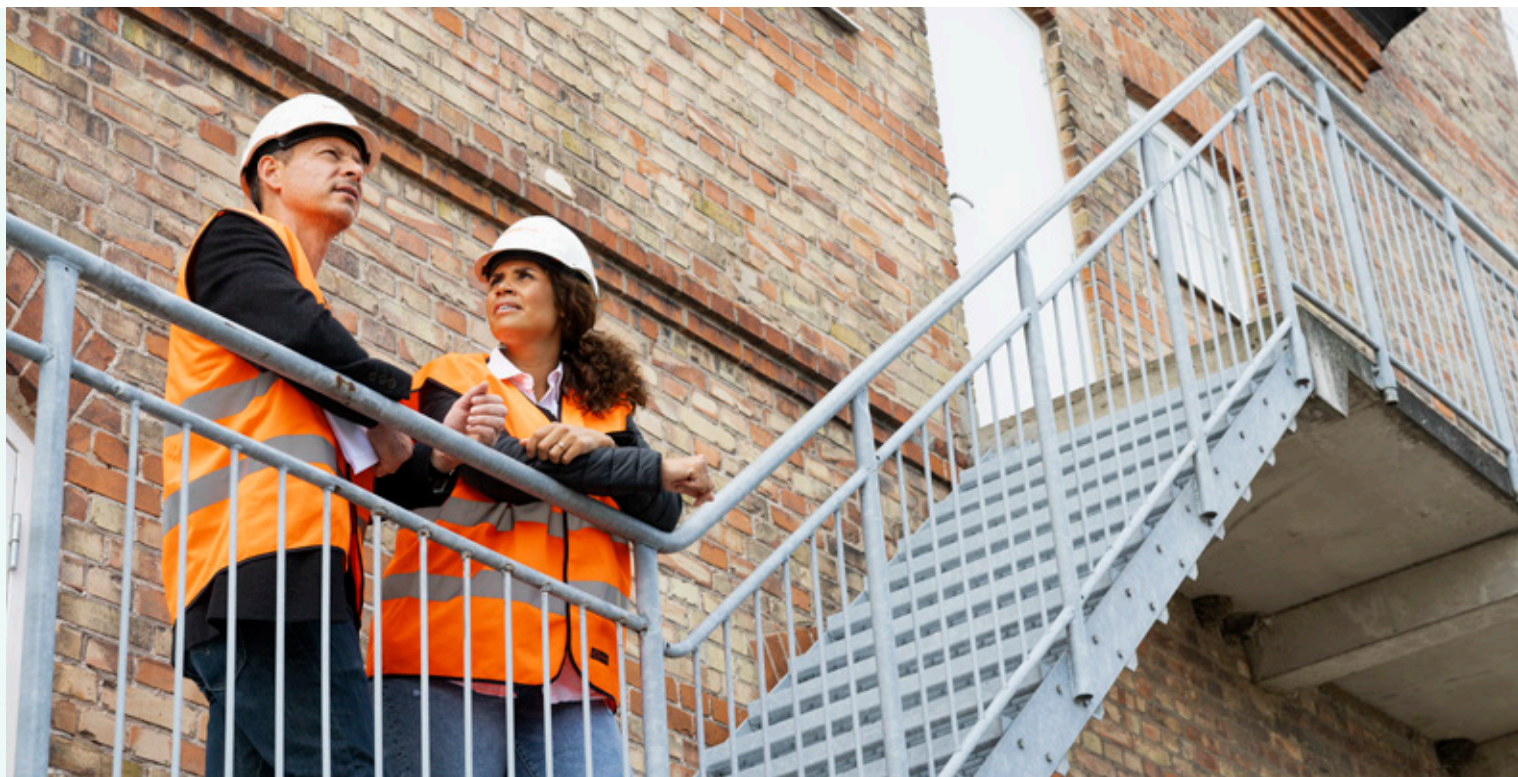
Investments

High capacity and dedicated in-house team that handles all investments. Governance structure optimising agility and execution.



Finance

Responsible for all financing and refinancing activities. Structured monitoring of debt portfolio and capital markets, maintaining and expanding lending relationships.



Asset Management

Detailed analysis, execution and follow-up of value-added potential at unit and property level. Renovation and maintenance done continuously with tenant churn, focused on quality improvements while acting socially responsibly.



Property Management

By having in-house property management, Heimstaden Bostad ensures an excellent service, quality and oversight throughout the value chain, creating value to customers, communities and the company.



Facility Management

Service and support to meet the needs of our customers, including proactive maintenance and cleaning.

Our Strategic Pillars



Customer Centred

Heimstaden Bostad's customer centred mindset is important to attract new customers and retain them long-term. We offer a diverse range of quality homes for every stage of life, always with a human touch. With our own staff in "every home-every day", we deliver a customer experience beyond expectations where we empower our customers with smart physical and digital solutions for a better and more sustainable everyday life.

We regularly measure customer satisfaction, and our scores continue to improve. Our customers are our ambassadors, and as a top performer in our industry, we are transparent in what our customers think of our homes and services.



Friendly Workplace

Through dedication, a long-term horizon and collaboration, we create happiness and life quality at work. An honest and passionate culture, where caring and driven people have the freedom and resources to apply their skills and ideas, which encourages a diverse work environment with an inspiring and inclusive leadership.

A safe and secure workplace is always our top priority. A fair and competitive offering with a sustainable work-life balance is important for the well-being of the people working for us and to fulfil our vision, live our values and reach our goals.



Sustainable Mindset

Our daily sustainability work is about caring and creating value for people: customers, employees and society in general.

An integrated part of our operations is to improve our social and environmental impact across the entire value chain, contributing with solutions to face the many challenges in our society, such as climate change, socio-economic differences and housing shortages.

By sharing our knowledge and expertise, we seek to inspire others to contribute and make a positive difference for the enrichment of our industry and society.



Financial Strength

Heimstaden Bostad has industrial and institutional owners, which are operating an evergreen and sustainable platform of attractive residential units. Our broad experience with investments and finance provides great advantages and opportunities for sustainable and responsible growth.

Heimstaden Bostad adheres to conservative financial policies and maintains a robust balance sheet and liquidity position. This enables responsible and stable operations and provides capacity and flexibility to act on opportunities in the transaction market.







Hello, You Are Not Alone

When a national state of emergency was declared in the Czech Republic, Heimstaden Bostad launched its “Hello, you are not alone” initiative together with the University of Ostrava. Students called more than 5,500 senior citizens living in Heimstaden Bostad homes to offer help with everyday tasks, such as grocery shopping or delivering medicines and face masks, enriching everyday life for our senior customers.

Truly Customer Centred Operations

Trends and technology constantly change our customers' everyday lives. Therefore, understanding consumer behaviour and identifying new customer needs are focus areas for Heimstaden Bostad, in line with our vision to enrich and simplify lives through Friendly Homes. People living in Heimstaden Bostad homes should have a superior experience compared with other housing alternatives.

Many points of contact

We have identified each aspect of the customer journey with Heimstaden Bostad, from when an apartment first becomes available for a new family until they move out many years later. Throughout this journey, there are many points of contact with our customers during which we can ensure an excellent customer experience and deliver value-added services in line with our vision.

To better understand our customers' needs and desires, we have rolling pulse measures through surveys, including a Net Promoter Score (NPS), at four different stages of the customer journey: at contract signing, move-in, during the tenancy and when they move out. These surveys provide important knowledge about our own performance and valuable information on areas of improvement in our relationship with the customer. In addition, we make a full Customer Score Card (CSC) every year.

Customer service on three pillars

Our representatives meet and interact digitally and physically with customers. Our customer service allows customers to contact us at their own convenience and is based on three pillars: personal contact such as service centres and telephone contact, digital contact via email, chat or web portals and self-service solutions, such as My Pages, customer forums, web or 3D apartment viewings.

Customers can reach us at any time and we have maintained our high degree of service during the Covid-19 pandemic. Our Customer Service Centres get data on customers' view of our performance every week and are responsible for implementing action plans based on the results.

Going beyond expectations

Strong performance drives our business forward and builds customer lifetime value. For each step of the customer journey we assess which optional services we can offer our customers. We continuously evaluate and implement a range of added services from food deliveries, carpools and from cleaning services to exclusive offerings with selected suppliers. Throughout the year we conducted several activities to engage, inspire as well as inform our customers about ongoing activities. We work with nudging to inspire our tenants for more sustainable living and engage them in urban gardening.

Our ambition is to improve the customer experience and the value of our portfolio by finding new ways of developing our standing assets

Another dimension of meeting tenants is through micro-meetings, one-on-one with our Customer Ambassador. In Sweden, our Customer Ambassador facilitated meetings between our customers in the form of book circles, coffee breaks and music events. This brings neighbours together, increasing safety and building small communities.

There are numerous examples throughout our different markets on how we enrich and simplify our customers' social life through different activities. Our local sponsorships within the areas of health and culture for young people brings value to both the society and to our tenants.



Make Room

Late 2020, Heimstaden Bostad unveiled “Make Room”, its new sustainable communication concept with people and life in focus. This is a concept of diversity, inclusion and belonging, where we create living and workspaces to promote peaceful and inclusive societies. Connecting with our sustainability agenda and objective, the “Make Room” concept will tell the story of making cities and premises inclusive, safe and environmentally friendly.

Fully Furnished With IKEA

In Linköping, Sweden, a new concept was tested together with IKEA. Students were offered fully furnished apartments that also were fully equipped with everything from cutlery to a vacuum cleaner. This pilot project gained a large interest as we found a way of enabling young students a smooth transition from their parents' home to their first own apartment.



Strong Culture a Key Factor in Challenging Times

Following the Covid-19 pandemic, the health and safety of our people and customers have been our first priority. Heimstaden Bostad¹ continued to grow and attract talented people and succeeded in adapting to new ways of working. In 2020, we experienced the importance of inclusion and belonging during a time of social distancing, and through dedicated communication and actions we developed a stronger corporate culture.

Since Heimstaden Bostad was founded, there has been a significant focus on building a solid company culture to underpin the business. Our three core values, **Care – Dare – Share**, form the basis of our philosophy for a Friendly Workplace, one of Heimstaden Bostad's strategic pillars. We believe success is built upon a warm and caring atmosphere in which we should encourage each other to try new methods and solutions and where knowledge and experience is shared between colleagues and between us and our business partners. This fosters engagement, co-creation and contributes to setting high ambitions to reach our goals.



CARE



DARE



SHARE

The Covid-19 pandemic brought many challenges, to society as a whole and to Heimstaden Bostad. In February 2020, we established a Covid-19 Task Force with authority to implement initiatives to limit the risk of contagion and preserve operational efficiency and effectiveness. Read more on page 26. In March, remote work was introduced for most of the office personnel, all customer contact was reviewed from a health perspective and many of our daily tasks, such as recruitment and apartment showings, were moved to digital platforms. Due to substantial efforts from employees throughout the company, the unexpected situation had a minor operational impact, and we succeeded in expanding into new markets.

Measuring people satisfaction

A vital aspect of our business model is that we have insourced our customer service. Being customer centred, we manage all customer interaction ourselves, ensuring the highest customer service quality possible. We

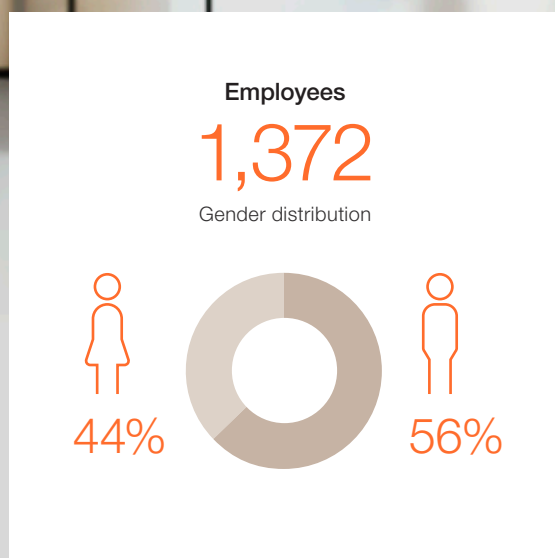
believe the key to successful customer service is satisfied employees who enjoy their work, are given a mandate to influence and grow and are fairly compensated. Caring for the people working for us means caring for our customers. On monthly basis, employee satisfaction is measured on a 10-degree temperature scale, with the objective of achieving a score of at least 8.5 in all categories by 2023. In 2020, we had an average temperature of 7.8. In measuring eNPS (Employee Net Promoter Score) we obtained a value of 34 on a scale from -100 to 100. As a result of our expansion adding new markets to the survey in 2020, the average temperature and the eNPS on Group level decreased slightly during the year. However, for existing markets the score increased throughout the year, despite challenging circumstances. We see a pattern where response rates and ratings are normally lower in newly introduced countries, where over time, the usage and ratings increases. Sweden, which is the market where the tool has been used the longest, received fantastic response rates averaging 75 percent with some months peaking over 80 percent.

Training is an important tool

The training of employees, is essential for Heimstaden Bostad to remain a leader in our industry and to retain our people. Learning should be easily accessible and visible and in varied formats to satisfy learning preferences.

As a result of the Covid-19 pandemic, the employee training programme did not meet its targets in 2020. Prepared topics such as leadership and ethics are less suitable for digital training as they require a high degree of human interaction. However, digital alternatives are being evaluated as restrictions are still limiting us from performing traditional on-site training, a situation likely to continue into 2021. Despite these limitations, Heimstaden AB have delivered 84 digital trainings in subjects such as recruitment, performance development and salary review. Heimstaden AB have launched seminars with inspirational speakers to help the employees find

¹ Heimstaden Bostad contracts Heimstaden AB as a supplier for property and asset management. All employees are employed by Heimstaden AB, with the exception of employees in the Czech Republic.



Number of Employees	Men	Women	Total
Sweden	234	159	393
Denmark	76	50	126
Norway	81	52	133
The Netherlands	67	50	117
Germany	13	10	23
The Czech Republic	301	279	580
Total	772	600	1,372

ideas on how to better cope with a challenging work situation. They also launched a digitally redesigned leadership programme so we were able to start a new educational journey for leaders.

Increasing inclusion

With limited possibilities to gather teams and colleagues in person, inclusion is becoming an increasingly important topic. Everyone at Heimstaden Bostad should feel as a part of a team, with the ability to influence the workday and the team's performance. To foster this, we plan to further educate our managers on important topics, such as inclusion and diversity.

We have faced some challenges in the onboarding of new coworkers, which for the greater part of 2020 had to be performed using digital tools. This was mainly a challenge in the Netherlands, where we opened several offices in new regions and a large number of coworkers were introduced during the year. The situation was similar in Germany, where we opened up our first office in September 2020.

Investment in digital infrastructure

In June 2020, we launched a major project to create a common, flexible and transparent platform for the critical People & Culture processes. Core processes, such as recruitment, hiring, talent development, performance development and compensation management have been revised and designed so that all countries can operate in aligned and harmonised processes (adapted to still comply with e.g. local labour law or other regulations). Subsequently, we aligned our organisations, job descriptions and titles. This provides smoother internal processes and better opportunities for benchmarking between markets, including better data generation and collection. In addition, a blueprint organisation has been developed, defining which functions are essential when entering a new market. All countries have taken part in this work, with a strong commitment to discover and share best practices.

Targets are set at various levels of the organisation with clearly measurable KPIs (see page 27). We know these targets are ambitious and difficult to reach in a rapidly growing organisation. They demonstrate our high ambitions for looking after our people and for ensuring our overarching goal of "Excellence in happiness and life quality at work".

Importance of risk awareness

It is important to address potential risks in the work environment. Clear targets have been established and there are active work environment groups that implement actions to reduce risks. We strive for zero work-related accidents and no illness due to work-related stress. With a systematic monitoring and documentation of incidents, our proactive risk management prevents these incidents from being repeated.

A whistleblower policy has been implemented in all countries. A handful of notifications has been received during the year. After registration, no case required further action. The whistleblower procedures will be revised in 2021, following new EU legislation.

Focus for 2021

In 2021, we will further develop our leaders, putting increased emphasis on inclusion as a top priority. We will also look into how psychological illness and stress can be prevented, as we anticipate Covid-restrictions and their challenges to be present for the major part of 2021 as well. Talent development will remain in focus, now with a completely new platform to deliver and manage development initiatives. Furthermore, we will ensure the utilisation of our new platform to enhance our people experience and provide transparency as well as flexibility for organisational growth and changes.



Covid-19 Task Force

Late 2019, senior management received comprehensive crisis management training that would turn out to be even more important than expected. In February 2020, after the first indications of a possible pandemic, Heimstaden Bostad formed a Covid-19 task force consisting of Country Managers, HR and Communications. Team members changed as needs evolved and the task force had recurring meetings throughout the year with varying frequency, from daily to bi-weekly, depending on the severity of the situation. The task force was a platform for knowledge sharing and fast decision-making, and initiatives from one country could quickly be applied to the others. Meetings will continue for as long as they are deemed useful.

Key Ambitions and Outcomes For a Friendly Workplace

	Targets and ambitions	Outcomes 2020
Temperature	Winningtemp target 8.5 (scale from 1–10)	7.8
eNPS ¹	Winningtemp target 65 (scale from -100 to 100)	34
Work life balance	Personnel turnover <10% ²	14%
	Sick leave <5% ²	5.3%
Work health & safety	0 work-related accidents ³	31 accidents
Diversity and inclusion	Winningtemp target 9.2 (scale from 1–10) ⁴	8.8
	Gender representation in Group and Country Management Teams of minimum 40 percent women	29% women
Professional Ethics	100% of coworkers have signed Code of Conduct and completed training ⁵	55%
Happiness at work	Winningtemp target 8.5 (scale from 1–10)	Job satisfaction 7.7
	Heimstaden Bostad is run by highly engaged, committed and driven people, winningtemp target 8.5 (scale from 1–10)	Meaningfulness 8
Opportunity to grow	Winningtemp target 8.5 (scale from 1–10)	Personal development 7.4
	Expect everyone to take the initiative to ensure own development	

All employees are employed by Heimstaden AB, with the exception of employees in the Czech Republic. Heimstaden AB uses the tool Winningtemp to measure employee satisfaction and eNPS (employee Net Promoter Score) through a monthly survey sent to all employees. The outcomes are based on a 64 percent average response rate for the group. Approx. 50 percent of the employees in the Czech Republic do not yet have access. Employees from Germany have not yet been included as Heimstaden AB did not establish in-house property management in Germany until the third quarter of 2020 and there were too few employees to gather sufficient data.

¹ Employee Net Promoter Score

² Measured through local P&C systems

³ Measured via local accident/incident reporting

⁴ Measured via WinningTemp and also by looking at gender representation in our local P&C systems

⁵ These targets were set in 2020 and the structure to follow-up in detail is under implementation. The result is an estimate based on input from the countries. From Q2 2021 we will be able to properly track training and signed Code of Conduct.

Clear and Measurable Sustainability Targets

Sustainability has taken centre stage in the public and political debate and there is increasing focus on issues that are at the heart of residential real estate, such as urbanisation, housing shortages, socio-economic inequality and climate change. New legislation and reporting requirements are regularly introduced and the industry and Heimstaden Bostad are expected to contribute with new solutions to key challenges of our time.

Sustainability is multidimensional. It requires social engagement and environmental protection, climate protection, safe and attractive workplaces and a sustainable value chain. We intend to contribute to solving these challenges and to inspire and enrich the communities in which we operate.

Corporate responsibility starts with an open dialogue. In our role as a corporate citizen, we intend to contribute to the public debate on how to ensure inclusive neighbourhoods, clean energy solutions, as well as energy and water efficient properties.



In line with the Paris Agreement, we are focused on reducing our carbon footprint, enhancing the energy efficiency of our properties, and building resilience to climate change. We invest in safer neighbourhoods, social lease contracts and adaptation measures such as ecosystem services, biodiversity and various types of green spaces.

We have already achieved successful results, but the best is yet to come, and we will continue our pursuit to find new and innovative solutions to global and local social and environmental issues.



A solid foundation for decision-making

The property sector accounts for 40 percent of total energy usage in the EU and about 36 percent of greenhouse gas emissions. In fact, in 2018 households alone accounted for 26 percent of energy consumption in the EU. Contributing to the fight against climate change is a top priority for

Heimstaden Bostad and Sustainable Mindset is one of our four strategic pillars. We base our sustainability strategy on the ISO 26000 guidelines,

the UN Sustainable Development Goals, and the UN Global Compact, which together provide a solid foundation for sustainable decision-making.

By ensuring operational efficiency, long-term focus, and by developing sustainable properties in growth regions, we generate long-term value for the company, shareholders, customers, partners, the environment, and society at large. An integrated part of our strategy is to improve our social, environmental and climate impact across the value chain, contributing with solutions to face a variety of challenges in our society, such as climate change, socio-economic differences, housing shortages and more.

To achieve our ambitions, we have set clear and measurable targets, aligned with key industry-specific and general impact areas relevant for Heimstaden Bostad. These targets contribute to ten UN Sustainable Development Goals and their sub-targets. We have committed to the ten principles of the UN Global Compact related to areas of human rights, labour practise, the environment and anti-corruption. Sustainability targets are set with road maps for each market. See pages 145–171 for more information.

Commitments to global standards

Heimstaden Bostad was one of the first major European residential real estate companies to commit to the Science Based Targets initiative (SBTi), a third-party recognition that will validate our targets to ensure that they will meet the goals of the Paris Agreement to mitigate global warming. We will set ambitious carbon-reduction targets across all markets as underwritten by the Science Based Target initiative.

In line with the Paris Agreement, we will focus on reducing its carbon footprint, enhancing the energy shift and efficiency of its properties and building resilience to the effects of climate change.

Heimstaden Bostad's 10 Focus Areas from the UN Sustainable Development Goals:

Industry-specific impact areas



General impact areas



Also underlining our efforts towards mitigating climate change, the organisation Sustainalytics, a widely respected evaluator of ESG, has rated Heimstaden Bostad's ESG risk as "low" with a score of 12.3, which places Heimstaden Bostad in the top 7 percent of our industry group as defined by Sustainalytics, a positive improvement from a score of 17.7 from the previous year.

Increased support for green property investments

In October 2020, the European Commission launched A Renovation Wave for Europe; a new strategy to double annual energy renovation rates in Europe during the next ten years. This is one of several initiatives by the European Commission to increase renovations and green investments in properties, which could create opportunities for Heimstaden Bostad to seek public funding to meet climate and energy objectives and support the transition to clean energy. In addition, the new EU Taxonomy provides an extensive framework for sustainable investments, which will impact our investment strategy. Read more about our approach to the EU Taxonomy on pages 34 and 150–153.

Quality data and reporting

Heimstaden Bostad is dedicated to ensuring quality reporting and we are continuously building organisational capacity and strengthening data quality and availability. Heimstaden Bostad's annual Sustainability report for 2020 is built on the Global Reporting Initiative (GRI) standards and includes climate-related disclosures in line with TCFD¹ recommendations. The Greenhouse Gas Protocol (GHG) is applied when calculating greenhouse gas emissions.

¹ The Task Force on Climate-related Financial Disclosures

Considering local variations

Heimstaden Bostad has an ambition of growing sustainably with as little climate impact as possible. However, differences in national policies and climate focus in different markets are a challenge for sustainability initiatives on a company-wide level. To illustrate, renewable energy accounted for over 42 percent of energy usage in Sweden in 2017, while the Czech Republic had the second highest share of solid fossil fuels in the EU, at 36.5 percent. To maximise the effect of sustainability efforts, Heimstaden Bostad must take local conditions into account and closely follow governments and municipalities to understand existing and future legislation and reporting standards.

During 2020, new centralised functions were established and an ESG Controller, Environmental Manager and a Head of Group Energy Management were hired in Group functions to contribute to the further integration of sustainability and ESG data collection in daily operations.

Integrated risk management

Assessing and managing climate-related risks is an integral part of Heimstaden Bostad's annual general risk management process. The climate-related risk management process includes strategic prioritisation and a review of the importance of specific risks depending on factors such as technical progress, organisational growth, new geographic areas or new legislation and guidelines. Understanding risks by actively stress testing climate resilience going forward is an important aspect of maintaining financial stability and capturing future business opportunities.

Our Environmental Impact

Our Sustainable Mindset extends through all areas of our operations with an objective to minimise our environmental impact and ensure that environmental aspects are prioritised and considered when making investment decisions. In 2020, we established a road map for the coming ten years, defining activities for all markets. Four types of measures are being implemented to reduce the environmental impact on our properties:

1 Energy efficiency

– building insulation, heat and ventilation system optimisation, smart control systems, efficient lighting and more.

2 Energy provider improvement

– district heating and electricity emissions intensity reductions.

3 Fuel switching

– efficient local heating and energy production to replace fossil fuels.

4 Renewable energy

– 100 percent renewable energy in all markets where possible.

Heimstaden Bostad follows TCFD's recommendations and divides climate-related risks into two main categories: transition risks and physical risks. By using concrete subcategories, Heimstaden Bostad visualises identified risks and opportunities for all stakeholders and ensures a relevant risk management process. Transition risks refer to political, regulatory and technological risks that a transition to a society with lower carbon emissions can entail. Physical risks can be acute or chronic and can include direct damage to assets or indirect damage such as interruptions in the supply chain.

Heimstaden Bostad has identified and analysed both physical and transition risks by using different climate scenarios. The risks have been processed by a related risk team including experts from all business functions and have been calculated, evaluated, and categorised into effect, probability, and priority. Read more about our climate-related disclosures on pages 69 and 145–171.

Close cooperation with suppliers

Sustainability forms an integral part of our Code of Conduct for Business Partners, which details the expectations and requirements we impose on our suppliers. The Code of Conduct emphasises the importance of life cycle perspectives in the choice of solutions and highlights efforts to mitigate negative risks and to focus on the efficient use of natural resources. We place great importance on only engaging suppliers who share our values and understand our way of working. During 2020, we implemented a mandatory sustainability self-assessment for suppliers in the Nordic countries and the next step will be to introduce this requirement in all markets. Read more about our supply chain risk management on pages 66–71.



To ensure consistent handling of all material sustainability aspects, our work is based on the following structural model: Ensure adequate governance of the area, develop a strategy for handling the issue, make an assessment of risks and opportunities and set measurable targets and metrics. The work is followed up at least once a year.

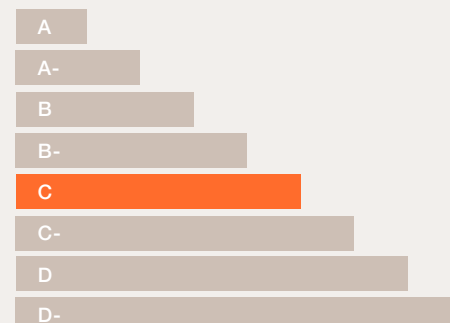
First CDP Score

In August 2020, Heimstaden Bostad submitted its first CDP report, based on 2019 reporting, which earned Heimstaden Bostad a place on the CDP's Climate C List. CDP is the world's largest survey of corporations' ambitions on climate change and environmental protection. By participating, companies provide investors with an objective view on how well they are dealing with climate change. The full CDP report can be found on www.cdp.net.



- A:** Implementing current best
- B:** Taking coordinated actions on climate issues
- C:** Knowledge of impact on, and of, climate issues
- D:** Transparent about climate issues

CDP Climate List





Key Achievements

Throughout the year, we continued to build and reinforce our sustainability reporting systems and our sustainability strategy. Some of our main achievements were:



Key Performance Indicators

We are constantly developing our sustainability reporting and some of our most important KPIs are energy and emissions related. For the first year, we report carbon footprints in tonnes of carbon dioxide equivalents per million SEK in revenue. As in the previous year, we also report energy use per square meter and carbon dioxide emissions per square meter. More detailed information can be found in the sustainability report on pages 160–162.



² CO₂e from Scope 1 and Scope 2 marked based emissions. This KPI is based on the recommendations from TCFD.

Key Priorities in 2021

We will continue to build Sustainable Mindset as one of our four strategic pillars. Below is a list of some of the major initiatives during the coming year. For more information, please see our website.

- Introduce and integrate our sustainability strategy in Poland.
- Start building an environmental management system.
- Implement the EU Taxonomy requirements including reporting.
- Perform a climate assessment of all properties in all markets.
- Sustainability improvement projects in over 2,000 apartments in the Czech Republic covering measures such as thermal insulation, and the change of heating systems from coal-based district heating systems to heat pumps or low emission central gas boilers.
- Further integrate sustainability reporting into daily operations.

Statutory Sustainability Report Index

Find our statutory sustainability report according to the Swedish Annual Accounts Act on the following pages:

Topic	Area	Pages
Business model		5–6, 14–19
Environmental issues	Policy, review procedures and policy results	159, 161, 163, 167
	Risks and risk management	69
	Key performance indicators	160, 162, 163, 167
Social issues and employees	Policy, review procedures and policy results	164, 166, 169
	Risks and risk management	70
	Key performance indicators	165, 167, 170, 171
Human rights	Policy, review procedures and policy results	168
	Risks and risk management	69
	Key performance indicators	168
Anti-corruption	Policy, review procedures and policy results	158
	Risks and risk management	69
	Key performance indicators	158



Social Responsibility as a Common Thread

Heimstaden Bostad works to promote good health and secure environments for customers, the people working for us and our suppliers. We contribute to safe and inclusive homes and urban environments in the locations where we operate. Caring for others runs as a common thread throughout our operations and constitutes an important part of all our four strategic pillars. Examples of some of our social initiatives in 2020 can be found throughout this Annual Report, and recent examples can be found on our website.

EU Taxonomy Impacts Operations

The EU Taxonomy is a classification tool aimed at investors, companies and financial institutions to define environmental performance to redirect capital to sustainable investments. The Taxonomy Regulation entered into force in July 2020. The implementation takes place gradually and the first out are criteria for climate mitigation and climate adaptation. Heimstaden Bostad is obliged to report how our economic activities align with the definitions in the EU taxonomy, the requirement will enter into force in January 2022.

Six environmental objectives are described in the Taxonomy Regulation: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. A sustainable activity must contribute to at least one of these objectives but must also do no significant harm to any of the other objectives. Also, the activity must comply with minimum safeguards and comply with certain technical screening criteria.

For Heimstaden Bostad, these activities include the construction of new buildings, renovation projects, installation of energy-efficient equipment, acquisition and ownership of buildings,

etc. During 2020, we have mapped all activities that are being included in the draft EU Taxonomy Regulation and evaluated our operations based on the first two environmental objectives: climate change mitigation and climate change adaptation. We have secured minimum safeguards and identified the parts of our properties that are in line with the EU Taxonomy, and taken a more strategic approach regarding investments in our property portfolio.

The new regulation will apply to all our operations. We will increase the dialogue between concerned parties, including our transaction teams, Asset Management specialists and the Finance department. There will also be implications for our reporting systems, and we have launched a plan for implementing new reporting standards according to the EU Taxonomy.

In December, Heimstaden Bostad sent a response to the European Commission on the public hearing of the proposed Delegated Act of the EU Taxonomy. We support the purpose of the proposal, which is to direct investments in the housing market into more sustainable housing, but believes parts of the proposal could potentially have a negative effect on the environment and misguide important 'green' decisions due to an inconsistent classification system for housing.



Boosting Energy Management

Clever energy management helps Heimstaden Bostad reduce its climate footprint. In 2020, a new Energy Management function was established, with a three-year, five-step strategy:

1. Perform initial mapping and analysis per country
2. Build, implement and train local organisations
3. Develop standardised work methods for energy optimisation and implement tools for monitoring and analysis
4. Identify a baseline and set annual energy goals per country
5. Roll out actions and investments according to annual plans and goals

Fit for the Future – addressing social and climate challenges

Heimstaden Bostad creates friendly and sustainable homes through evergreen investments, resource-efficient operations and a focus on people and the environment. Sustainability is at the heart of our values and an integrated part of our daily operations and we commit to global as well as local initiatives. For detailed information, see our Sustainability Report on pages 145–171.





Community Managers Address Loneliness

Together with voluntary customers, commercial owners, municipalities, and local NGOs, Heimstaden Bostad contributes to more friendly neighbourhoods by creating networks and gatherings such as urban gardening get-togethers, book circles, yoga sessions and BBQ garden events with live music.

Strong Ownership Dynamics with An Evergreen Perspective

Heimstaden Bostad AB is owned by industrial investor Heimstaden AB together with long-term institutional investors who share a philosophy for evergreen and sustainable investments; Alecta, Folksam Group, Sandvik Pension Fund and Ericsson Pension Fund.

Heimstaden AB has substantial experience in acquiring, developing and managing residential real estate and is the investment, asset, property and facility manager of Heimstaden Bostad and its property portfolio.

The combination of having a fully committed and knowledgeable industrial owner supported by long-term institutional partners, provides Heimstaden Bostad with access to the expertise and financial strength needed to identify and capitalise on attractive investment opportunities.

In January 2020, Heimstaden Bostad performed a SEK 7,206 million directed share issue in which Folksam Group, consisting of Folksam Liv, Folksam Sak and KPA Pension, became the newest investor in Heimstaden Bostad. Folksam Group subscribed for SEK 4,000 million in the share issue while Heimstaden AB subscribed for SEK 3,206 million.

In May 2020, Heimstaden Bostad completed another directed share issue amounting to SEK 5,645 million. Heimstaden AB subscribed for SEK 2,035 million, Alecta for SEK 3,582 million, Ericsson Pension Fund for SEK 21

million and Sandvik Pension Fund for SEK 7 million. The share issue was settled through a combination of offsetting unsettled dividends and cash contributions. Total cash contribution amounted to SEK 3,887 million.

All investors in Heimstaden Bostad AB hold a stapled combination of preference shares and common shares. Preference shares have a right to a predefined level of dividends, which are senior to dividends on common shares, and carry lower voting rights per share than common shares. Common shares carry a higher voting right per share and dividends are determined by the annual general meeting subject to the profit for the year and the amount of liquidity needed to keep financial metrics in line with financial policies and operations comfortably funded.¹

Heimstaden AB holds a higher proportion of common shares to preference shares compared to the institutional shareholders who hold approximately 75 percent of their equity value as preference shares. At the end of 2020, Heimstaden AB held 51 percent of the voting rights and 45 percent of the total capital of Heimstaden Bostad AB.

Ownership Structure as of 31 December 2020

SEK million

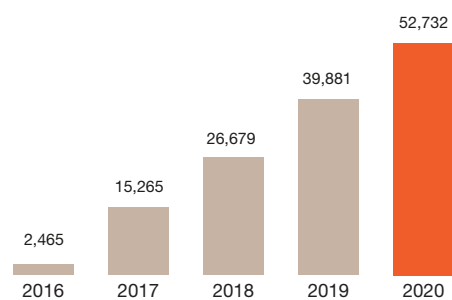
	Total Capital ²	Capital Share, %	Voting Share, %
Heimstaden AB	30,402	44.7	50.6
Alecta	31,208	45.9	41.1
Folksam Group	4,284	6.3	5.6
Ericsson Pension Fund	1,498	2.2	1.9
Sandvik Pension Fund	512	0.8	0.7
Heimstaden AB management	39	0.1	0.1
Total	67,944	100.0	100.0

¹ For a full overview of the different share classes of Heimstaden Bostad AB and their associated rights, please refer to the Articles of Association available on www.heimstadenbostad.com

² Net asset value excluding non-controlling interest and hybrids bonds with accrued interest. See page 123 for details.

Cumulative Capital Injections

SEK million



Disciplined Investment Strategy

Heimstaden Bostad’s strategy is to invest in European markets with favourable macroeconomic fundamentals and residential trends. In 2020, Heimstaden Bostad grew and strengthened its presence in new and existing markets and closed acquisitions for a total of SEK 25 billion. In addition, key personnel with extensive investment experience were recruited to seek investment opportunities and drive further sustainable growth.

Acquisitions Closed in 2020

SEK million



Sweden	4,430
Denmark	1,279
Netherlands	5,480
Czech Republic	12,985
Germany	1,272

Good quality residential real estate is the starting point for Heimstaden Bostad's investment strategy. We look for properties located in, or close to, larger cities and urban growth areas with favourable demographics and stable market conditions. We focus on affordable and entry-level homes, avoiding properties in exclusive locations at price points targeting only the few. To gain scale advantages, we look for ways to increase our presence in established markets, as we did in Berlin during the year, and we only enter new markets with the intention of building a larger platform over time. In some cases, there are also unique opportunities to acquire existing platforms, as we did in the Czech Republic early in 2020.

Focusing on risk-adjusted returns

In recent years, there has been an increased demand for new housing and many urban areas, such as Copenhagen and several large cities in Sweden, have experienced a surge in housing supply. However, in several cases, rents for new production are high and out of reach for people with average incomes. From a financial perspective, affordable housing is of importance since this leads to lower churn rates and decreases affordability risk. But affordable housing is also important from a sustainability perspective, since being able to afford your home is an important part of our customers' well-being. Therefore, our focus has increasingly shifted from the more central locations to suburbs well-connected to infrastructure. A smaller town with lower but stable growth could be more attractive from a risk perspective than a fast-growing large city, if associated with stronger affordability, less construction activity and less compressed yield levels. When assessing risk, we closely monitor the supply risk at the

Dynamics That Favour Residentials



Secure Cash Flow

- Investors are looking for robust income-producing investments.
- Affordability limits vacancy risk.
- Residential real estate has proven to be resilient even during crises.



New Investors

- Continued low interest rate environment – the new normal.
- Increasing exposure to residential real estate among professional investors.
- Real estate portfolios are rebalancing, shifting from commercial to residential.



Fundamentals

- Favourable demographic trends, such as migration and urbanisation.
- Supply/demand imbalance.
- Pricing remains attractive from an historical yield-gap perspective.



Risks

- Political involvement resulting in regulatory changes. Vital to be aware of trends.
- Decreasing yields put pressure on profitability and increases need for quality asset management to achieve attractive returns.

price points we are acquiring, since a large number of available building rights in locations with capital values above replacement costs increases the risk of future competition and potential pressure on rent levels.

Objective to reach critical mass

Before expanding to a new location, a thorough analysis is performed of the local business environment, infrastructure, proximity to colleges and universities, as well as the housing and population situation and outlook. When a location meets our criteria from a macro and micro perspective, the market is continuously monitored for investment opportunities. Properties should be well-located and preferably geographically close to support efficient operations. The objective is to achieve a critical mass of at least 500 apartments in each submarket to justify the establishment of local in-house operational hubs.

Looking for good quality

The properties should be of good quality in relation to the relevant market or in such condition that the right quality can be achieved through reasonable and profitable investments. We perform a thorough technical inspection of the properties and a detailed legal and financial review prior to any acquisition.

Assessing environmental and climate considerations is particularly important in the due diligence process. We focus on our impact, reflecting on how we can reduce the buildings' climate footprint and ensure that all properties we acquire meet certain sustainability objectives.

Aiming at balanced exposure

The portfolio today combines regulated markets such as Germany and Sweden with more liberal markets in Norway and the Czech Republic. This provides an attractive combination of stable, secure cash flows and downside protection with the benefits from favourable supply and demand dynamics and positive market developments. All our markets are financially stable, with social support for housing. About 68% percent¹⁾ of European homes are privately owned, leading to incentives for governments to maintain stable housing markets to avoid economic downturns.

Acquiring standing assets will be the main driver for Heimstaden Bostad's expansion

Recent discussions on increased rent regulations, for instance in Denmark and Germany, constitute short-term risks that could lead to a drop in market prices, while likely to only intensify long-term supply and demand imbalances. With our evergreen investment perspective, short-term uncertainty and variations in rent regulations have little impact on our overall investment strategy. Furthermore, short-term uncertainty may lead to lower competition and increase attractiveness of investment opportunities.

¹⁾ Eurostat

Expanding to new markets

As one of Europe's leading private residential property companies, expanding into new markets is a natural part of our investment strategy. New markets must align with the current portfolio, meaning that we look for stable political and economic environments with good social support for housing, and we closely and continuously follow and analyse several European markets. The travel restrictions in 2020 limited the possibility for on-site inspections of objects in new markets and we are hoping for better opportunities to travel in 2021. Conversely, many sales processes planned for 2020 seem to have been postponed, because of the limited possibility for buyers to conduct due diligence or property inspections. This hopefully allows for increased investment volumes going forward.

Close cooperation with municipalities

Transactions with municipal housing companies and housing corporations are an important part of our investment strategy and we have a substantial network and track record within this sector. Our evergreen perspective makes us an attractive buyer to municipalities and other public owners, who seek long-term partners and owners that are dedicated to the well-being of customers and local communities. After many transactions with municipal housing companies, our transaction team has solid experience of the special conditions for these transactions. We know that our proven track record of taking social responsibility beyond the expected is attractive for municipalities seeking a long-term partner.

Local transaction teams play an important role with in-depth knowledge of local market conditions and legislation, and extensive networks.

At the end of 2020, the investment team had six local transaction teams and a staff of 31 people.

New development as part of investment strategy

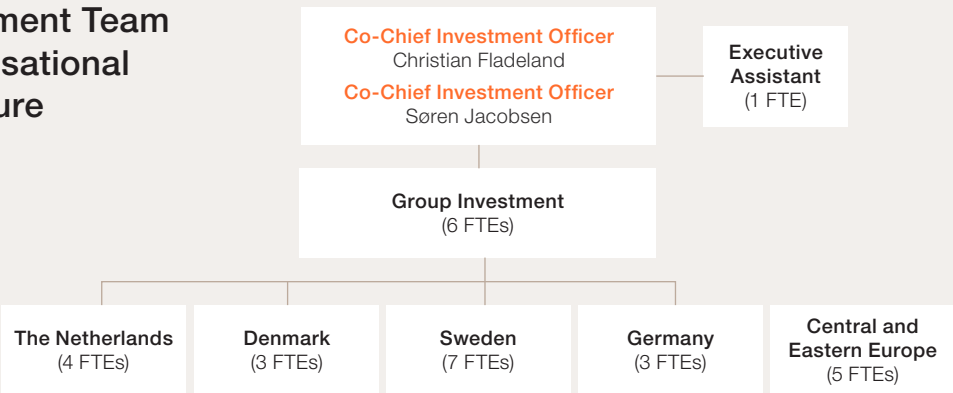
Currently, Heimstaden Bostad has approximately 4,600 residential units under construction in Sweden, Denmark and Norway and another 6,700 planned for construction during the next five years. In the Netherlands, our first forward acquisition was finalised in December 2020, converting office space into 56 residential units.

The majority of Heimstaden Bostad's development portfolio consists of build-to-rent turnkey acquisitions or joint ventures. Heimstaden Bostad will team up with developers and provide funding, thus taking on some market risk, but the developer retains all development risk, such as zoning, planning and construction risks.

In general, Heimstaden Bostad is exposed to very little development risk, but we continuously monitor and identify potential for value-add development initiatives in the existing property portfolio.

In the Scandinavian markets, Heimstaden Bostad has positive experience working with strategic partners, and will, going forward, seek to identify strategic partners in each market for potential new development projects. However, acquiring standing assets will continue to be the main driver for Heimstaden Bostad's expansion. Read more about our development projects on pages 44–45.

**Investment Team
Organisational
Structure**





Significant Transactions

Largest owner in the Czech Republic

In January, we acquired a Czech housing portfolio consisting of 4,515 properties with 42,584 apartments and 1,675 commercial premises, with 2.6 million sqm of lettable area. The acquisition made us the largest private owner of residential real estate in the Czech Republic and included a fully integrated operational platform with nearly 500 employees. The portfolio is mainly located in the Moravia-Silesia region, the most densely populated region in the Czech Republic after the capital region.

Increased presence in the Netherlands

In April, we acquired a Dutch residential portfolio consisting of 41 assets comprising 2,023 residential units and 60 commercial premises as well as adjacent parking facilities. The portfolio consists of 138,900 sqm lettable area in total and is located primarily in the Randstad region.

Complementary acquisition in Berlin

In September, we announced the acquisition of a property portfolio in Berlin consisting of 130 properties with 3,902 homes, 208 commercial units and 321 parking spaces. The lettable area is approximately 282,000 sqm. The transaction closed in January 2021.

First acquisition in Poland

In December, we entered Poland with the acquisition of two build-to-rent projects in Warsaw. The projects are scheduled for turnkey delivery in Q1 2022 and Q1 2023 and include 640 residential units, with accompanying commercial units and parking spaces.

Portfolio acquisition makes Denmark largest market

In December, we announced the acquisition of NIAM fund VI's Danish residential portfolio, branded and managed as HD Ejendomme A/S, one of Denmark's leading residential real estate companies. The acquisition included 6,237 residential units and 35 commercial properties diversified across Denmark. The acquisition closed in January 2021, after which Denmark became Heimstaden Bostad's largest market in terms of value.

Optimising the Portfolio Through Development Projects

Heimstaden Bostad aims at meeting the strong demand for residential assets through a balanced exposure to development projects. Within the coming five years, approximately 11,300 new apartments are expected to be completed.

Nygaarden/student housing

Lyngby, Greater Copenhagen, Denmark

Units: 160

Move-in: April 2021

Turnkey project



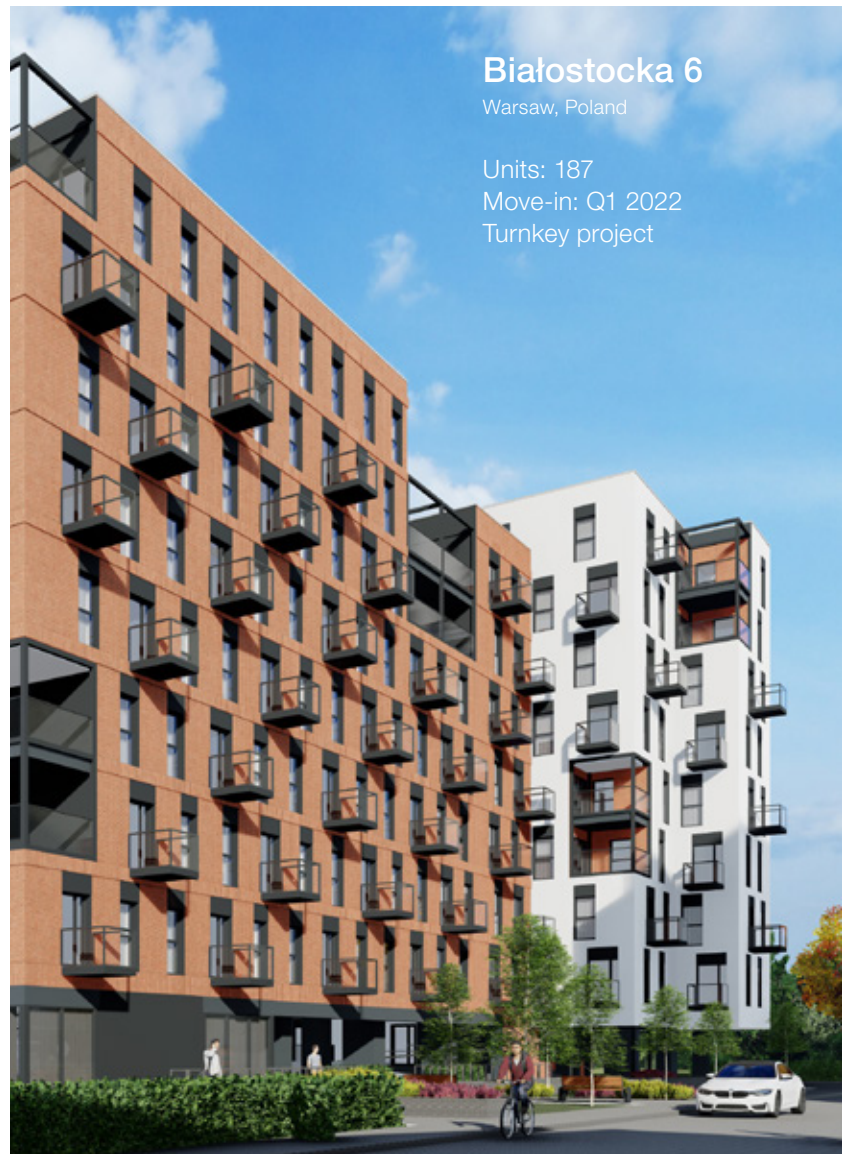
Białostocka 6

Warsaw, Poland

Units: 187

Move-in: Q1 2022

Turnkey project



While standing assets constitute the largest part of Heimstaden Bostad's property portfolio and growth, the development of new property has also increased over the years. At year-end 2020, Heimstaden Bostad had 4,600 new apartments or houses under construction and almost 9,000 additional units in the total development project pipeline.

In our portfolio of new development projects, we build modern housing in attractive locations and use sustainable materials of high quality as well as modern energy solutions. A sustainable new development asset is crucial for achieving EU's energy and environmental goals, and accordingly important for reaching Heimstaden Bostad's short and long-term sustainability targets.

A diversified portfolio of standing assets and new developments balances risks from a financial, technical and sustainability perspective. In addition, new development projects may strategically be used as a first point of entry to a new market as was the case in Poland, where Heimstaden Bostad in December 2020 announced the acquisition of a build-to-rent project that will be completed in the first quarter of 2022. The acquisition of the HD Ejendomme portfolio in Denmark, also announced in December 2020, includes nine land plots with residential planning in place. This acquisition illustrates how new development projects do not only have to come as single projects but could also be part of larger portfolio transactions.

Sustainable urban development

Heimstaden Bostad monitors market developments and identifies opportunities related to standing assets and new development projects that could complement our current property portfolio. New development projects could range from being part of a city's expansion to the densification of our own standing assets.

Our properties are an important aspect to the appearance of cities and local communities and how they are perceived. We put emphasis on maintaining a close dialogue with local governments to ensure knowledge and understanding of the municipality's development plans and how we can contribute to these. It is our ambition that our properties are part of an urban development that is sustainable from both social and environmental aspects. To achieve this ambition, we work closely with municipalities, land-owners, architects, construction contractors, banks, and other financiers.

Prerequisites for development projects vary in the markets where we are present. From an investment perspective, Heimstaden Bostad currently views the market in Oslo, Norway, as less attractive for new rental development projects due to its high property prices driven by a very strong ownership housing market. Generally, this is also the case in larger cities in the Netherlands as well as in Berlin, Germany, while land and property prices are still considered attractive in Poland and in most parts of Denmark and Sweden, making development for rental purposes more viable.

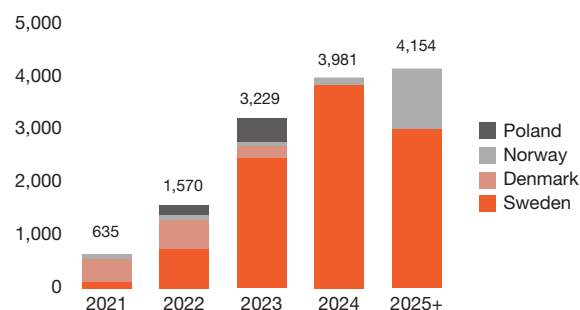
Several joint ventures

Several of Heimstaden Bostad's development projects are conducted in collaboration with strategic partners. Through joint ventures, Heimstaden Bostad can benefit from the expertise of our partners in certain areas to deliver an even stronger product to our customers, while diversifying risk at the same time.

During the year, new joint ventures were initiated with Magnolia in Hede, Sweden for 1,200 new apartments. At year end, Heimstaden Bostad's joint ventures comprised a total portfolio of 4,300 apartments either under construction or in planning phase.

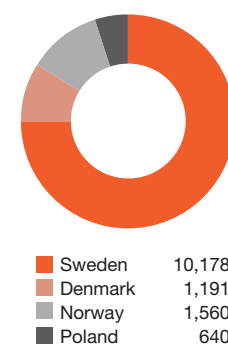
Expected Completion

Units



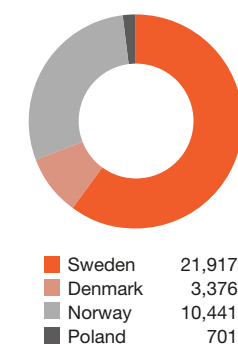
Project Distribution

Units



Estimated Fair Value as of 31 December 2020

SEK million



Increased Value Through Active Property Management

Heimstaden AB provides property- and asset management services to Heimstaden Bostad and delivers excellent service throughout the value chain, creating value for customers, communities and the company.

The principle that all property management is to be handled by in-house personnel is fundamental to our operations and entails that our customers can expect the same treatment and high level of service regardless of where they live. At the end of 2020, the property management organisation had approximately 1,030 employees in a total of 51 offices across our six markets.

Close to our customers

When entering a new market, Heimstaden Bostad applies one of two main strategies. The first is to invest gradually and learn the market while Heimstaden organically builds an organisation. The other is that Heimstaden acquires an existing platform and integrate this into the company. When acquiring an existing platform, Heimstaden perform a thorough due diligence process and evaluate the quality and track record of the existing organisation.

In all markets, our strategy is to build a sizeable portfolio and to establish operations close to our customers. In Germany, Heimstaden Bostad has gradually built up a property portfolio over time. Following several acquisitions in Berlin in 2020, the German portfolio passed the scale threshold needed to justify the establishment of local operations and the Heimstaden Germany organisation was built up during the last four months of the year.

The acquisition in the Czech Republic earlier in the year included a fully integrated, pre-existing operational platform, which was integrated into Heimstaden Bostad following the acquisition. Although travel and meeting limitations resulted in some challenges during the year, the onboarding process ran smoothly.

Refining the customer journey

Our apartments should maintain a level of quality that makes our customers want to stay for a long time. In addition, it is important that we follow each step of our customer's journey in detail to continuously refine and improve the customer experience. Because property management is conducted in-house, we have the benefit of frequent interactions with our customers.

For facility management in particular, the janitors and contractors provide us with a deep understanding of each building and the people who live there, which allows for precise maintenance planning and property development. We are also able to offer our customers a range of value adding services, such as food deliveries and cleaning services and we facilitate contact between customers, to build a community and enhance well-being and safety. One such example is our "Hello, you are not alone" initiative in the Czech Republic, described on pages 20–21. These efforts contribute to enhancing the happi-



It is important that we follow each step of the customer journey in detail, to continuously refine and improve the customer experience

ness and life quality of our customers and in turn positively impact churn rates and wear-and-tear.

Sustainable property management

Using the concept of nudging, we provide our customers with platforms or tools for more sustainable living. This includes tips in our customer magazines and digital channels on eco-friendly cleaning, how to save energy and reduce water consumption, eco-friendly gardening, and much more.

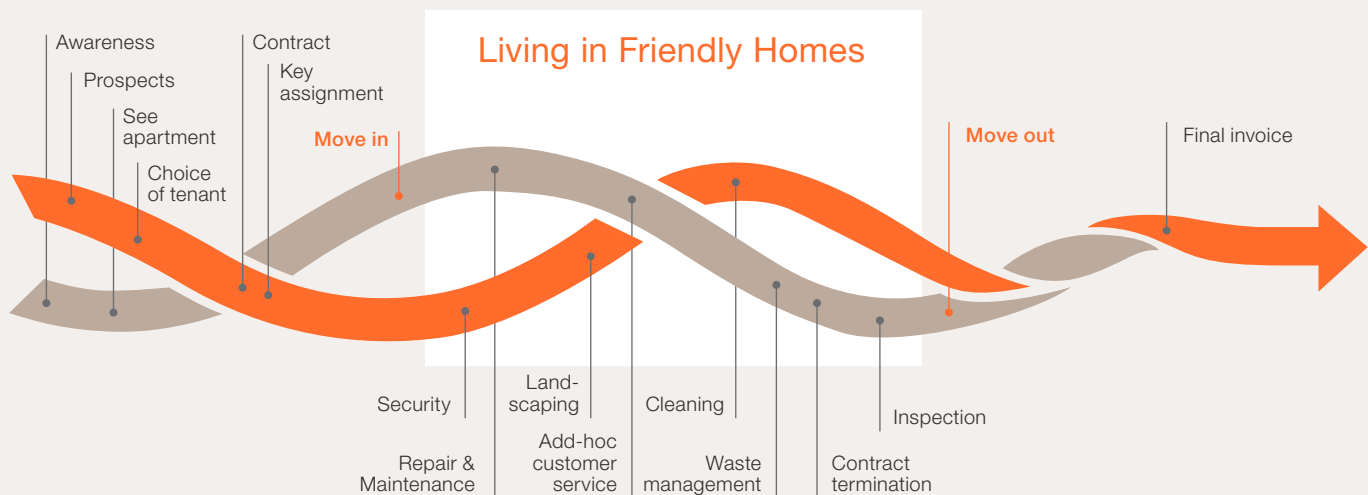
The importance of sustainability is continuously increasing and is addressed throughout our operations. We aim for environmentally friendly transportation by increasing the number of electrical vehicles and only travel when necessary to reduce mileage. We select environmentally

friendly materials and consumables, and we install solutions that reduce the consumption of water and electricity at our properties.

New organisation for asset management

The appointment in 2020 of a Chief Asset Management Officer was the starting point for a new centralised organisation for asset management. The intention is to build a small, centralised team that will support local teams in the markets in which we are present with tools and frameworks for better and more consistent asset management. The ambition is to improve the customer experience and the value of our portfolio by finding new ways of developing our standing assets and improve the quality and processes for new developments. In 2020, there was a substantial increase in the focus on apartment modernisation processes.

We are there for our customers throughout the entire customer journey



Property Portfolio

At the end of 2020, Heimstaden Bostad’s property portfolio was valued at SEK 144 billion and included 103,315 homes across six markets. The total area of the portfolio consisted of 93 percent residential real estate and 7 percent commercial real estate, primarily made up of shops and small offices located on the ground floor of the residential properties.

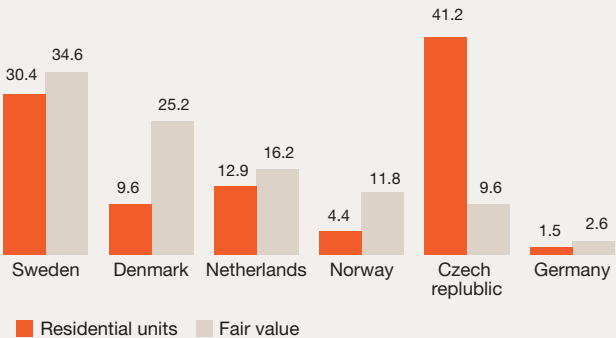
At the end of 2020, Heimstaden Bostad was present in Sweden, Denmark, the Netherlands, Norway, the Czech Republic and Germany. Market characteristics, such as geographical diversification, regulatory regimes, types of homes and customers, differ between markets, but in most of our markets, we offer a variety of different homes for customers in different situations and stages of life. By providing homes to a diverse customer base in stable markets with good demographics, we maintain a property portfolio with steady cash flows that are resilient to economic downturns.

In January 2020, Heimstaden Bostad acquired more than 42,000 apartments in the Czech Republic, making Heimstaden Bostad the largest private residential real estate company in the country. The Czech Republic is Heimstaden Bostad’s largest market measured by the number of units.

In December 2020, Heimstaden Bostad announced its first investment in Poland with the acquisition of two turnkey build-to-rent projects in Warsaw comprising a total of 640 residential units with delivery starting in 2022.

Portfolio Diversification

%



Residential Rental Income

%



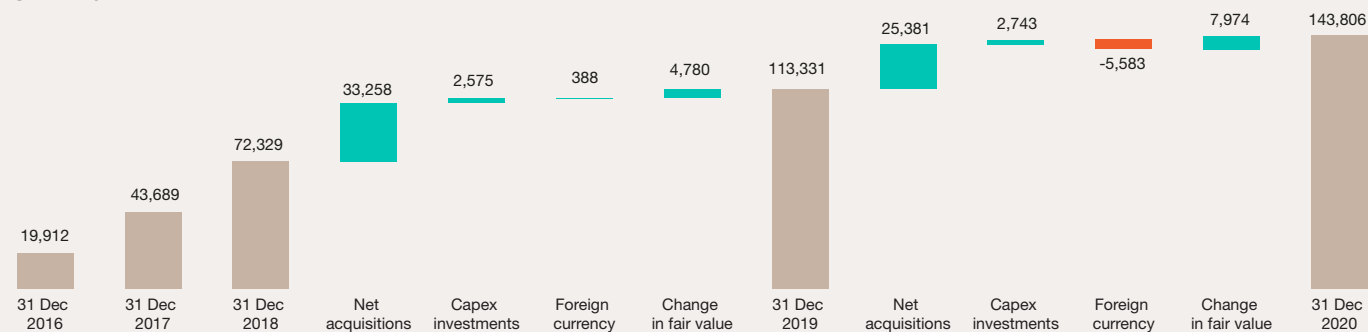


Portfolio Overview

Country	Homes	Fair Value, SEKm	Fair Value /sqm, SEK	Residential Area, %	Regulated Residential Income, %
Sweden	31,423	49,690	23,171	88.4	100.0
Denmark	9,909	36,200	41,024	95.3	15.8
Netherlands	13,353	23,365	22,121	98.5	60.0
Norway	4,590	17,008	76,556	71.6	0.0
Czech republic	42,544	13,826	5,287	96.0	38.0
Germany	1,526	3,716	33,892	90.3	89.8
Total	103,345	143,806	20,456	93.1	52.9

Fair Value of Investment Properties

SEK million



Sweden

In 2020, Sweden remained Heimstaden Bostad's largest market in terms of value. The property portfolio is geographically diversified across large and medium-sized cities throughout the country and contains different types of properties. Hence, our customer base mirrors society, ranging from students and single households to families and seniors.



During the year, Heimstaden Bostad invested in several build-to-rent projects and completed 166 new apartments. In 2021 and 2022, a further 861 apartments will be completed.

Locations

Heimstaden Bostad invests primarily in areas with population growth and well-developed infrastructure that are near to a business cluster, university or college, and where it is possible to establish critical mass that allows for economies of scale in our operations.

Challenges and opportunities

The Swedish residential rental market is fully regulated and therefore rent levels are protected from major economic fluctuations. In recent years, rapid household growth has caused demand for housing in large and medium-sized cities to increase. Combined with the introduction of mortgage-amortisation requirements and rising housing prices, this has increased demand for rental housing and resulted in a supply/demand imbalance.

Economic development

In 2020, Sweden's GDP contracted by 3.0 percent, mainly as a result of the Covid-19 pandemic, and unemployment increased from 6.8 percent in 2019 to 8.3 percent at the end of the year. Before 2020, the unemployment rate gradually declined for several years. The Swedish population continued to grow by approximately 1.4 percent in 2020. Over the last few years, due to urbanisation, growth has been higher around larger cities and business clusters, which has driven housing demand in those areas.

Source: Oxford Economics

49.6 billion

Fair Value, SEK

4.4 billion

Acquisitions, SEK

2.4 billion

Rental Income, SEK

100.0%

Regulated Residential Income

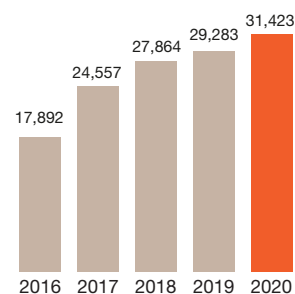
Key Figures

SEK million

	2020	2019	2018	2017	2016
Fair value	49,690	41,241	35,881	30,068	19,912
Rental income	2,444	2,222	2,008	1,478	796
Net operating income	1,254	1,065	979	718	392
Like-for-like rental growth, %	4.3	4.0	1.4	1.8	2.5
Residential letting ratio, %	98.3	98.3	98.7	99.3	99.7
Net operating income margin, %	51.3	47.9	48.8	48.6	49.3
Average valuation yield requirement, %	3.6	3.8	3.9	3.9	4.2

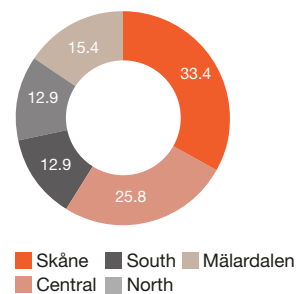
Homes

Units



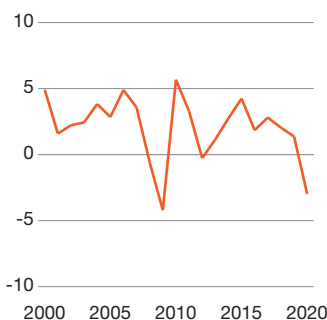
Fair Value by Region

%



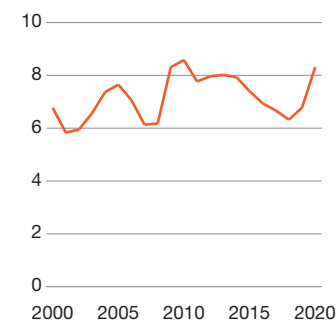
Real GDP Growth

%



Unemployment Rate

%



Denmark

Heimstaden Bostad is the largest private residential real estate company in Denmark and has historically been concentrated primarily around the capital region. Towards the end of 2020, Heimstaden Bostad announced the acquisition of a property portfolio of 6,237 residential units diversified across the country. The acquisition was closed in early 2021, after which Denmark became Heimstaden Bostad's largest market in terms of value.



A large part of the newly acquired portfolio was constructed within the last 20 years, with 34 percent completed in the last three years. According to Danish regulations, housing built after 1991 has market rent. At the end of 2020, approximately 16 percent of rental income in Denmark came from older properties with regulated rent. In addition to existing properties, Heimstaden Bostad has approximately 1,200 homes under construction, of which around 1,000 will be completed in 2021 and 2022.

Locations

At the end of 2020, 82 percent of the portfolio was located in Copenhagen, which has the country's highest population growth. The portfolio also includes residential units in Aarhus and Odense, as well as holdings in regional towns with stable purchasing power and demographics, combined with good infrastructure.

Challenges and opportunities

The Danish market is attractive due to its strong population growth and household formation in the larger cities. Competition from international investors is increasing, which impacts prices and puts pressure on yields. Because of extensive new production activity, we are seeing prolonged ramp-up periods before new production is fully let and it will typically take 3–6 months after completion to reach targeted occupancy.

Economic development

As in all markets, the Danish economy was impacted by the pandemic and GDP contracted by 4.2 percent in 2020. In recent years, Denmark has experienced decreasing unemployment rates. In 2020 however, unemployment increased to 4.7 percent, albeit from a low level of 3.7 percent in 2019. The Danish population grew by 0.4 percent in 2020. The Copenhagen area continues to drive population growth, with 1.1 percent growth in 2020, and housing demand in and around the capital has proven resilient to the effects of Covid-19, despite the negative GDP development.

Source: Oxford Economics

36.2 billion

Fair Value, SEK

1.3 billion

Acquisitions, SEK

1.5 billion

Rental Income, SEK

15.8%

Regulated Residential Income

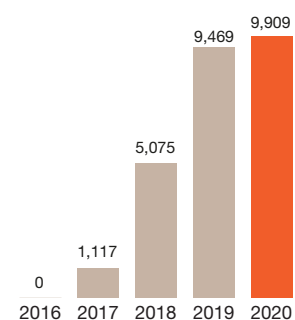
Key Figures

SEK million

	2020	2019	2018	2017	2016
Fair value	36,200	34,645	20,927	5,981	–
Rental income	1,485	1,236	619	60	–
Net operating income	962	810	403	40	–
Like-for-like rental growth, %	1.5	1.1	–	–	–
Residential letting ratio, %	94.5	94.3	94.2	91.3	–
Net operating income margin, %	64.8	65.5	65.0	67.1	–
Average valuation yield requirement, %	3.6	3.6	3.6	3.4	–

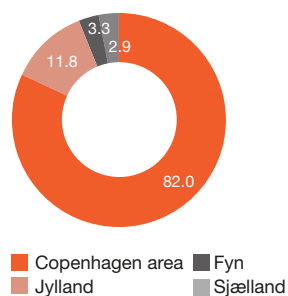
Homes

Units



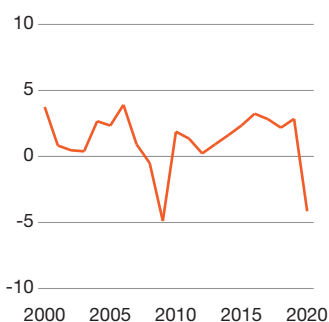
Fair Value by Region

%



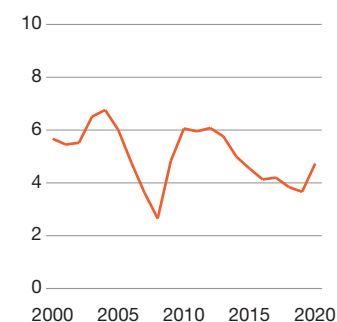
Real GDP Growth

%



Unemployment Rate

%



Netherlands

In 2020, Heimstaden Bostad made several acquisitions in the Netherlands and continued to diversify geographically throughout the country. In the Netherlands, there are several objective factors determining whether residential units are regulated or subject to free market rent. The most important factors are energy labels, the size of the unit and the WOZ value – a public valuation measure, which is a proxy for the attractiveness of the location.



It is a clear ambition for Heimstaden Bostad to have a balanced mix of regulated and unregulated residential units in the portfolio. In 2020, 269 homes became subject to market rent following renovations.

Locations

Investments in the Netherlands have been focused around large and medium-sized cities with population growth, good infrastructure and increasing purchasing power. The main part of our portfolio is located in the wider Randstad area (Amsterdam, The Hague, Rotterdam and Utrecht), which is an attractive economic hub in the Netherlands.

Challenges and opportunities

Residential prices in the Netherlands are rising, and the country continues to have a stable and attractive rental market. There is considerable competition for attractive properties in growth cities from both domestic and international investors, however, pricing remains attractive. In the short-term, an increase in the real estate transfer tax from 2 to 8 percent from January 2021 may have an impact on prices and transaction activity.

Economic development

The Netherlands is ranked as one of the most stable and competitive economies globally by the World Economic Forum and is characterised by high disposable income levels and a highly educated workforce. Over the last three years, annual GDP growth was between 1.6 and 3.0 percent, however, this trend reversed with a GDP contraction of -3.8 percent in 2020. The unemployment rate increased to 4.7 percent, a modest increase of 0.4 percentage points compared to 2019, however. Despite being one of the most densely populated countries in the EU, the urbanisation rate in the Netherlands' rate continued to increase and reached 91.9 percent at the end of the year (91.7%).

Source: Oxford Economics

23.4 billion

Fair Value, SEK

5.5 billion

Acquisitions, SEK

1.0 billion

Rental Income, SEK

60.0%

Regulated Residential Income

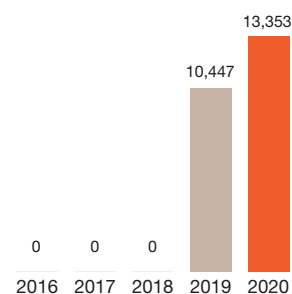
Key Figures

SEK million

	2020	2019	2018	2017	2016
Fair value	23,365	17,781	–	–	–
Rental income	1,028	172	–	–	–
Net operating income	569	93.10	–	–	–
Like-for-like rental growth, %	–	–	–	–	–
Residential letting ratio, %	96.6	96.6	–	–	–
Net operating income margin, %	55.3	54.0	–	–	–
Average valuation yield requirement, %	3.56	3.00	–	–	–

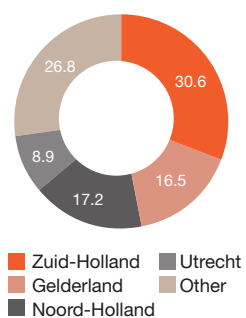
Homes

Units



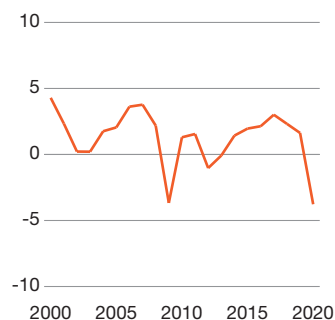
Fair Value by Region

%



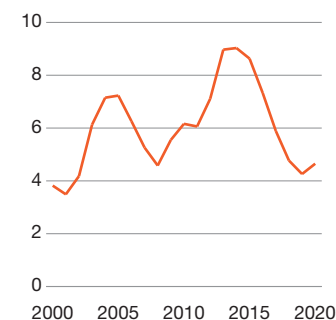
Real GDP Growth

%



Unemployment Rate

%



Norway

Heimstaden Bostad is the largest private residential real estate company in Norway, with a portfolio consisting primarily of smaller apartments and a large share of relatively young customers. In 2020, Heimstaden Bostad has not prioritised acquiring new assets in the Norwegian housing market, primarily because there have been more attractive investment opportunities in other markets.



Historically, leases in Norway have been entered into on a 3-year basis. In February 2021, Heimstaden Bostad became the first residential real estate company in Norway to introduce open-ended rental contracts, with an aim to contribute to a more predictable and stable rental market for tenants.

Locations

The portfolio is located primarily in the Greater Oslo region, where there for many years has been significant growth in households, mainly driven by a strong macro-economic development for more than 25 years.

Challenges and opportunities

The home ownership rate in Norway is among the highest in Europe, with around 80 percent of the population living in owner-occupied residential units. In recent years, the strong Norwegian tradition of home ownership has been reinforced by low interest rates combined with a low level of new construction and increased household purchasing power. As a result, the past decade has been associated with significant growth in housing prices. Upon rising interest rates, the housing market would again stabilise, and consequently increase the attractiveness of rental apartments.

Economic development

In 2020, Norway's GDP contracted by 1.3 percent on the back of the Covid-19 pandemic, and the unemployment rate increased by approximately 0.9 percentage points to reach 4.6 percent at the end of the year. In Oslo, both the population and number of households continued to grow by 1.1 percent and 2.2 percent, respectively, and Oslo was the primary driver behind the country's increasing urbanisation rate of 82.6 percent (82.3).

Source: Oxford Economics

17.0 billion

Fair Value, SEK

0.0

Acquisitions, SEK

0.7 billion

Rental Income, SEK

0.0%

Regulated Residential Income

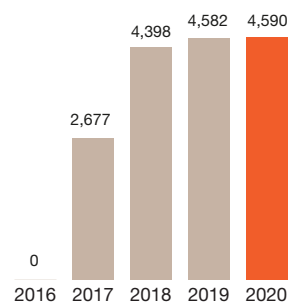
Key Figures

SEK million

	2020	2019	2018	2017	2016
Fair value	17,008	17,372	15,521	7,640	–
Rental income	665	689	604	82	–
Net operating income	432	433	369	46	–
Like-for-like rental growth, %	4.3	4.9	–	–	–
Residential letting ratio, %	93.3	97.8	97.9	95.4	–
Net operating income margin, %	65.0	62.8	61.1	56.5	–
Average valuation yield requirement, %	2.3	3.00	3.7	4.3	–

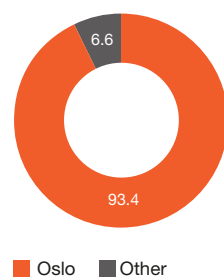
Homes

Units



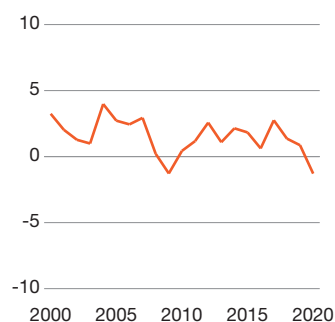
Fair Value by Region

%



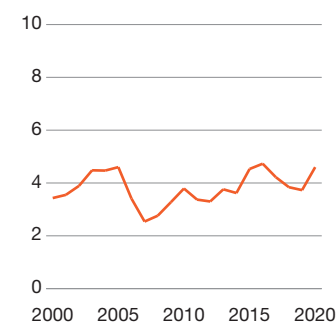
Real GDP Growth

%



Unemployment Rate

%



Czech Republic

Heimstaden Bostad entered the Czech Republic in early 2020 through the acquisition of the RESIDOMO Group, which made Heimstaden Bostad the largest private residential real estate company in the country. Measured by the number of units, the Czech Republic is Heimstaden Bostad's largest market.



In the Czech Republic there are few regulations in the rental market, and the majority of the portfolio has time-limited lease contracts with market rents. The portfolio also has a large number of commercial units integrated in the residential properties, typically on the ground floor.

Locations

The portfolio is concentrated in the Moravia-Silesia region, which is the most densely populated region in the Czech Republic after Prague.

Challenges and opportunities

Although housing prices in the Czech Republic are rising, price levels in the Moravia-Silesia region continue to be some of the most affordable in the country and have historically been less volatile than the country average. Before the Covid-19 pandemic, the development of the Czech economy had been positive for many years, and this positive trend is expected to resume in the medium to long-term.

Economic development

The Czech Republic is one of the most developed industrial economies in Central and Eastern Europe and, over the last few years, the Czech GDP has been among the fastest growing in Europe. In 2020, the GDP contracted by 5.7 percent and unemployment increased to 3.6 percent from 2.8 percent in 2019. The Czech Republic thus has the lowest unemployment rate of all Heimstaden Bostad's markets. While consumer confidence took a hit due to Covid-19, estimated inflation rate in 2020 was approximately 2.5 percent.

Source: Oxford Economics

13.8 billion

Fair Value, SEK

1.2 billion

Rental Income, SEK

13.0 billion

Acquisitions, SEK

38.0%

Regulated Residential Income

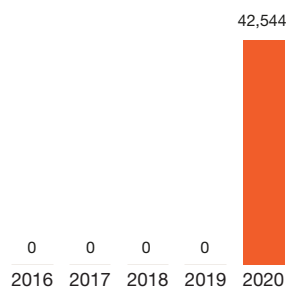
Key Figures

SEK million

	2020	2019	2018	2017	2016
Fair value	13,826	–	–	–	–
Rental income	1,208	–	–	–	–
Net operating income	645	–	–	–	–
Like-for-like rental growth, %		–	–	–	–
Residential letting ratio, %	91.5	–	–	–	–
Net operating income margin, %	53.4	–	–	–	–
Average valuation yield requirement, %	5.3	–	–	–	–

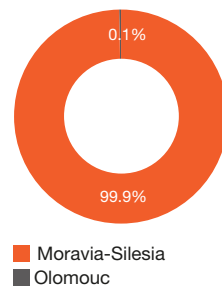
Homes

Units



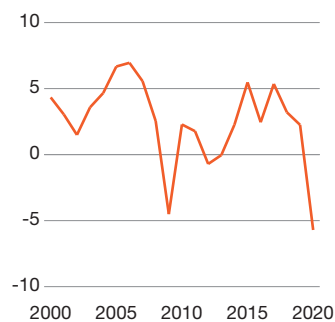
Fair Value by Region

%



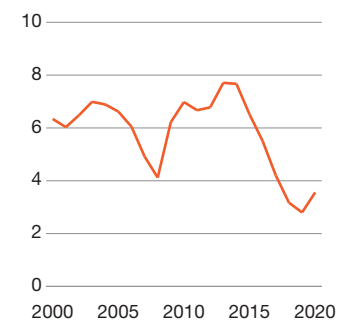
Real GDP Growth

%



Unemployment Rate

%



Germany

After acquiring its first portfolio in Berlin in 2018, Heimstaden Bostad made several acquisitions in 2020. The largest transaction consisted of 3,902 homes, which was announced in September and closed in January 2021.



From January 2021, Heimstaden Bostad took over management of the new Berlin portfolio, in line with the business model for in-house property management in all markets. The German portfolio contains different types of apartments, which results in a diverse customer base.

Locations

Most of the portfolio is located in Berlin, with some holdings in Bielefeld. Berlin is experiencing strong population growth and a significant housing shortage, which have caused a significant increase in housing prices as well as market rents. Bielefeld is a university town with a prosperous business community.

Challenges and opportunities

A fierce local debate in Berlin about increasing house prices and rents has led to many regulations, such as the freezing of rent levels until 2025. This has caused an immediate negative impact on property investments and renovations, with short-term uncertainty that has created a good environment for potential acquisitions. Heimstaden Bostad has an evergreen perspective and is therefore less concerned with short-term uncertainty, but rather focused on supportive long-term fundamentals and attractive relative pricing.

Economic development

Germany is Europe's largest economy and characterised by a large, export-oriented industrial sector. In 2020, German GDP contracted by 3.9 percent and the unemployment rate grew from 5.0 percent in 2019 to 5.9 percent at the end of 2020. Total population growth in Germany was 0.1 percent, however, both the population and the number of households in Berlin continued to grow by 0.8 percent and 0.6 percent, respectively, which shows that Berlin remains a popular city to live, with ample housing demand.

Source: Oxford Economics

3.7 billion

Fair Value, SEK

1.3 billion

Acquisitions, SEK

0.1 billion

Rental Income, SEK

89.8%

Regulated Residential Income

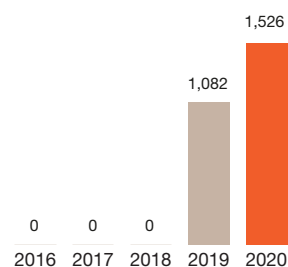
Key Figures

SEK million

	2020	2019	2018	2017	2016
Fair value	3,716	2,292	–	–	–
Rental income	101	1	–	–	–
Net operating income	32	1	–	–	–
Like-for-like rental growth, %	–	–	–	–	–
Residential letting ratio, %	96.5	97.4	–	–	–
Net operating income margin, %	31.4	58.8	–	–	–
Average valuation yield requirement, %	1.9	2.2	–	–	–

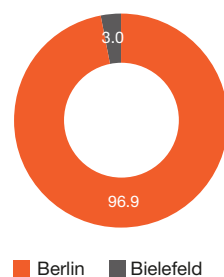
Homes

Units



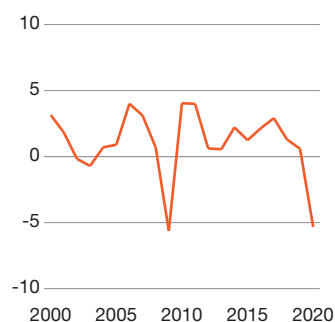
Fair Value by Region

%



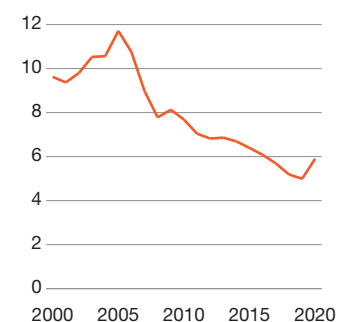
Real GDP Growth

%



Unemployment Rate

%



Well-Balanced Capital Structure

Owning, managing and developing residential real estate requires stable and favourable access to capital. We safeguard the availability of borrowed capital at attractive terms through a well-diversified financing structure and by owning high-quality properties, which generate solid cash flows.

Residential real estate accounts for 93 percent of Heimstaden Bostad's total lettable area. The real economic letting ratio for residentials was 97.5 percent in 2020. Furthermore, 53 percent of rental income is generated from apartments with regulated rent, entailing low risk of negative rent adjustments. Hence, the portfolio is characterised by solid and highly stable operational cash flows. These predictable cash flows are an important aspect of what makes residential real estate attractive collateral to credit providers. Furthermore, Heimstaden Bostad mainly owns centrally located residential properties in growth regions with strong macroeconomic fundamentals, which provide further comfort and lowers Heimstaden Bostad's credit risk.

Policies

The financial policy is determined by the Board of Directors and reviewed annually. It serves as a framework for the management of the company's financial risks, such as liquidity, refinancing, foreign currency and interest rate risks. The purpose is to guide the financial management of the company and ensure that the financial risks of the company are under control without restricting the capacity to act on commercial opportunities. Read more about financing opportunities and risks on page 66–71.

Capital structure

The choice of capital structure, i.e., the relationship between equity and borrowed capital, is of great importance to Heimstaden Bostad's devel-

opment and operations. The access to long-term capital is fundamental to successfully acquire, develop and manage real estate and changes in the capital structure affect the company's financial risks and earnings capacity. We therefore continuously and proactively work to maintain a structure that promotes trust and confidence among capital market participants.

At the end of 2020, total asset value was SEK 156,926 million, which was financed through SEK 77,741 million in equity and SEK 79,185 million in liabilities. The total liabilities were made up of SEK 71,390 million in interest-bearing debt and SEK 7,795 million non-interest bearing debt, of which 4,212 referred to deferred tax. The net loan-to-value ratio was 40.2 percent (44.8) and the equity ratio was 49.5 percent (47.3).

Interest-bearing liabilities

In 2020, Heimstaden Bostad's total interest-bearing debt increased by SEK 12,034 million to SEK 70,780 million (58,746), of which 43 percent (31) were unsecured bonds, 30 percent (34) were mortgage loans and 27 percent (35) were traditional bank loans. The increase was driven primarily by property acquisitions. Net debt increased to SEK 64,175 million from 57,977. Available but undrawn credit facilities with banks amounted to SEK 14,627 million (10,269) at the end of the year.

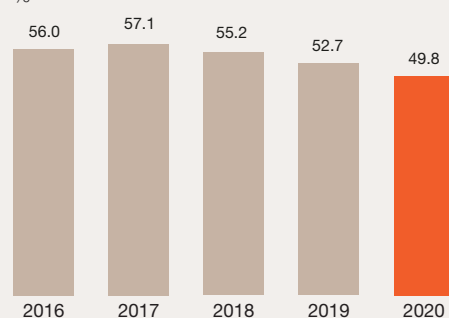
Financial policy

	Policy	31 Dec 2020
Interest coverage ratio, rolling 12 months, multiple	≥ 1.5	2.9
Equity ratio, %	≥ 30	49
Average loan tenor, months	≥ 15	126
Loan maturity in individual year, %	≤ 40	13
Share of loans from individual lender, %	≤ 40	12
Interest rate hedge, %	≥ 75	80
Net Debt / Net Debt + Equity ¹ , %	45-55	50
Quick ratio, %	≥ 125	149

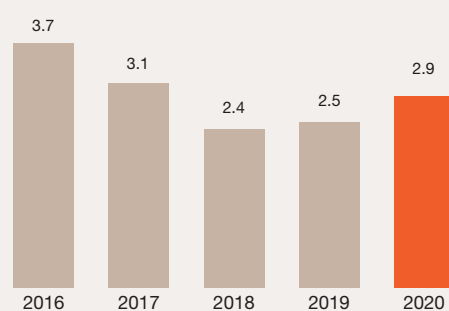
¹ As defined by S&P Global Ratings, with 50 percent of the capital attributable to hybrid bonds classified as debt and 50 percent classified as equity. See page 84 for more details.

Net Debt / Net Debt + Equity

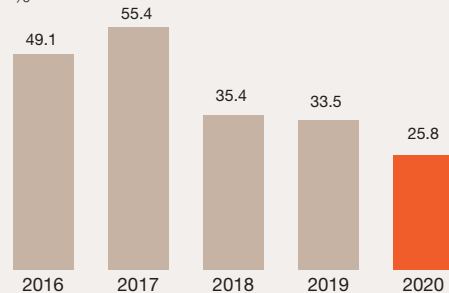
%

**Interest Coverage Ratio**

Multiple

**Secured Loan-to-Value**

%

**Official credit rating**

Since 2018, Heimstaden Bostad has held an official credit rating from Standard & Poor's Global Ratings (S&P). In December 2020, we received an upgrade from S&P to 'BBB' with stable outlook. This credit rating serves as a stamp of quality for the company's credit and promotes confidence for lenders and other stakeholders. Important rating criteria, such as key financial ratios and the ongoing management of the debt portfolio are monitored by S&P on a continuous basis.

The recent upgrade to 'BBB' was the result of a strengthened residential portfolio, enhanced earnings base and strong financial discipline and is expected to further improve access to capital. Heimstaden Bostad has an ambition to achieve a credit rating of 'BBB+' over time. S&P provides a more detailed description of its rating criteria on its website, www.standardandpoors.com. For more information on the credit rating, visit www.heimstadenbostad.com.

Capital market issues

In December 2018, after the company received its official credit rating, Heimstaden Bostad established a Euro Medium Term Note (EMTN) programme, a framework for issuing bonds up to EUR 4.0 billion in Nordic currencies and EUR and in August 2020, the programme was extended to EUR 8.0 billion. In 2020, the company also established a financial special purpose vehicle (SPV) in the Netherlands, Heimstaden Bostad Treasury B.V. ("Treasury B.V."), with the express purpose of issuing bonds that are eligible for the European Central Bank's ("the ECB") Corporate Sector Purchase Programme (CSPP). Any issue of bonds by Treasury B.V. is part of the EMTN programme and unconditionally guaranteed by Heimstaden Bostad AB.

In 2020, Heimstaden Bostad issued bonds corresponding to SEK 16.5 billion with tenors ranging from 2022 to 2036. The issued amount was used for general corporate purposes, such as the refinancing of existing debt and to finance various acquisitions made during the year. In 2020 Heimstaden Bostad also issued EUR-denominated hybrid capital of EUR 500 million, in addition to the already outstanding EUR-denominated hybrid capital of EUR 800 million. The new hybrid capital is a subordinated perpetual bond with first opportunity for redemption in 2026. The hybrid bond is classified as 100 percent equity under IFRS and as 50 percent equity and 50 percent debt by S&P. In addition, Heimstaden Bostad had SEK 1,690 million in SEK-denominated Commercial Paper outstanding with tenors from 3–6 months.

As of 31 December 2020, Heimstaden Bostad had outstanding senior unsecured bonds amounting to SEK 30,317 million, which were listed on Euronext Dublin and the Oslo Stock Exchange:

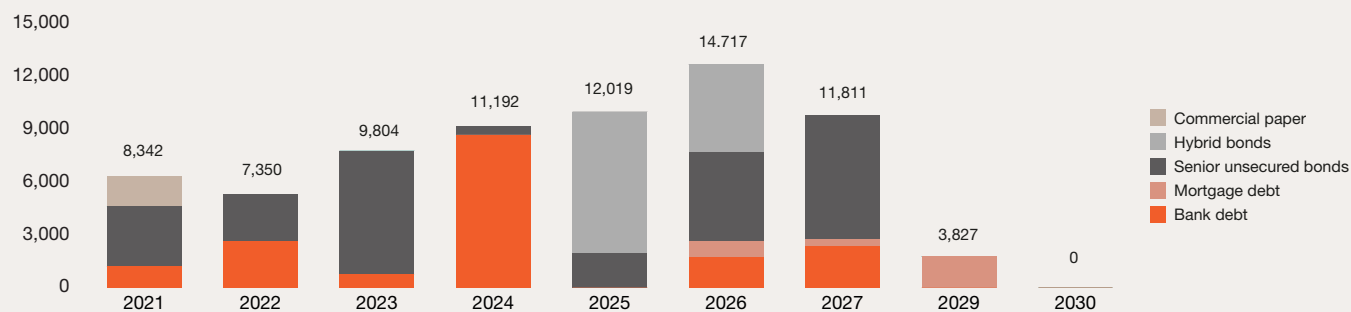
ISIN Code	Currency	Amount (million)	Coupon/spread	Start date	Maturity date	Listing
NO0010838899	NOK	500	Nibor 3m + 240 bps	2018-12-07	2024-06-07	Oslo Børs
XS1918007458	EUR	500	1.75%	2018-12-07	2021-12-07	Euronext Dublin
XS1918010833	SEK	1,000	Stibor 3m + 200 bps	2018-12-07	2022-09-07	Euronext Dublin
XS1958655745	EUR	700	2.13%	2019-03-05	2023-09-05	Euronext Dublin
XS2105772201	EUR	500	1.13%	2020-01-21	2026-01-21	Euronext Dublin
XS2168047087	EUR	30	2.80%	2020-05-04	2035-05-04	Euronext Dublin
XS2161838276	EUR	50	2.80%	2020-05-04	2035-05-04	Euronext Dublin
XS2179086983	SEK	1,200	Stibor 3m + 175 bps	2020-05-26	2022-05-26	Euronext Dublin
XS2194280736	SEK	500	Stibor 3m + 130 bps	2020-06-29	2022-12-29	Euronext Dublin
XS2225207468	EUR	700	1.38%	2020-09-03	2027-03-03	Euronext Dublin
XS2259800121	SEK	800	Stibor 3m + 130 bps	2020-11-25	2025-02-25	Euronext Dublin
XS2259781230	SEK	400	1.37%	2020-11-25	2025-02-25	Euronext Dublin
NO0010906951	NOK	400	2.02%	2020-11-25	2025-02-25	Oslo Børs
NO0010906944	NOK	400	Nibor 3m + 135 bps	2020-11-25	2025-02-25	Oslo Børs

BBB rating

Heimstaden Bostad AB is rated 'BBB' with stable outlook by S&P Global Ratings.

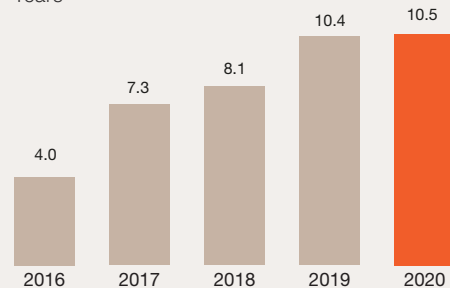
Debt Maturity Profile

SEK million



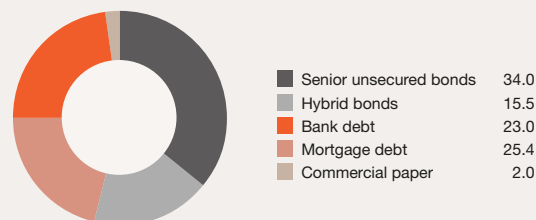
Average Loan Tenor

Years



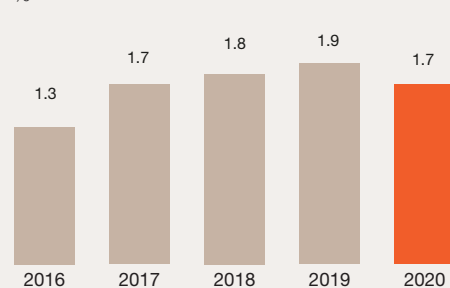
Debt distribution

%



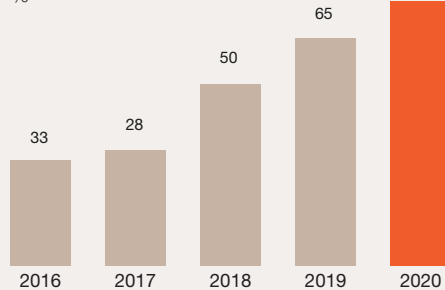
Average Interest

%



Hedge Ratio

%



In 2020, to offer improved credit quality, the Board of Directors of Heimstaden Bostad decided to increase the minimum hedge ratio to 75 percent.

Heimstaden Bostad's Risk Management Framework

Property ownership and management expose operations to a number of external and internal risks which may impact Heimstaden Bostad's profitability and strategic growth ambitions. Negligence towards the environment, property, operations or individuals may lead to unwanted media publicity or damage to our brand and reputation. Heimstaden Bostad therefore works systematically to identify and limit risks while achieving its objectives.

Risk management aims at minimising risks while optimising opportunities. For the risks identified, the Board of Directors and management have prepared guidelines, instructions and delegated areas of responsibility. As a result, Heimstaden Bostad has implemented a risk management framework designed to identify, assess and manage risks that are relevant to the company.

In order to assess the effect of identified risks, an internal risk rating is conducted in which each risk is assessed from the perspective of: likelihood of occurrence, estimated impact on business, and change in degree of focus on risk from previous year.

To facilitate risk management, Heimstaden Bostad has determined to classify risks into the following categories:

1. Business environment – external risks
2. Strategy – risks associated with reputation or ownership
3. Operations – risks associated with management of Heimstaden's property holdings
4. Sustainability and climate – risks associated with the environment and corporate responsibility
5. People – risks associated with people working for us and the people in and around our properties
6. Financials – Heimstaden Bostad's financing risks

Risks are defined as possible events that could have a negative impact on the company's expected economic development and, thus, could lead to a negative deviation from short-term targets and long-term strategic goals

Estimated impact of risk on business

! High impact

Change in degree of focus on risk from previous year

↓ Decreased focus on risk from previous year

→ Unchanged focus on risk from previous year

↑ Increased focus on risk from previous year










Risk assessment

A summary of our internal risk assessment is presented in the table below for our most important risks after mitigating factors. Please see sensitivity analysis in the notes.

Heimstaden's most important risks	Type of risk	Change compared to previous year
Employees and key personnel ¹	People	Unchanged focus
Environmental and climate issues	Sustainability & climate	Increased focus
Financial obligations	Financial	Increased focus
Investments	Strategic	Unchanged focus
National and supranational legislation and other regulation	External	Increased focus
Negative change in property values	Strategic	Unchanged focus
Rent and occupancy development	Operational	Unchanged focus




¹ Most employees are contracted via our close partnership with Heimstaden AB

Risk category	Exposure towards risk	Management and mitigating factors of risk
Business environment – external risks		
National and supranational legislation and other regulation  	<ul style="list-style-type: none"> · Changing tenancy law and public building law may negatively impact property management. · Changing tax legislation may impact future tax expenses. · Changing bank regulations may impact ability to access financing. · Unexpected changes to local regulations as a result of local conditions and political movements can result in restricted freedom of operational control, increased churn, and diminished brand reputation. 	<ul style="list-style-type: none"> · Active dialogue with policymakers and other stakeholders. · Monitor legislative procedures and recent court decisions. · Continuous renegotiation of credit agreements. · Broadening financing base by diversifying sources of financing.
Strategy – risks associated with reputation or the ownership of Heimstaden Bostad's property portfolio		
Customer preferences 	<ul style="list-style-type: none"> · Changing customer preferences where existing properties could become obsolete. For instance, changing preferences from inner-city to suburban location, increased sustainability awareness and higher requirements or demand for technical solutions. · Unfavourable geographical distribution with regards to population growth, urbanisation trends, and economic development could disrupt demand for Heimstaden's product offering. · The result would be less attractive properties affecting rent levels, occupancy and required yields which would lead to decreasing property values in the long-term. 	<ul style="list-style-type: none"> · Essential part of investment strategy to analyze fundamental risks of markets where we are present or considering to enter. · Continuously monitor market fundamentals, demographics, infrastructure investments, socioeconomic development, etc. · Review of property portfolio with regards to geographical exposure and changing customer preferences. · Monitor changing sustainability requirements and climate risks. · Residential is the most resilient real estate asset with the lowest risk of disruption.
Brand & reputation 	<ul style="list-style-type: none"> · Misdirected campaign that backfires, hurting our reputation and confidence among customers, employees and other target groups. · External negative campaigns towards the company's brand. 	<ul style="list-style-type: none"> · Open culture for creating the confidence to pass on information regarding any problematic state of affairs at an early stage. · Monitoring traditional and social media. · Actively communicating the company's strategy and values.
Investments  	<ul style="list-style-type: none"> · New acquisitions entail various risks regarding legal, financial, tax and technical perspectives such as ownership (title), tax liabilities, hidden technical deferred maintenance, etc. · When acquiring entire corporations (M&A) additional company specific risks could occur in the process. 	<ul style="list-style-type: none"> · All acquisitions are subject to customary due diligence from a legal, financial, tax and technical perspective. External expertise is used in areas where internal resources aren't sufficient. · If necessary a W&I insurance could be included as part of the acquisition to reduce the risk further.
Negative change in property values  	<ul style="list-style-type: none"> · The fair value of our properties depends on various items whereof some are asset specific such as rental income, operating expenses and occupancy, while some are market specific such as required exit yields and discount rates. · Declining value for property assets held at fair value will negatively impact the Income Statement. · Material negative changes in value may ultimately lead to breaching covenant terms with creditors, leading to increased cost of capital or credit falling due for payment. 	<ul style="list-style-type: none"> · Well-diversified property portfolio across six countries (macro location) and further diversity in regional locations (micro location) with strong fundamentals. · Internal and external quality assurance of property valuations. · Active asset management by in-house organization to assure swift actions if needed. · Continuous analysis of transaction market and reviews of property portfolio to identify early warning signs.
Digitalization of our work processes 	<ul style="list-style-type: none"> · Possibility of losing market share to competitors due to lack of innovation within customer engagement and services. · Productivity losses and increased churn if new technology is not properly implemented or adopted. 	<ul style="list-style-type: none"> · Investments in coordinated Group digital infrastructure supports our innovation trend, customer engagement, and reduced churn. · Enhanced focus on- and investment in country organizations that include corporate infrastructure, property management systems, internal reporting, and resource allocation.

Risk category	Exposure towards risk	Management and mitigating factors of risk
Operations – risks associated with management of Heimstaden Bostad's property holdings		
Rent and occupancy development 	<ul style="list-style-type: none"> Poor customer and property management may result in dissatisfied tenants and increased vacancies. 	<ul style="list-style-type: none"> Continuous monitoring of rental markets. Active dialogue with tenant unions. Focus on customer experience. Experienced and competent property management and leasing staff.
Property and maintenance costs 	<ul style="list-style-type: none"> Risks concerning property costs relate primarily to cost increases beyond what Heimstaden can be compensated for through contractual rents, indexation and supplementary charges for costs incurred. An increase in our churn rate (potentially as a result of an extended Covid-19 scenario) results in higher property costs and reduces revenue. Heimstaden Bostad's use of third-party management contracts reduces our ability to manage costs and control the customer experience. 	<ul style="list-style-type: none"> Continuous improvement in cost-efficiency with aid of rational technical solutions, practical initiatives and continuous follow-up. Long-term maintenance planning. Decentralizing responsibility for property maintenance. Having local presence increases knowledge of each property's needs for preventive measures. Insourcing of our operations increases our control of the customer journey, reduces costs, and lowers our churn rate. Investments in our internal reporting and management control infrastructure that allows for better management of our KPIs, cost control, and stronger preparation for future events through internal forecasting.
IT infrastructure and security 	<ul style="list-style-type: none"> Inadequate IT security may have major consequences in the form of data being destroyed, lost or confidential and personal information being leaked to the public. IT systems and hardware failure may negatively impact operations. 	<ul style="list-style-type: none"> Layered security principle with the use of two factor authentication to minimize areas for intrusion. Programmatic security systems, firewalls, antivirus and backup systems. Fleet management, platform for managing security on phones, computers, etc. Consolidation of servers into cloud based server structure.

Sustainability and climate – risks associated with the environment, corporate responsibility and/or liability risks

Environmental and climate issues 	<ul style="list-style-type: none"> Environmental risks related to Heimstaden Bostad's operations may have a footprint on the physical environment that affects people and properties, and have a negative climate impact. Inability to deliver on investors' environmental, social and governance (ESG) criteria may increase difficulty of accessing capital. Inadequate management of environmental risks could affect Heimstaden Bostad's brand, legal compliance and profits. 	<ul style="list-style-type: none"> Group-wide sustainability strategy including environmental, climate, energy and waste measures. Increased focus on impact from transportation. Increased share of renewable electricity generation. Sweden Green Building Council's "Miljöbyggnad Silver" certification, or equivalent energy performance, in new production. Green bond issuance framework established to mobilize debt capital for environmentally sustainable purposes. Detailed monitoring of legal development within the ESG field. Impose ESG requirements on suppliers and contractors.
Climate change 	<ul style="list-style-type: none"> Failure to address climate risks may lead to considerable unforeseen direct costs in the form of damaged properties and/or emergency measures and indirect costs such as interruptions in supply chain. Risk of unprofitable acquisitions if climate change considerations are not being considered within the investment process. Changes in climate and energy policies might affect our industry or company. Risk of higher costs for property insurances, raw materials, goods and services. 	<ul style="list-style-type: none"> Implemented specific climate targets within Group's strategy to reduce the company's climate impact and build resilience and climate change adaptation. Awareness of climate issues permeates the entire management structure from the Board of Directors and senior executives to individual employees. Make an inventory of the portfolio to identify where any risk of a major impact exists and to prepare action plans. Potential acquisitions are reviewed from a climate perspective. Proactive in relation to energy technology development. Follow climate research and proactive approach and analysis of effects of policy development.
Business ethical 	<ul style="list-style-type: none"> Failing to operate within the norms of corporate responsibility may cause significant damage to Heimstaden Bostad's reputation and operations, elevating the risk of losing tenants and strategic investors, as well as suffering economic losses in terms of fines or penalties. 	<ul style="list-style-type: none"> Heimstaden Bostad applies high ethical standards and integrity within its operations with zero tolerance for any forms of corruption, fraud, bribery threats or unsound employee contracts. Thorough compliance management system involving a Code of Conduct, Goes Without Saying Polic, Compliance Guidelines and a Business Partner Code. A Group-wide initiative for implementing culture and value workshops to highlight the guidelines involving business ethics, human rights and working conditions among employees.

Risk category	Exposure towards risk	Management and mitigating factors of risk
People – risks associated with our employees and the people in and around our properties		
Employees and key personnel 	<ul style="list-style-type: none"> · Heimstaden Bostad contracts Heimstaden AB as a supplier for all property management services delivered to the properties owned, except in the Czech Republic where Heimstaden Bostad has their own personnel. · The loss of key individuals in management or in other key positions poses a significant risk for a negative impact on operations and profitability. 	<ul style="list-style-type: none"> · We work with monthly employee engagement checks and monthly follow-up from managers to have an active, ongoing dialogue and monitor trends in employee satisfaction. · Succession planning – to ensure we have strategies in place to fill critical positions short and long-term are to be rolled out in 2021 with implementation of a new HR system. · Our core values – Care, Dare and Share – induces commitment throughout the organization. · Compensation packages on par with market. · Mercer IPE model to be introduced in 2021 to provide us with international as well as local benchmarks.
Work environment 	<ul style="list-style-type: none"> · An unhealthy work environment increases the risk of accidents, increased absence due to sick leave, increased costs, poor customer experience, negative impact on our employer brand and reduced internal efficiency. · Risks are both in our internal work environment (physical and psychosocial) as well as external (e.g. threats from customers and/or activist groups). · In 2020 we also saw the emergence of a new risk with the highly contagious virus Covid-19. 	<ul style="list-style-type: none"> · Increased focus and follow-up on accident reporting. · Launch of Group-wide KPIs with zero vision. · Actively promote a healthy work environment by facilitating transparency and inclusion among employees. · Usage of the monthly employee engagement surveys where we quickly can capture dissatisfaction, discrimination, bullying, etc. and take immediate action. · Advocate work-life balance. · The use of local work health councils and work groups that meet regularly to discuss work environment and identify improvement needs. · New working routines with focus on hygiene and safety as well as tools installed to enable distance leadership and working from home. · Ensure our people are equipped with the right tools/equipment when encountering threats or risks. · Ensure our people have the right knowledge on what to do and have support to manage and debrief potential risky situations.
Need for reskilling /upskilling 	<ul style="list-style-type: none"> · As the technical development is moving fast and we operate in a traditional industry, we must make sure our people are equipped with the necessary knowledge to perform our operations in the best possible way. 	<ul style="list-style-type: none"> · This year we have seen the organization adapt very fast to new ways of working and our digital savviness and maturity have increased significantly. · We will use this learning and momentum to continue to introduce digitalized tools and more efficient work processes. · A new tool introduced in 2021 will enable us to share knowledge faster across our markets. · Continued efforts in training and development, e.g. leadership development, specific programmes for selected functions and a Group-wide induction programme.

Risk category	Exposure towards risk	Management and mitigating factors of risk
Financials – Heimstaden Bostad's financing risks		
Credit risk →	<ul style="list-style-type: none"> The risk that counterparties cannot meet their obligations to Heimstaden Bostad. If a substantial number of tenants fail to pay rent, it will lead to losses and reduced liquidity. 	<ul style="list-style-type: none"> Heimstaden Bostad regularly assesses creditworthiness among suppliers and financial counterparties. Heimstaden Bostad primarily invests in residential properties where rent is paid in advance. Due to a large number of tenants, the credit risk is highly diversified.
Interest rate risk →	<ul style="list-style-type: none"> A rise in interest rates may increase financing costs for Heimstaden Bostad, resulting in lower profitability. 	<ul style="list-style-type: none"> Heimstaden uses financial derivatives, such as interest rate swaps, to hedge the majority of its floating interest rates. As of 31 March 2020, the financial policy in Heimstaden Bostad was adjusted so that at least 75 percent of the total loan amount should be fixed rate, either due to loans being fixed, or via interest rate hedging.
Refinancing and financing risk ↑	<ul style="list-style-type: none"> There is a risk that funding cannot be fully or partially obtained, or only be obtained on unfavorable terms. The corresponding risk when existing financing expires and is to be repaid is referred to as refinancing risk. 	<ul style="list-style-type: none"> To minimize financing risk, Heimstaden Bostad works with several reliable sources of funding. Long average tenor of loans. Diversified maturity structure of loans. Substantial liquidity reserves and unutilized sources of credit. Balanced loan-to-value ratio.
Changes in values of derivatives ↑	<ul style="list-style-type: none"> Changes in the value of Heimstaden Bostad's interest rate or currency derivatives arise in connection with changes in market interest rates or the exchange rate SEK/NOK, NOK/EUR or SEK/EUR. 	<ul style="list-style-type: none"> Financial policy that determines which derivative instruments may be used for hedging strategies. Only marketable instruments for which prices can be obtained may be utilized. Ongoing monitoring of market movements. Reconciliation between external and internal valuations.
Financial obligations ! ↑	<ul style="list-style-type: none"> Heimstaden Bostad's loan agreements include financial covenants that the Group needs to comply with. If Heimstaden Bostad violates any covenants in the various loan agreements it could lead to the termination of loans, the requirement for immediate repayment of loans or the relevant creditor claiming the secured assets. 	<ul style="list-style-type: none"> Established financial policy which regulates the risk mandate for credit institutions and capital markets. Compliance function which ensures, on an ongoing basis, that Heimstaden Bostad follows up on the commitments included in its loan agreements. Internal controls and external audit assures accurate reporting and information.
Uncertainty in the financial markets or tightening regulations of banks →	<ul style="list-style-type: none"> Increased uncertainty in the financial markets or regulations limiting bank lending, could restrict implementation of the company's agreed upon growth strategy and operations. 	<ul style="list-style-type: none"> Continuous dialogue with creditors aimed at securing efficient and long-term financing. Multiple sources of financing. A financial policy that establishes risk mandates.

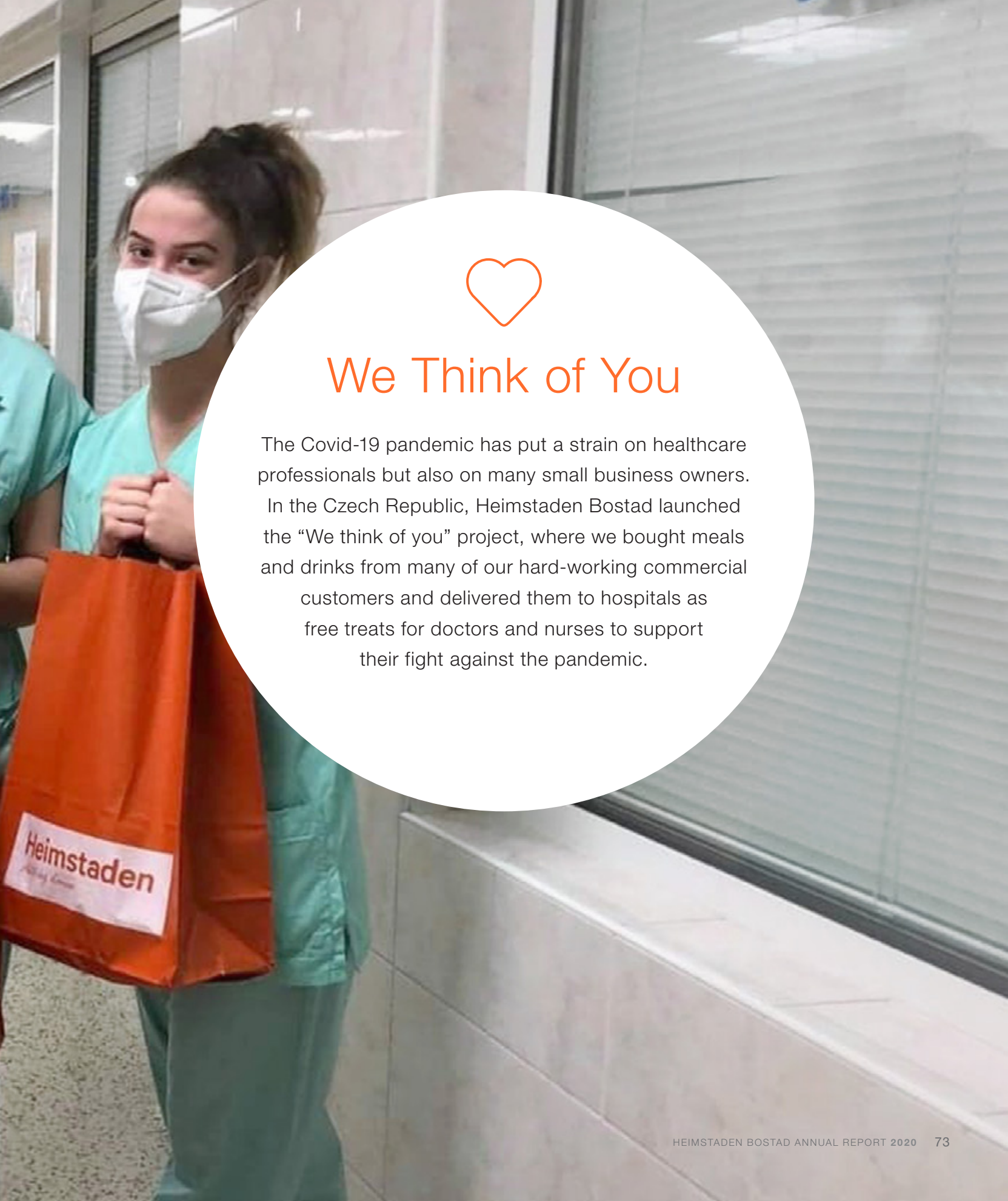




We Think of You

The Covid-19 pandemic has put a strain on healthcare professionals but also on many small business owners.

In the Czech Republic, Heimstaden Bostad launched the “We think of you” project, where we bought meals and drinks from many of our hard-working commercial customers and delivered them to hospitals as free treats for doctors and nurses to support their fight against the pandemic.



Corporate Governance and Internal Control

Good corporate governance is an important feature of Heimstaden Bostad's corporate culture and the Group's values as it strengthens the trust of our shareholders, customers, employees, and the communities that we serve. Our corporate governance model is built to support the Board of Directors and Senior Executives in their efforts to ensure sustainable success for the company through the company's day-to-day management and operations.

Heimstaden Bostad AB (publ) is a public limited company with registered offices in Malmö, Sweden with corporate bonds listed on Euronext Dublin and the Oslo Stock Exchange. Heimstaden Bostad AB applies the Annual Accounts Act's rules for corporate governance and hereby submits its Corporate Governance Report for 2020.

The responsibility for management and control of Heimstaden Bostad is distributed between the shareholders, the Board of Directors and the CEO.

The basis for corporate governance in Heimstaden Bostad

The objective of the company's operations is to own, develop, and manage properties and property-owning companies. The overarching assignment from the owner is to create value while generating a socially conscious return that is stable in the long term. This requires good corporate governance, where responsibilities are clearly distributed between the owners, the Board of Directors and management.

The Swedish Corporate Governance Code is based on the principle comply or explain, which means that all rules do not always have to be complied with if there is a reason and it is explained. Some of the Code's principles are to create a good basis for exercising an active and responsible ownership role and to create a well-adjusted balance of power between owners, the Board and the executive management, which Heimstaden Bostad views as a natural part of the principles for its operations. The Code also means that certain information should be made available on the company's website. Heimstaden applies the Swedish Corporate Governance Code with the exception of specific Code provisions detailed below:

- A nomination committee in accordance with the Swedish Code would increase administrative costs while reducing the majority shareholder control over the company. Furthermore, proposals from members are addressed directly at the Annual General Meeting, which all shareholders have the opportunity to attend.
- To meet the interests of other shareholders, the Board shall always

include at least one board member who is independent of the company and its majority shareholder.

- Heimstaden Bostad is working to achieve a balanced mix in terms of ethnicity, age and gender in its operations. Diversity in the company is addressed in the "Equal rights" policy adopted in May 2020, affirming that diversity represents a strength for the Group. Improved diversity and inclusion have the potential to further advance Heimstaden Bostad's development and profit, both at the team level and individually. See further pages 24–27.

Ownership

All ordinary shares in Heimstaden Bostad AB are held by Heimstaden Investment AB, Alecta Pensionsförsäkring, Folksam/KPA Pension, Sandviks Pensionsstiftelse, Ericsson Pensionsstiftelse, Patrik Hall and Magnus Nordholm. These shares convey 0.5 votes and one participation per share and, on the balance sheet date, totaled 6,578,058 in number, with a quota value of SEK 1.58 each, totaling SEK 10,405,816 in ordinary share capital.

The Company also has preference shares in two series, Series A and Series B. The preference shares convey one tenth of a vote and one participation each, totalling 20,317,379 in number on the balance sheet date and with a quota value of SEK 1.58, totalling SEK 32,140,020 in preference capital.

Annual General Meeting

The Annual General Meeting is the company's highest decision-making body and is where shareholders exercise their right of decision in the company's affairs. The Annual General Meeting makes decisions regarding changes to the Articles of Association and regarding changes in equity. The Annual General Meeting appoints the Board of Directors and the auditors for the company. An Extraordinary General Meeting is held if so requested by the auditor or holders of at least one tenth of all shares, or if the Board of Directors considers there to be due cause. The 2020 Annual General Meeting took place on 28 May 2020 at the company's premises on Östra Prom-

enaden in Malmö, Sweden. All shareholders participated at the Meeting, in person or by proxy. These represented 100 percent of the total votes.

Decisions by the 2020 Annual General Meeting

The complete minutes and information about the 2020 Annual General Meeting can be found at ir.heimstaden.com.

Among other things, the Meeting decided:

- That dividends be paid in accordance with the proposal by the Board of Directors and the CEO in the amount of SEK 106.197 per ordinary share, SEK 922,341.93 per Series A preference share, SEK 82.89 per Series B1 preference share issued on 10 October 2017, 16 April 2018 and 26 June 2018, SEK 62.51 per Series B1 preference share issued on 15 May 2019, SEK 42.04 per Series B1 preference share issued on 30 August 2019, SEK 17.50 per Series B2 preference share. No dividends are to be paid on Series B3 preference shares.
- Discharge from liability for the Board of Directors and the CEO for the preceding financial year. Re-election of Frans Heijbel, Stefan Attefall, Magnus Nordholm, John Giverholt, Erik Gullestad Glæsel, Christer Franzén, Karmen Mandic and Birgitta Stenmark as Board Members.
- Election of Casper von Koskull as new independent Chairman
- Election of Axel Brändström and Katarina Skalare as new Board Members.
- Appointed EY as external auditor.
- Determined the remuneration to the Board of Directors and auditors.

2021 Annual General Meeting

Heimstaden's Annual General Meeting will be held on 18 March 2021 in Malmö, Sweden. For more information about the Annual General Meeting, visit ir.heimstaden.com

Board of Directors

The overall task of the Board of Directors is to assume responsibility for organising and managing the operations, and for the financial reporting. The Board of Directors is also responsible for setting up systems for governance, internal control and risk management. The Board of Directors' work and responsibilities, and the delineation of these in relation to the work and responsibilities of the CEO are regulated by the rules of procedure and the instructions to the CEO determined by the annual statutory meeting of the Board of Directors. At Board meetings, matters of vital importance to the company are discussed, such as the adoption of a business plan for the upcoming financial year, the financial policy and policies for the governance

of operations and internal control, the work of the Board of Directors and instructions for the CEO, purchasing and issues relating to property sales and financing. The Board of Directors is also informed of the current business situation in the property and credit markets. The work of the Board has been distributed over 19 physical meetings and 9 meetings per capsulam, for a total of 28 meetings during the year.

In accordance with the Articles of Association, the Board of Directors shall consist of at least three and at most fifteen members. Board Members are elected annually at the Annual General Meeting for the period up to the end of the following Annual General Meeting.

Composition of the Board of Directors in 2020

In 2020, Heimstaden's Board of Directors consisted of eleven members elected by the Annual General Meeting, including the CEO. During the year Casper von Koskull was appointed as an independent Chairman of the Board. Other employees in the Group participate in Board meetings as necessary, reporting on specific matters. For further information about the Board Members, see page 78.

Chairman of the Board

The Chairman of the Board shall lead and control the Board's work and is responsible for the work of the Board being well organized and conducted efficiently, and that the Board meets its commitments. The Chairman monitors operations in dialogue with the CEO and is responsible for the other Board Members receiving the information and documentation necessary for high quality in discussions and decision-making, as well as verifying that the Board's decisions are implemented.

Board independence

The Board's assessment, with regard to members' dependency in relation to Heimstaden and shareholders, is presented on page 78.

Audit Committee

The Board has not appointed an Audit Committee. The Board, in its entirety, bears the responsibility in fulfilling its oversight responsibility to shareholders and others relating to:

1. The quality and integrity of
 - a. the financial statements,
 - b. the accounting and financial reporting processes of the company,
 - c. the financial statement audits,

2. the company's compliance with applicable legal and regulatory requirements,
3. the company's independent auditors' qualifications and independence,
4. ensuring that the company has adequate financial risk management and effective internal control systems.

Auditor

The Annual General Meeting appoints an auditor who examines the Annual Report, the accounting and the consolidated accounts, the administration by the Board of Directors and the CEO, as well as the annual accounts and the accounts of the subsidiaries and issues an audit report. According to the Articles of Association, the Annual General Meeting shall appoint at least one and not more than two auditors.

Auditor in 2020

Heimstaden Bostad's auditors are authorized audit firm EY, with authorized public accountant Peter von Knorring as Auditor in Charge. EY was elected by the 2020 Annual General Meeting as Heimstaden's auditor for a period of one year.

Peter von Knorring

Authorised Public Accountant, Auditor in Charge, auditor for Heimstaden since 2016.

Auditor remuneration, the Group

Total, SEK million	2020	2019
Audit	13	12
Other certification services	2	4
Tax consultancy	0	0
Other services	0	0
Total	15	16

CEO and Senior Executives

The Board of Directors appoints the CEO and annually sets instructions regulating the division of labour and responsibilities between the Board of Directors and the CEO. The CEO is responsible for the ongoing operations and for financial reporting and shall report to the Board of Directors on an ongoing basis on the company's performance relative to established control documents. The CEO is assisted by a Senior Executives consisting of the heads of the staff units.

Senior executives 2020

At the end of 2020, Senior Executives consisted of thirteen individuals including the CEO, Patrik Hall. During 2020, the Senior Executives held 11 meetings. The meetings are focused on the Group's strategic and operational development, and monitor performance. The Senior Executives is assisted by eleven departments. For further information about the Senior Executives, see pages 80–81.

ESG Governance

The Sustainable Mindset is one of our four pillars. The Senior Executives have prepared guidelines, instructions, and allocated responsibilities that are followed up on an ongoing basis. The CEO is responsible for presenting, anchoring, and following up on ESG risks at board meetings. The CEO's ESG duties are supported by the CSO. The board is expected to approve reporting standards in accordance with the EU Taxonomy in early 2021.

Internal control regarding financial reporting

The planning, governance and control of operations follow the organizational structure, with a clear delegation of responsibilities and authority. Business plans are prepared for both the Group as a whole and for the entities subordinate to the CEO.

Alongside policies, guidelines and instructions, business plans provide a framework for the governance and control of the operations. To ensure that the financial reporting provides a true and fair view of the company's results and financial position, the development of the operations is monitored in relation to this framework. Regular monitoring, combined with a close collaboration with the company's auditors, and the control and monitoring conducted through, amongst other, the annual audit and quarterly reviews are considered sufficient for the assessment of the Board and for effective internal control and risk management.



Board of Directors



**Casper
von Koskull**

Principal occupation: Member of the board at European Business Leaders' Convention and Montrose Associates

Elected: 2020

Position on the Board: Chairman of the Board

Own holdings and those of related parties: None

Independent from company: Yes

Independent from main shareholder: Yes

Nationality: Finnish



**Stefan
Attefall**

Principal occupation: Member of the board at Heimstaden AB and Solidus AB

Elected: 2018

Position on the Board: Board Member

Own holdings and those of related parties: None

Independent from company: No

Independent from main shareholder: No

Nationality: Swedish



**Axel
Brändström**

Principal occupation: Head of Real Asset Investments Alecta. Member of the Board at Alecta Fastigheter and Swedish Airport Infrastructure AB

Elected: 2020

Position on the Board: Board Member

Own holdings and those of related parties: None

Independent from company: Yes

Independent from main shareholder: No

Nationality: Swedish



**Christer
Franzén**

Principal occupation: Chief Investment Officer of Ericsson Pensionsstiftelse. Member of the board at Nordkinn and of Crescit

Elected: 2019

Position on the Board: Board Member

Own holdings and those of related parties: None

Independent from company: Yes

Independent from main shareholder: Yes

Nationality: Swedish



**John
Giverholt**

Principal occupation: Member of the Board at Fredensborg AS and Heimstaden AB. Chairman of the Board at Formica Capital AB.

Elected: 2019

Position on the Board: Board Member

Own holdings and those of related parties: None

Independent from company: Yes

Independent from main shareholder: No

Nationality: Norwegian



**Erik
Glæsel Gullestad**

Principal occupation: Head of Business Development at Heimstaden AB

Elected: 2019

Position on the Board: Board Member

Own holdings and those of related parties: None

Independent from company: No

Independent from main shareholder: No

Nationality: Norwegian

Main shareholders are defined as those controlling ten per cent or more of the shares or votes in the company.



**Frans
Heijbel**

Principal occupation: Head of International Real Assets at Alecta
Elected: 2019
Position on the Board: Board Member
Own holdings and those of related parties: None
Independent from company: Yes
Independent from main shareholder: No
Nationality: Swedish



**Karmen
Mandic**

Principal occupation: Chief Marketing Communications Officer at Heimstaden AB
Elected: 2019
Position on the Board: Board Member
Own holdings and those of related parties: None
Independent from company: No
Independent from main shareholder: No
Nationality: Swedish



**Magnus
Nordholm**

Principal occupation: Deputy Chief Executive Officer at Heimstaden AB
Elected: 2013
Position on the Board: Board Member
Own holdings and those of related parties: None
Independent from company: No
Independent from main shareholder: No
Nationality: Swedish



**Katarina
Skalare**

Principal occupation: Chief Sustainability Officer at Heimstaden AB
Elected: 2020
Position on the Board: Board Member
Own holdings and those of related parties: None
Independent from company: No
Independent from main shareholder: No
Nationality: Swedish



**Birgitta
Stenmark**

Principal occupation: Head of Alternative Investments at Folksam
Elected: 2019
Position on the Board: Board Member
Own holdings and those of related parties: None
Independent from company: Yes
Independent from main shareholder: Yes
Nationality: Swedish

Senior Executives



Patrik Hall

Title: Chief Executive Officer
Employed since: 2001
In current position since: 2003
Education: Swedish Military Academy, Skövde and Stockholm
Previous experience: Negotiation Manager, Swedish Union of Tenants, Professional military officer
Holdings of preference shares: 900



Magnus Nordholm

Title: Deputy Chief Executive Officer
Employed since: 2008
In current position since: 2018
Education: MSc in Economics and Finance, Gothenburg School of Economics and Commercial Law
Previous experience: Deputy Head of Nordic Real Estate Products & Head of Structured Real Estate Financing, HSH Nordbank AG, Business Manager, HSH Nordic Finance AB
Holdings of preference shares: None



Arve Regland

Title: Chief Financial Officer
Employed since: 2019
In current position since: 2019
Education: MSc in Business, BI Norwegian Business School and MBA/Authorised Public Accountant, Norwegian School of Economics
Previous experience: CEO and CFO Entra ASA, Partner Corporate Finance ABG Sundal Collier, Manager EY
Holdings of preference shares: None



Helge Krogsbøl

Title: Chief Operating Officer
Employed since: 2018
In current position since: 2018
Education: The Norwegian School of Marketing, Oslo
Previous experience: SVP, Pandox AB GM / RDO, Benelux Thon Hotels, MP Room2Room, VPO / CEO First Hotels
Holdings of preference shares: None



Katarina Skalare

Title: Chief Sustainability Officer
Employed since: 2018
In current position since: 2018
Education: BA Social Science, Malmö University
Previous experience: Founder, Hållbart by Skalare; Sustainability strategist, Kraftringen; Manager, Sustainable Business Solutions, PwC; Head of Corporate Responsibility, E.ON Nordic; Senior Communications Manager, AstraZeneca
Holdings of preference shares: None



Suzanna Malmgren

Title: Chief Human Resources Officer
Employed since: 2017
In current position since: 2017
Education: BSc Business Administration, Uppsala University
Previous experience: Partner, Alumni and Impact Executives
Holdings of preference shares: None



Christian Fladeland

Title: Co-Chief Investment Officer
Employed since: 2019
In current position since: 2019
Education: MSc Economics, University of Copenhagen
Previous experience: Partner, Colliers International Denmark
Holdings of preference shares: None



**Søren
Vendelbo
Jacobsen**

Title: Co-Chief Investment Officer
Employed since: 2020
In current position since: 2020
Education: MSc Economics, University of Copenhagen
Previous experience: Head of real estate & infrastructure, Sampension
Holdings of preference shares: None



**Christian
Vammervold
Dreyer**

Title: Chief Communications Officer
Employed since: 2020
In current position since: 2020
Education: Economy and real estate, BI Norwegian Business School
Previous experience: Chief of communication and public affairs, Fredensborg Group; CEO, Real Estate Norway; CEO, Eie Eiendomsmedling; Chairman of the Board, NEF; Owner and CEO, In-Vest Eiendomsmedling AS
Holdings of preference shares: None



**Karmen
Mandić**

Title: Chief Marketing Communications Officer
Employed since: 2015
In current position since: 2015
Education: BSc Business Administration, Lund University
Previous experience: Global Director, Marketing and Communications, OctoFrost Group; Head of Global Brand Licensing Partnerships and Global Marketing Activation manager, Sony Mobile; Head of Marketing, Western Union
Holdings of preference shares: None



**Roger
Reksten Stølsnes**

Title: Chief Risk Officer
Employed since: 2021
In current position since: 2021
Education: PhD in Risk and Uncertainty Management, University of Stavanger, MSc in Offshore Technology, University of Stavanger, BSc in Building and Construction, Bergen University College.
Previous experience: VP and Head of Enterprise Risk Management at Telenor Group, Head of Quality and Risk at Equinor, Investment Manager at Realkapital Partners and Advisor at Holte Consulting.
Holdings of preference shares: None



**Paul
Spina**

Title: Chief Asset Management and Development Officer
Employed since: 2020
In current position since: 2020
Education: BA Economics, Fordham University
Previous experience: Head of Project Delivery at WeWork International; Development Director, Tri-State at WeWork; Project Manager Van Wagner Sports & Entertainment
Holdings of preference shares: None



**Rodin
Lie**

Title: Chief Technology Officer
Employed since: 2020
In current position since: 2020
Education: Computer Science and Psychology, University of Bergen, Officers school, Norwegian Coast Artillery (now Navy)
Previous experience: CDO Innovation Norway, Group CIO Lindorff (now Intrum), CTO Imarex-Nos (now a part of Nasdaq), Co-founder Conduct AS (now Nagarro Norway), Software Developer and IT Architect in various projects
Holdings of preference shares: None



**Erik
Glæsel Gullestad**

Title: Head of Business Development
Employed since: 2020
In current position since: 2020
Education: MSc Finance, NHH Norwegian School of Economics
Previous experience: Managing Director, Fredensborg investment team, Corporate Finance, Arctic Securities, Senior Associate, Arkwright
Holdings of preference shares: None



**Anders
Thorsson**

Title: Chief Procurement Officer
Employed since: 2019
In current position since: 2020
Education: MSc, Civil Engineering, Lund University
Previous experience: Strategic Sourcing Director Lindab, Commodity manager Traded Goods Lindab, Head of NCC Supply NCC AB, Chief Representative NCC Purchasing Group Shanghai, various purchasing manager services within NCC
Holdings of preference shares: 125

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Definitions and glossary¹

Letting ratio, residential units, %

Units leased divided by total units.

Economic letting ratio, residential, %

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

Real economic letting ratio, residential, %

Net rental income divided by gross rental income plus estimated market rent for vacant apartments, adjusted for planned vacancies related to refurbishments.

Net operating income margin, %

Net operating income as a share of rental income.

Residential area as of the statement of financial position date, %

Residential area divided by total area.

Interest coverage ratio (ICR), multiple

Profit before financial items plus financial income divided by financial expenses attributable to interest-bearing liabilities.

Equity ratio, %

Total equity as a share of total assets.

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

Net liabilities as a share of total assets.

Net loan-to-value ratio, secured loans, %

Secured loans as a share of total assets.

Net Debt / Net Debt + Equity

Net debt, lease liabilities and 50 percent of the capital attributable to hybrid bonds as a share of net debt, lease liabilities, 50 percent of the capital attributable to hybrid bonds and equity.

Net liabilities

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

Average interest rate, %

Average interest rate as of the statement of financial position date for interest-bearing liabilities, with interest rate derivatives taken into account.

Return on equity, %

Profit for the year divided by average equity.

Net asset value as of the statement of financial position date, SEK m

Total equity plus deferred tax liability.

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, excluding hybrid bonds and preference capital, divided by the number of ordinary shares outstanding as of the statement of financial position date

Equity per preference share, SEK

The rights of holders of preference shares of the liquidation value of the Company and the remaining entitlement to dividends.

Profit per ordinary share, SEK

Profit for the year excluding the profit attributable to preference shares and hybrid bonds divided by the number of ordinary shares outstanding

Like-for-like rental growth, %

Rental income adjusted for acquisitions and divestments.

Heimstaden presents certain alternative financial measures that are not defined in accordance with IFRS. Heimstaden believes that these measures provide valuable additional information to investors and management as they enable assessment of the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be considered as a replacement for measures defined in accordance with IFRS. Note [AN](#) presents the reconciliation of alternative financial measures with IFRS.

¹ Certain key ratios are calculated with particular regard to interest-bearing subordinated shareholder loans, which are reclassified and defined as equity given their financial structure.

Five-Year Summary

Group in summary 2016–2020	2020	2019	2018	2017	2016
Statement of Comprehensive Income					
Rental income	6,721	4,135	3,231	1,620	796
Property expenses	-2,828	-1,732	-1,480	-816	-404
Corporate administrative expenses	-345	-193	-140	-111	–
Other operating income and expenses	41	53	1	13	-54
Profit before financial items	3,589	2,263	1,611	706	338
Financial income	737	41	26	4	0
Financial expenses	-1,437	-1,324	-495	-367	-207
Profit from property management	2,889	980	1,142	344	132
Change in fair value of investment properties	8,122	4,834	2,562	1,776	1,542
Change in fair value of derivatives	-178	39	11	4	25
Current tax	-386	-200	-135	-35	-17
Deferred tax	-1,774	-1,193	-557	-511	-340
Profit for the year	8,673	4,460	3,023	1,577	1,342
Other comprehensive income	-4,479	279	-442	29	–
Comprehensive income for the year	4,194	4,740	2,581	1,606	1,342
Statement of Financial Position					
Investment properties	143,806	113,331	72,329	43,689	19,912
Other non-current assets	1,897	1,660	168	210	1
Current assets	11,223	6,573	3,786	928	311
Total assets	156,926	121,564	76,283	44,827	20,223
Equity	77,741	57,548	31,925	18,066	4,211
Deferred tax liability	4,212	2,526	1,356	1,025	518
Interest-bearing subordinated shareholder loans	–	–	0	–	4,188
Interest-bearing liabilities	71,390	59,564	41,593	24,828	10,940
Derivative financial instruments	447	65	0	31	35
Non-interest-bearing liabilities	3,136	2,679	1,409	877	332
Total liabilities	156,926	121,564	76,283	44,827	20,223

Group in summary 2016–2020	2020	2019	2018	2017	2016
Property-related key data					
Lettable time-weighted area, m ² thousands	6,441	3,047	2,345	1,418	752
Rental income per m ² , SEK	1,076	1,418	1,378	1,143	1,059
Operating costs per m ² , SEK	-472	-630	-631	-575	-537
Operating costs excluding administration and property tax, per m ² , SEK	-349	-486	-560	-468	-437
Net operating income, %	57.9	58.1	54.2	49.7	49.3
Financial key data					
Cash flow	3,390	2,018	1,535	491	205
Interest coverage ratio (ICR), multiple ¹	2.9	2.5	2.6	3.1	3.7
Net loan-to-value ratio, % ¹	40.2	44.8	51.5	55.1	53.6
Equity ratio, % excluding shareholder loans in equity ¹	49.5	47.3	41.9	40.3	41.5
Equity ratio, % including shareholder loans in equity	49.5	47.3	41.9	40.3	20.8
Average interest rate, %	1.7	1.9	1.8	1.7	1.3
Average fixed-interest rate maturity including derivatives, number of years ²	3.0	2.7	2.6	1.4	1.4
Average loan tenor, number of years ²	10.5	10.5	8.1	7.3	4.1
Net asset value as of the statement of financial position date	81,953	60,074	33,281	19,091	4,729
DEBT/EBITDA, multiple	19	22	21	27	32
Data per share					
Profit per ordinary share, SEK	318	1,176	795	817	890
Equity per ordinary share, SEK	3,229	2,954	4,881	3,419	2,792
Equity per preference share A, SEK	1,432,552	972,342	1,365,663	318,444	–
Equity per preference share B, SEK	2,077	2,064	103,452	100,989	–
Number of ordinary shares outstanding at the end of the period	6,578,058	5,315,502	2,429,449	1,796,144	1,507,807
Number of preference shares A outstanding at the end of the period	200	200	100	100	–
Number of preference shares B outstanding at the end of the period	20,317,179	16,027,565	203,360	117,760	–

¹ Shareholder loans are classified as equity in calculation of key data.

² Excluding interest-bearing subordinated shareholder loans and loans from majority shareholders.

Consolidated Statement of Comprehensive Income

Amounts in SEK million	Note	2020	2019
Rental income	IC 2	6,721	4,135
Property expenses	IC 3	-2,828	-1,732
Net operating income		3,893	2,403
Corporate administrative expenses	IC 4	-345	-193
Other operating income		48	11
Other operating expenses		-39	-46
Share of results from investments in associated companies and joint ventures	GS 1	32	88
Profit before financial items		3,589	2,263
Financial income	F 7	81	35
Financial expenses – interest-bearing liabilities	F 7	-1,269	-923
Financial expenses – leases	A 3	-163	-1
Other financial items, net	F 7	-4	-152
Net foreign exchange gains (losses)	F 7	656	-241
Profit from property management		2,889	980
Change in fair value of investment properties	IC 5	8,122	4,834
Change in fair value of derivatives	F 5	-178	39
Profit before tax		10,833	5,853
Current tax	T 1	-386	-200
Deferred tax	T 1 T 2	-1,774	-1,193
Profit for the year		8,673	4,460
Other comprehensive income, net (that may be reclassified to profit or loss in subsequent periods)	IC 6	-4,479	279
Other comprehensive income for the year		-4,479	279
Comprehensive income for the year		4,194	4,740
Profit for the year attributable to:			
The Parent Company shareholders		4,193	4,733
Non-controlling interests		1	7
<i>Data per ordinary share</i>			
Average number of shares	A K	6,383,342	2,967,125
Profit per ordinary share, SEK	A K	318	1,176
There is no dilution effect.			

Rental income

Rental income for the period amounted to SEK 6,721 million (4,135), which corresponds to a 63 percent increase, primarily attributable to property acquisitions in the Netherlands and the Czech Republic. The comparable property portfolio had a 3.6 percent like-for-like rental growth over the period.

The economic letting ratio for residential was 96 percent (97) in the period. Adjusted for planned vacancies related to refurbishments, the real economic letting ratio was 97 percent (99).

Property expenses

Property expenses increased by 63 percent and amounted to SEK 2,828 million (1,732), mainly due to an increased property portfolio.

Net operating income

Net operating income amounted to SEK 3,893 million (2,403) for the period, corresponding to an increase of 62 percent and a net operating income margin of 57.9 percent (58.1).

Corporate administrative expenses

Corporate administrative expenses amounted to SEK 345 million (193). The increase is mainly attributable to an increasing organisation as a result of acquisitions made during the year.

Financial expenses – interest-bearing liabilities

Financial expenses of interest-bearing liabilities for the period were SEK 1,269 million (923), driven by an increase in the debt portfolio related to acquisitions. At the end of the period, Heimstaden Bostad's interest rate hedging ratio was 80 percent (70). Despite this increase, the average interest rate as of the date of the Statement of Financial Position, including derivatives and charges for unutilised credits, decreased to 1.7 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 2.9 (2.5).

The interest rates on approximately 36 percent (30) of the loan portfolio will change within a year. All other things equal, an increase of one percent in the base rates (Stibor, Cibor, Nibor, Euribor), would increase Heimstaden Bostad's interest costs by approximately SEK 148 million (147) annually. A one percent decrease in the base rates would decrease interest costs by approximately SEK 41 million (27).

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

Other financial items

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

Net foreign exchange gains (losses)

Currency gains and losses amounted to a net gain of SEK 656 million (loss 241) and relate primarily to unrealised exchange rate differences on cash, liabilities and associated currency hedges.

Profit from property management

Profit from property management was SEK 2,889 million (980). Excluding currency gains and losses, profit from property management increased to SEK 2,234 million, corresponding to a 83 percent increase compared with the preceding year, driven primarily by acquisitions and lower cost of debt.

Change in fair value of investment properties

After currency adjustments, the change in the fair value of properties amounted to SEK 8,122 million (4,834) whereof 7,937 (4,780) 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 as of the statement of financial position date averaged 3.62 percent, compared with 3.63 percent at the end of 2019. Excluding the acquisition in the Czech Republic, the yield requirement was 3.45 percent.

Change in fair value of derivatives

In accordance with the established financial policy and interest rate hedging strategy, Heimstaden Bostad 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 (positive 39). Currency effects related to currency hedging of the Parent Company's bonds are reported on the line item Net foreign exchange gains (losses).

Tax expense

The positive value development of the property portfolio resulted in an increase of SEK 1,774 million (1,193) in deferred tax liabilities. Current tax cost amounted to SEK 386 million (200).

Other comprehensive income, net

Other comprehensive income consists of unrealised currency translation differences from the consolidation of foreign subsidiaries and amounted to a negative SEK 4,479 million (positive 279), 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	2020	2019
ASSETS			
Non-current assets			
Intangible assets	A 1	7	–
Investment properties	A 2 CL 3	143,806	113,331
Right-of-use assets	A 3	629	817
Plant, machinery and equipment		19	–
Investments in associated companies and joint ventures	GS 1	347	301
Other financial non-current assets	F 6	895	542
Total non-current assets		145,703	114,991
Current assets			
Inventory properties	A 5	1,292	865
Trade receivables	A 6	61	12
Other current receivables	A 7	2,045	1,058
Prepaid expenses and accrued income	A 8	189	294
Cash and cash equivalents	F 1 F 4	7,636	4,345
Total current assets		11,223	6,573
TOTAL ASSETS		156,926	121,564

Investment properties

As of the date of the Statement of Financial Position, the fair value of Heimstaden Bostad's property portfolio was SEK 143,806 million, compared with SEK 113,331 million at the end of 2019. During the period, properties were acquired for a value of SEK 25,445 million, 51 percent of which was in the Czech Republic and 49 percent in existing markets, primarily the Netherlands and Sweden. The total change in the fair value of properties in 2020 amounted to SEK 7,937 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. In addition, reversal of prior year impairments of inventory properties of a total of SEK 188 million was recognised on this line item in 2020.

For a more detailed description of Heimstaden Bostad's methodology for valuing properties, see pages 107–110.

Right of use assets

Right-of-use assets are primarily attributable to land leaseholds.

Other financial non-current assets

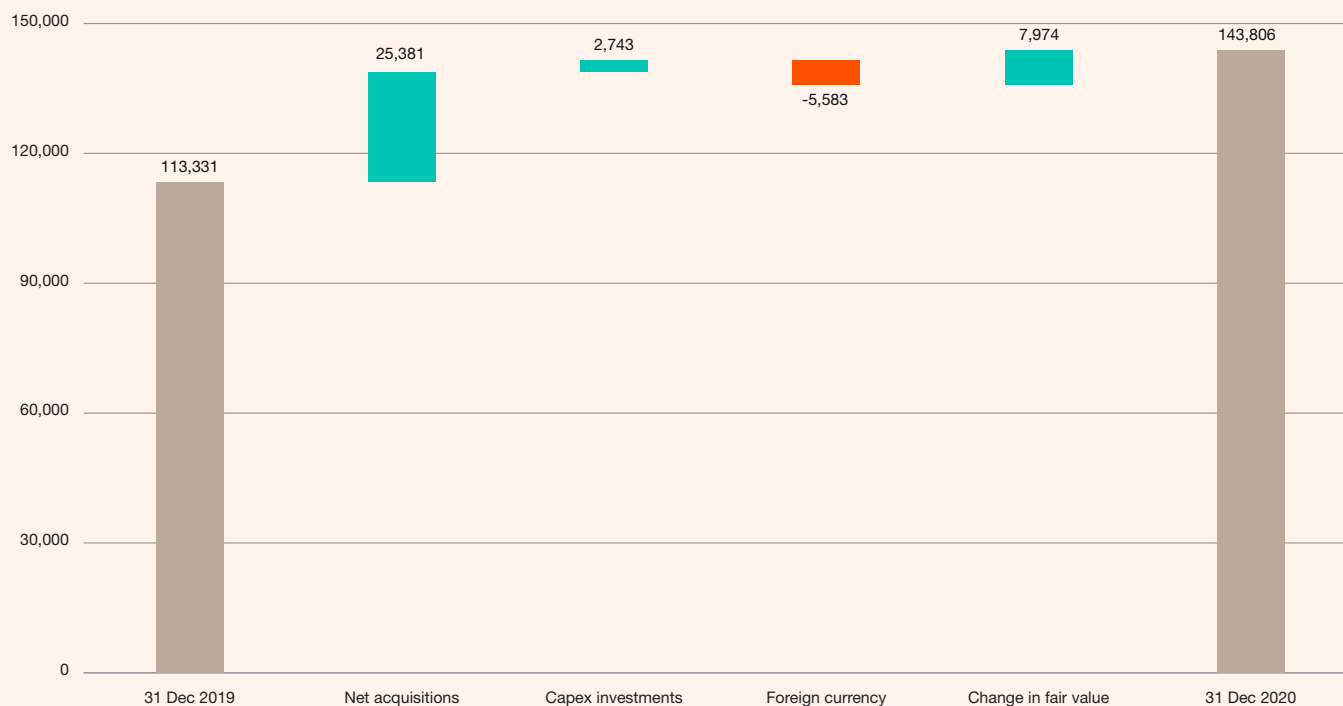
Other financial non-current assets consist primarily of investments in and receivables from associated companies and joint ventures.

Inventory properties

Inventory properties are build to sell assets and are primarily related to development projects in Norway as SEK 1,165 million (865), concerns the development of residential units in Oslo that are to be divested upon completion.

Fair Value Development of Investment Properties

SEK million



Consolidated Statement of Financial Position

Amounts in SEK million	Note	2020	2019
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	E 1		
Share capital		42	26
Unregistered new share issue ¹		0	7
Other capital contributions		52,690	39,847
Hybrid bonds		13,635	8,514
Currency translation reserve		-5,687	-1,208
Retained earnings		17,001	10,302
Total equity attributable to Parent Company shareholders		77,681	57,488
Non-controlling interests		60	59
Total equity		77,741	57,548
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings, secured	F 1 - 3	39,245	39,543
Corporate bonds, unsecured	F 1 - 3	25,213	14,066
Lease liabilities, non-current portion	A 3	610	818
Derivative financial instruments	F 1	447	65
Deferred tax liability	T 2	4,212	2,526
Other liabilities		389	-
Total non-current liabilities		70,116	57,018
Current liabilities			
Interest bearing loans and borrowings, secured, current portion	F 1 - 3	1,218	1,137
Corporate bonds, unsecured, current portion	F 1 - 3	5,104	4,000
Trade payables	F 1	414	293
Current tax liabilities	CL 1	291	228
Other current liabilities	CL 1	1,190	819
Accrued expenses and prepaid income	CL 2	852	521
Total current liabilities		9,069	6,998
TOTAL EQUITY AND LIABILITIES		156,926	121,564

¹ New share issue decision taken on 2019-10-25, registered on 2020-01-27.

Consolidated Statement of Changes in Equity

Amounts in SEK million	Share capital	Other capital contributions	Hybrid bond	Currency translation reserve	Retained earnings	Attributable to Parent Company shareholders	Non-controlling interest	Total equity
Opening balance, 1 Jan 2020	33	39,847	8,514	-1,208	10,302	57,488	59	57,548
Profit for the year	-	-	69	-	8,604	8,673	1	8,674
Other comprehensive income	-	-	-	-4,479	-	-4,479	-	-4,479
Total comprehensive income	0	0	69	-4,479	8,604	4,194	1	4,195
New share issue	9	12,843	-	-	-	12,852	-	12,852
Issue of hybrid bonds	-	-	5,189	-	-	5,189	-	5,189
Issue costs	-	-	-68	-	-77	-145	-	-145
Dividend	-	-	-69	-	-1,828	-1,897	-	-1,897
Total transactions with the company's owners	9	12,843	5,052	0	-1,905	15,999	0	15,999
Closing balance, 31 Dec 2020	42	52,690	13,635	-5,687	17,001	77,681	60	77,741
Opening balance, 1 Jan 2019	26	26,653	-	-413	5,659	31,925	-	31,925
Profit for the year	-	-	55	-	5,472	5,527	7	5,534
Other comprehensive income	-	-	-	-795	-	-795	-	-795
Non-controlling interest	-	-	-	-	-	-	52	52
Total comprehensive income	0	0	55	-795	5,472	4,732	59	4,791
New share issue	-	3,694	-	-	-	3,694	-	3,694
Ongoing new share issue	7	9,500	-	-	-	9,507	-	9,507
Issue hybrid bonds	-	-	8,523	-	-	8,523	-	8,523
Issue costs	-	-	-9	-	-	-9	-	-9
Dividend	-	-	-55	-	-829	-884	-	-884
Total transactions with the company's owners	7	13,194	8,459	0	-829	20,832	0	20,831
Closing balance, 31 Dec 2019	33	39,847	8,514	-1,208	10,302	57,489	59	57,548

Interest-bearing liabilities

At the end of the period, Heimstaden Bostad's net loan-to-value ratio was 40 percent (45). Of the total interest-bearing liabilities, 57 percent related to loans secured by property mortgages, resulting in a loan-to-value ratio for secured loans of 26 percent (33).

The total loan portfolio amounted to SEK 71,051 million (58,746) as of the date of the Statement of the Financial Position. Of this amount, 43 percent (31) consists of unsecured bonds, 30 percent (34) of mortgage loans and 27 percent (35) of traditional bank loans.

The average loan tenor of Heimstaden Bostad's interest-bearing liabilities was 10.5 years (10.5). The largest proportion of loan maturities in an individual year occurs within 3 to 4 years and accounts for 13 percent (16) of the loan portfolio. Current interest-bearing liabilities totalled SEK 6,321 million (5,137). To manage its refinancing risk, Heimstaden Bostad has unutilised lines of credit amounting to SEK 14,627 million (10,269). The average period of fixed interest, including the effect of derivatives, amounts to 3.0 years (2.7). Heimstaden Bostad issued EUR 500 million in bonds in January 2021 to partly refinance debt which matures in 2021.

Deferred tax liabilities

The positive change in fair value of the property portfolio resulted in increased deferred tax liabilities, amounting to SEK 4,212 million (2,526) as of the date of the Statement of Financial Position.

Derivative financial instruments

Derivative financial instruments consist of derivative instruments for interest rate and currency which are used to economically hedge primarily unsecured bonds.

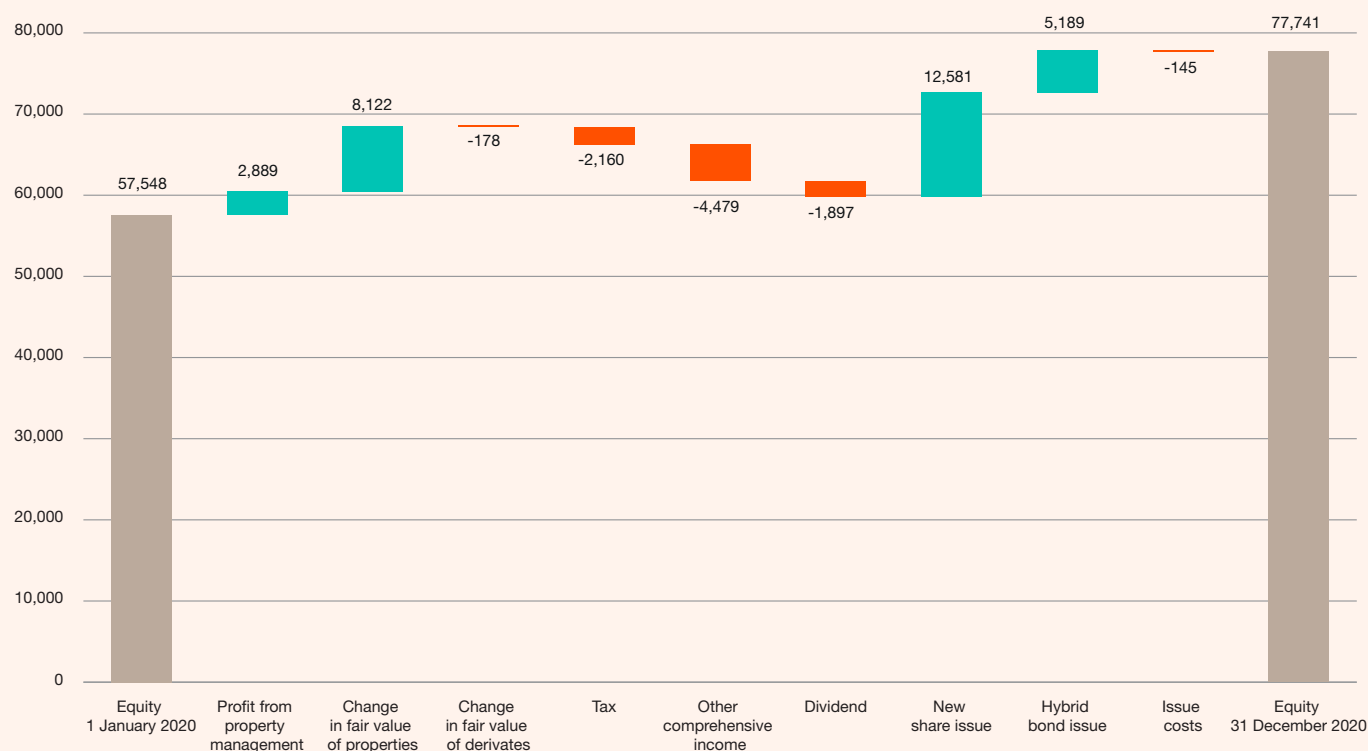
Equity

Equity amounted to SEK 77,741 million (57,548), resulting in an equity ratio of 50 percent (47). The change in equity over the period is primarily attributable to a new share issue in the second quarter of 2020.

Heimstaden Bostad is exposed to currency risk in EUR, DKK, NOK and CZK. This risk is associated with the foreign operations, and to cash and cash equivalents and financing in the Parent Company. A portion of the Parent Company's unsecured bonds in EUR has 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 Development over The Year¹

SEK million



¹ Share of results from investments in associated companies and joint ventures is allocated to the relevant item.

Consolidated Statement of Cash Flows

Amounts in SEK million	Note	2020	2019
Operating activities			
Profit before tax		10,833	5,853
Adjustments for non-cash items			
– Change in fair value of investment properties	IC 5	-8,122	-4,834
– Change in fair value of derivative financial instruments	F 5	178	-39
– Other non-cash items		-645	157
Tax paid		-320	-105
Cash flow from operating activities before changes in working capital		1,924	1,032
Change in working capital			
Change in inventory properties	A 5	0	-110
Change in current receivables		-184	-56
Change in current liabilities	CL 1	-120	41
Cash flow from operating activities		1,620	907
Investing activities			
Acquisition of investment properties	A 2	-12,705	-13,772
Capital expenditure on investment properties and development projects	A 2	-2,985	-2,575
Deposits paid for acquisitions		-1,024	-910
Proceeds from property sales	A 2	0	3
Investments in associated companies and joint ventures	GS 1	-13	-213
Proceeds from loans and borrowings to associated companies and joint ventures		-423	-468
Repayment of loans and borrowings to associated companies and joint ventures		38	–
Change in financial assets		145	-48
Cash flow from investing activities		-16,967	-17,983
Financing activities	F 8		
Proceeds from issue of share capital		12,851	13,202
Dividends paid to the Company's shareholders, preference shares		-1,828	-829
Proceeds from hybrid bonds		5,121	8,523
Interest costs and issue costs from hybrid bonds		-146	-65
Proceeds from loans and borrowings		8,024	10,755
Repayment of loans and borrowings		-5,398	-12,491
Settlement of derivative financial instruments		113	–
Cash flow from financing activities		18,737	19,096
Cash flow for the year		3,390	2,018
Cash and cash equivalents at the beginning of the year		4,345	2,313
Net currency exchange effect in cash and cash equivalents		-98	13
Cash and cash equivalents at the end of the year		7,637	4,345
Supplemental disclosures			
Interest paid		1,095	908
Interest received		180	35

Operating activities

Cash flow from operating activities, before changes in working capital, amounted to SEK 1,924 million (1,032). The increase is primarily attributable to a larger property portfolio. Including a decrease in working capital of SEK 304 million (15), cash flow from operating activities was SEK 1,620 million (1,017).

Investing activities

Cash flow from investing activities was negative in the amount of SEK 16,968 million (18,094). Most of the negative cash flow from investing activities relates to the property acquisition in the Czech Republic.

Financing activities

Cash flow from financing activities amounted to SEK 18,737 million (19,096). The amount is primarily attributable to the new issue of shares.

Cash flow for the year

Cash flow for the period amounted to SEK 3,389 million (2,018) and cash and cash equivalents amounted to SEK 7,636 million (4,345) at the statement of financial position date.

Notes to the consolidated financial statements

G GENERAL INFORMATION AND GENERAL ACCOUNTING RULES

G 1 General information

Heimstaden Bostad AB (publ), Corp. ID No. 556864-0873, is a limited liability company registered in Sweden with its registered office at Östra promenaden 7A, SE-211 28, Malmö, Sweden. Heimstaden Bostad's operations consist of owning, developing and managing residential properties.

The Annual Report and consolidated financial statements for 2020 have been approved for publication in accordance with a Board resolution of 17 March 2021 and will be approved by the Annual General Meeting on 18 March 2021.

G 2 Preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations by the International Financial Interpretations Committee (IFRIC), as adopted by the EU. In addition, the consolidated financial statements have been prepared in accordance with Swedish law through the application of the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups.

Due to rounding, numbers presented throughout this financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the exact figures.

The consolidated financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of investment property and derivative financial instruments at fair value.

Heimstaden Bostad presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Heimstaden Bostad classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The accounting policies and methods of computation followed are consistent with those of the previous financial year, except for the item disclosed below.

Rental income for the property portfolio in Norway is generated through a lease agreement with Heimstaden AS, a subsidiary of Heimstaden AB. Under the arrangement, Heimstaden Bostad receives lease payments, calculated as the

net of rental income generated by the property less its property expenses and certain administrative costs. In Q4 2020 the Company revised its presentation under the agreement to present revenues on a net basis, reflecting the variable lease payments received under the arrangement. Comparative numbers have been revised to conform to the Company's current presentation. As a result, in 2019, 186 MSEK was reclassified from property expenses to rental income and 210 MSEK in 2020. The revised presentation in 2019 did not have any impact on the Company's profit for the year, the Statement of Financial Position or the equity position.

G 3 Property acquisitions and business combinations

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business (see accounting policy below). The basis of the judgement is set out in Note G 6.

Where such acquisitions are not determined to be an acquisition of a business, the cost to acquire the corporate entity or assets and liabilities is allocated between the identifiable assets and liabilities of the entity based on their relative values at the acquisition date.

Accounting for business combinations

Heimstaden Bostad determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs. When Heimstaden Bostad acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, Heimstaden Bostad re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Heimstaden Bostad's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU.

Accounting for asset acquisitions

For acquisition of a subsidiary not meeting the definition of a business, Heimstaden Bostad allocates the cost between the individual identifiable assets and liabilities in Heimstaden Bostad based on their relative fair values as at the date of acquisition. Such transactions or events do not give rise to goodwill.

G 4 Consolidation

Subsidiaries are all entities over which Heimstaden Bostad has control. Heimstaden Bostad controls an entity when Heimstaden Bostad is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Heimstaden Bostad. They are deconsolidated from the date control ceases. All Heimstaden Bostad's companies are set to have 31 December as their year-end. Newly acquired companies that have a different year-end are changed to year-end at 31 December at the earliest opportunity.

Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Heimstaden Bostad.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, except where there are indications of impairment.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When Heimstaden Bostad ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if Heimstaden Bostad had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Associated companies and Joint ventures

Associated companies and Joint ventures are all entities over which Heimstaden Bostad has significant influence but not control or joint control. This is generally the case where Heimstaden Bostad holds between 20% and 50% of the voting rights. Investments in associated companies and joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Heimstaden Bostad's share of the post-acquisition profits or losses of the investee in profit or loss, and Heimstaden Bostad's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Where Heimstaden Bostad's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, Heimstaden Bostad does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between Heimstaden Bostad and its associates and joint ventures are eliminated to the extent of Heimstaden Bostad's interest in these entities. Unrealised losses are

also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by Heimstaden Bostad. The carrying amount of equity-accounted investments is tested for impairment if objective evidence of impairment exists. The net investment is tested as one single asset under IAS 36, by comparing its carrying amount to the recoverable amount. Recoverable amount is the higher of value in use and fair value less costs to sell.

When Heimstaden Bostad ceases equity accounting for an investment because of a loss joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if Heimstaden Bostad had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

G 5 Foreign currency

The functional currency for the Parent Company is Swedish kronor, which is also the reporting currency for Heimstaden Bostad. The financial statements are presented in Swedish kronor rounded to the nearest SEK million, unless otherwise stated.

Transactions in foreign currencies are converted to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency used in the primary economic environments where the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Non-monetary assets and liabilities that are recognised at historical cost are translated at the exchange rate prevailing on the transaction date. Non-monetary assets and liabilities that are recognised at fair value are translated into the functional currency at the rate prevailing on the date of fair value measurement.

Assets and liabilities in foreign operations are translated to Swedish kronor at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated into Swedish kronor at an average rate that represents an approximation of the prevailing exchange rates at the date of each transaction. The currency effect connected to cross currency swaps is recognised in the line item Net foreign exchange gains (losses), the currency effect on loans in foreign currency and the corresponding economic hedge is thus reported on the same line in the statement of profit and loss.

Translation differences arising on currency translation of foreign operations are recognised in other comprehensive income.

The exchange rates of the currencies relevant to Heimstaden Bostad has developed as follows.

Exchange rate used	Closing rate (Year-end rate)		Average rate	
	31 Dec. 2020	31 Dec. 2019	2020	2019
CZK	0.3824	-	0.3963	-
DKK	1.3484	1.3982	1.4064	1.4181
EUR	10.0338	10.4467	10.4838	10.5875
NOK	0.9583	1.0591	0.9779	1.0746

G 6 Key assumptions and assessments

When preparing the financial statements in accordance with IFRS and generally accepted accounting principles, Management and the Board of Directors make a number of key assumptions and assessments that affect the application of the accounting principles and the reported values of assets, liabilities, income, costs and other disclosures. These assumptions and assessments are based on historical experience and other factors that appear reasonable under the existing circumstances. The result of these estimates and assumptions is subsequently used to estimate the carrying amounts of assets and liabilities that are not otherwise clear from other sources. The actual outcome may deviate from these estimates and assessments.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which they arise if the change affects that period alone or, alternatively, in the period in which they arise and during future periods if the change affects both the period in question and future periods.

The assumptions and assessments deemed most significant mainly comprise valuations of investment properties. These valuations include estimates regarding future cash flows, return requirements, and changing conditions that could have a significant impact on Heimstaden Bostad's profit and financial position. To reflect the uncertainty that exists in the assumptions made, a range of uncertainties is usually stated in connection with property valuations.

At the time of the reporting, a best estimate is made of determining fair value. Further information on valuation documentation and valuation methods applicable to property valuation is presented in Note [A1](#) Investment properties.

G 7 Cash Flow Statements

Cash flow statements have been prepared in accordance with the indirect method in accordance with IAS 7, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.

G 8 New accounting standards

In these Financial Statements, Heimstaden Bostad applies for the first time the new and amended standards and interpretations to be applied for financial years commencing 1 January 2020 or later. None of the new and amended standards and interpretations to be applied from 1 January 2020 have had significant impact on the financial statements of Heimstaden Bostad or Parent Company. No new or amended IFRS rule has been applied retrospectively.

Amendments to IFRS 3: Definition of a Business

The amendments to IFRS 3 Business Combinations clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, they clarify that a business can exist without including all of the inputs and processes needed to create outputs. The other key amendments include:

- Removal of the assessment of whether market participants are capable of replacing any missing outputs or processes and continuing to produce outputs
- Adding guidance and illustrative examples to help entities assess whether a substantive process has been acquired
- Narrowing the definitions of business and outputs by focusing on goods or services provided to customers and by removing the reference to an ability to reduce costs
- Adding an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020. These amendments had no impact on the consolidated financial statements of Heimstaden Bostad, but may impact future periods should Heimstaden Bostad enter into any acquisition. Heimstaden Bostad expects that the amendments will reduce the number of transactions that are accounted for as a business combination.

IFRS 16 Leasing (covid-19)

One effect of the covid-19 pandemic is that the IASB published a temporary amendment to IFRS 16 in May, due to the IASB's view that revaluation of rent discounts in accordance with IFRS 16 during the ongoing pandemic can be administratively difficult and expensive for lessees.

The temporary relief means that for reducing rent payments, which are received as a direct result of covid-19, lessees do not have to make new calculations of reported leasing debt and reported right of use but can instead handle the change as if it did not constitute a change in the leasing agreement. This means that in cases where there is an unconditional forgiveness of the debt, the debt is reduced at that time. If the relief is applied, this must be stated in the financial report. The relief refers to reduced rental payments with a due date of 30 June 2021 or earlier. Heimstaden Bostad has, as of the end of 2020, not recognised any rent reductions.

IAS 1 Presentation of financial statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Since 1 January, 2020, Heimstaden Bostad has applied the clarification, in IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, regarding what information is material in the preparation of the financial statements. IAS 1 requires companies to disclose "significant" accounting principles. The IASB proposed that IAS 1 be supplemented with guidance to help companies understand what makes an accounting principle material; information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. As Heimstaden Bostad's information is considered to be adequate, the changes do not affect the accounting principles.

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance

In addition to the accounting principles specified in the Annual Report, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance has also been applied. The company received some support primarily in the form of compensation for reduced rents. This assistance was paid by the government in the form of government grants, which is why this assistance is considered meeting the criteria in IAS 20. However, the total amount received in 2020 was insignificant for the consolidated financial statements.

IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Payment flows in several different types of financial agreements and leasing agreements are often based on reference interest rates. Instruments with variable interest rates (short interest-bearing periods) such as bonds, corporate loans and interest rate swaps are often based on an IBOR (interbank offered rate) reference rate. Changes in reference interest rates give rise to a number of consequences in the accounts, which the IASB has addressed in a "two step-process" with changes in IAS 39, IFRS 7, and IFRS 9. The first phase of changes is intended to address undesirable consequences that may arise in the interim while the reform is underway. These changes took effect on 1 January 2020.

Phase 1

The changes in Phase 1 mainly deal with issues within the framework of hedge accounting of interest rate risk. The implemented simplifications of the basic rules on hedge accounting make it possible for a company that applies hedge accounting for interest rate risk to start with the simplified assumption that the existing (and unreformed) reference rate will remain unchanged during the hedging period for existing hedges and/or until the reform is completed.

Phase 2

EFRAG (EU) has approved changes on 14 Jan 2021, with effect from 1 Jan 2021.

The changes can be summarised as having been implemented as follows:

Changes	Which IFRS is changed				
	IFRS 9	IAS 39	IFRS 7	IFRS 4	IFRS 16
A. Modification of contract terms	x			x	x
B. Easings in hedge accounting	x	x			
C. Disclosure requirements			x		

G 9 Information about related parties

Related parties are both legal and physical and legal persons as defined in IAS 24. Transactions with related parties shall be conducted on commercial terms and conditions, just like other transactions. In connection with transactions, special attention shall also be paid to the guidelines on conflicts of interest.

The following are defined as related parties:

- All companies within the Heimstaden Bostad Group
- Board members and company management
- Close family members of Board members or company management
- Companies controlled by Board members or company management
- Shareholders in control of more than 10 percent of the shares or votes in the company

Related-party transactions

In addition to the related-party relationships specified for the Group, the Parent Company has a controlling influence over subsidiaries in accordance with Note **PC-GS 1** Shares in subsidiaries in the Parent Company's Statement of Financial Position.

Summary of related-party relationships

During the financial year, Heimstaden Bostad acquired administrative services from Heimstaden AB and its subsidiaries amounted to 964 million (614).

During the year, Heimstaden Bostad AB acquired properties from Group companies for SEK 0 million (120).

In 2020, Ivar Tollefsen and his family received SEK 13 million in total fees for ground rent (SEK 14 million).

Associated companies and joint ventures

Apart from the related parties described above, the Heimstaden Group owns associated companies and joint ventures according to GS1, Investments in associated companies and joint ventures.

Other

Transactions with related parties are carried out at market terms.

For details about intercompany interest income and interest expenses, see note **F 7**.

No other transactions between related parties and Heimstaden have taken place during the year.

G 10 Subsequent events

On 8 January 2021, Heimstaden Bostad issued a EUR 500 million senior unsecured bond with a maturity of two years, a call option at par after approx. one year and a floating rate of 3 months EURIBOR plus 55 bps. The issuance was completed through a club deal with European money market funds.

On 12 January 2021, Heimstaden Bostad raised SEK 4 billion in equity through a directed new share issue towards existing shareholders, Heimstaden, Alecta, Ericsson and Folksam Group.

On 26 January 2021, Heimstaden Bostad issued a EUR 800 million subordinated perpetual hybrid bond with an annual fixed rate coupon of 2.625% and a non-call period of 6.25 years. The issue was rated 'BB+' by S&P and will be accounted for as 100% equity by Heimstaden Bostad, consistent with IFRS.

For information regarding acquisitions during 2021, see Note **A 2** Investment properties.

The financial statements form part of the Annual Report and were signed by the Board of Directors and the CEO on 17 March 2021.

IC INCOME AND EXPENSES

Profit from property management

IAS 1 prescribes what information is to be reported in the statement of profit and loss and how this information may be presented. A clear practice has emerged among property management companies whereby profit from property management is recognised in a section in the statement of profit and loss, with changes in the value of properties and derivatives in a separate section between profit from property management and profit before tax.

Taking into account that Heimstaden Bostad manages and assesses its operations based on profit from property management and in view of practices within the sector, the company has chosen to report changes in the value of investment properties and derivative financial instruments in its own section between profit from property management and profit before tax.

IC 1 Segment reporting

Accounting principles

Heimstaden Bostad organises and governs its activities based on geographical areas. These geographical areas form the basis of the definition of segments. Group management at Heimstaden Bostad monitors net operating income and changes in the value of managed properties in the identified segments; other statement of profit and loss items are not distributed per segment. On the asset side, investment properties and interest-bearing liabilities are monitored.

Heimstaden Bostad has identified seven segments consisting of the geographical areas of Sweden, Denmark, Norway, Netherlands, Germany and Czech Republic. In the segments' profits, assets and liabilities have included directly attributable items and items that can be allocated to the segments in a reasonable and reliable manner. Heimstaden Bostad's business concept is to own, develop and manage residential properties and this is why no segments other than the geographical areas have been identified.

	Sweden	Denmark	Norway	Netherlands	Germany	Czech Republic	Adjustment	Group in total
	2020	2020	2020	2020	2020	2020	2020	2020
STATEMENT OF COMPREHENSIVE INCOME								
Rental income	2,444	1,485	665	1,028	101	1,208	-210	6,721
Property expenses	-1,190	-523	-233	-460	-69	-563	210	-2,828
Net operating income	1,254	962	432	569	32	645	0	3,893
Corporate administrative expenses, unallocated	-	-	-	-	-	-	-	-345
Other income and expenses	-	-	-	-	-	-	-	77
Financial income and expenses	785	-246	-38	-335	-129	-773	-	-735
Profit from property management	2,039	716	394	234	-97	-128	0	2,889
Change in fair value of investment properties	2,368	1,092	1,487	1,044	265	1,866	-	8,122
Change in fair value of derivatives	-74	21	-81	-44	-	-	-	-178
Profit before tax	4,333	1,829	1,800	1,233	168	1,737	0	10,833
STATEMENT OF FINANCIAL POSITION								
Investment properties	49,690	36,199	17,009	23,365	3,716	13,826	-	143,805
Inventory properties	-	-	1,164	-	-	-	119	1,283
Assets, unallocated	-	-	-	-	-	-	-	11,838
Total assets	49,690	36,199	18,173	23,365	3,716	13,826	119	156,926
Equity, unallocated	-	-	-	-	-	-	-	77,741
Interest bearing loans and borrowings	11,176	19,015	479	9,213	580	-	-	40,463
Corporate bonds	23,293	-	-	7,024	-	-	-	30,317
Other liabilities, unallocated	-	-	-	-	-	-	-	8,405
Total equity and liabilities	34,469	19,015	479	16,237	580	0	0	156,926
Investments in investment properties	1,651	538	20	199	27	309	-	2,745
	Sweden	Denmark	Norway	Netherlands	Germany	Czech Republic	Adjustment	Group in total
	2019	2019	2019	2019	2019	2019	2019	2019
STATEMENT OF COMPREHENSIVE INCOME								
Rental income	2,222	1,236	689	172	1	-	-186	4,135
Property expenses	-1,157	-426	-256	-79	0	-	186	-1,732
Net operating income	1,065	810	433	93	1	0	0	2,403
Corporate administrative expenses, unallocated	-	-	-	-	-	-	-	-193
Other income and expenses	-	-	-	-	-	-	-	53
Financial income and expenses	-575	-277	-399	-35	-3	-	-	-1,282
Profit from property management	491	533	34	58	-2	0	0	980
Change in fair value of investment properties	2,112	1,443	487	548	243	-	-	4,834
Change in fair value of derivatives	80	-113	15	57	-	-	-	39
Profit before tax	2,683	1,863	537	664	241		0	5,853
STATEMENT OF FINANCIAL POSITION								
Investment properties	41,241	34,645	17,372	17,781	2,292	-	-	113,331
Inventory properties	-	-	865	-	-	-	-	865
Assets, unallocated	-	-	-	-	-	-	-	7,368
Total assets	41,241	34,645	18,237	17,781	2,292		0	121,564
Equity, unallocated	-	-	-	-	-	-	-	57,548
Interest bearing loans and borrowings	12,365	17,809	823	9,301	382	-	-	40,680
Corporate bonds	14,066	-	-	-	-	-	-	14,066
Other liabilities, unallocated	-	-	-	-	-	-	-	9,270
Total equity and liabilities	26,430	17,809	823	9,301	382	0	0	121,564
Investments in investment properties	1,443	813	295	-	-	-	-	2,550

IC 2 Rental income

Accounting principles

Heimstaden Bostad earns revenue consisting of virtually exclusively rental income from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises.

No split is made between rental income and service charges to tenants, as the revenue from service charges to tenants are not significant. Service charges to tenants mainly comprise utility cost and digital services.

Lease contracts for residential units, which represent 92 percent (83) of the total contract value, are normally signed "until further notice", with a normal term of notice for the customer of three months.

Leases for commercial units are normally signed with a contract period of three to five years and are normally index-adjusted.

Rental income distributed by property category	2020	2019
Residential	6,159	3,810
Commercial	480	265
Parking	82	60
Total	6,721	4,135

Maturity, lease contracts	Contracted rent, SEK m	Proportion, %
2021	858	25
2022	263	8
2023	320	9
2024	47	1
2025 and thereafter	1,575	45
Commercial	343	10
Parking	70	2
Total	3,476	100

Letting rate	Rental value, SEK m	Rental value, SEK/sqm	Letting rate, %
Residential	6,343	1,059	96
Commercial	464	1,022	91
Parking	108	–	77
Total	6,915	1,074	95

IC 3 Property expenses

Operating costs include expenses for facility management, utility and insurance. Repairs and maintenance comprise expenditure that keeps property in efficient operating condition and expenditure that restore properties to its previous condition.

All these expenses are expensed as incurred:

Property expenses	2020	2019
Operating costs	1,519	886
Repairs and maintenance	519	409
Property tax	278	145
Direct property costs	2,316	1,626
Property administration	512	292
Total	2,828	1,732

Property expenses, SEK/m²	2020	2019
Operating costs	236	352
Repairs and maintenance	81	134
Property tax	43	48
Direct property costs	360	534
Property administration	80	97
Total	439	631

Operating costs, SEK/m2 are calculated on time-weighted area.

IC 4 Corporate administrative expenses

Corporate administrative expenses include costs at a Group-wide level that are not directly attributable to property management, such as costs for the Board of Directors, CEO, Group management and company costs pertaining to information to shareholders, for example, maintenance of the stock exchange listing and production of annual and quarterly reports. Costs for corporate administration also include remuneration to the auditors, in accordance with the table below:

EY	2020	2019
Audit	11	9
Other certification services	2	4
Tax consultancy	0	–
Other services	0	0
Total	13	13

Moore	2020	2019
Audit	2	3
Other certification services	0	0
Tax consultancy	–	–
Other services	–	–
Total	2	3

Total	2020	2019
Audit	13	12
Other certification services	2	4
Tax consultancy	0	–
Other services	0	0
Total	15	16

The audit assignment refers to the audit of the financial statements and accounting records. Other certification services primarily refer to the review of the quarterly financial statements and accounting records.

IC 5 Change in fair value of investment properties

	2020	2019
Unrealised value change attributable to change in return requirement	5,386	2,939
Unrealised value change attributable to change in net operating income	2,548	1,841
Total	7,934	4,780

In 2020, SEK 188 million (53) in impairment reversals of inventory properties was also recognised on this line item.

IC 7 Personnel and senior executives**Accounting principles**

Employee benefits in the form of salaries, paid vacation, paid absence due to illness, etc. are reported as employees perform services in exchange for compensation. Pensions and other post-employment benefits may be classified as defined contribution plans or defined benefit plans. All of Heimstaden bostad's pension obligations consist of defined contribution plans, which are met through ongoing payments to the independent authorities or organisations that administer the plans. Obligations regarding defined contribution plans expensed in the Income Statement as they are incurred.

Average number of employees	31 Dec. 2020			31 Dec. 2019		
	Women	Men	Total	Women	Men	Total
Czech republic	277	299	576	–	–	–
Total	277	299	576	–	–	–

Salaries, remuneration, social security and pension costs have been paid as follows:

	2020	2019
Other employees:		
Salaries	178	0
Benefits	9	0
Pension costs	4	0
Total	191	0
Social security costs	51	0

Remunerations

For senior executives and other employees, the customary pension commitments within the framework of general pension plans apply.

The Board of Directors and company management are presented on pages 78–81.

IC 6 Other comprehensive income

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

	2020	2019
Foreign currency translation difference	-4,479	279
Total	-4,479	279

T TAX

Accounting principles

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised directly in other comprehensive income or equity - in which case, the tax is also recognised in other comprehensive income or equity.

	2020	2019
Current tax	-386	-200
Deferred tax	-1,774	-1,193
Total	-2,160	-1,393

T 1 Current tax

Accounting principles

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the consolidated statement of financial position in the countries where Heimstaden Bostad operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

	2020	2019
Reported profit before tax	10,833	5,853
Tax according to current rate	-2,280	-1,285
Tax effect of:		
Non-taxable income	15	50
Non-deductible costs	-15	-42
Non-deductible interest net	-306	-100
Tax effect of hybrid bonds	-79	14
Tax on share in earnings from associated companies	6	19
Negative value change in properties acquired during the year	-	-42
Transaction in Other comprehensive income	417	-
Tax attributable to previous years	-44	-6
Other	126	-
Total	-2,160	-1,393

T 2 Deferred tax

Accounting principles

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying value of Heimstaden Bostad's investment property is assumed to be realised by sale at the end of use.

The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the consolidated statement of financial position regardless of whether Heimstaden Bostad would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Heimstaden Bostad and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

	2020		2019	
	Basis	Tax	Basis	Tax
Deferred tax assets				
At the beginning of the year	-896	-197	-976	-215
Corporate acquisitions	–	–	–	–
Changed tax rate	–	–	–	–
Change for the year	228	50	80	18
At the end of the year	-667	-147	-896	-197
Deferred tax liability				
At the beginning of the year	12,865	2,738	7,500	1,568
Corporate acquisitions	–	–	290	79
Depreciation for the year	139	31	241	50
Value change for the year	8,122	1,713	4,834	1,040
Changed tax rate	-203	-29	–	–
At the end of the year	20,923	4,453	12,865	2,738
Derivative financial instruments				
At the beginning of the year	-65	-15	18	3
Change for the year	-382	-80	-83	-18
At the end of the year	-447	-95	-65	-15
Net deferred tax				
At the beginning of the year	11,904	2,526	6,542	1,356
Corporate acquisitions	–	–	290	79
Change for the year	7,905	1,686	5,072	1,091
At the end of the year	19,809	4,212	11,904	2,526

Capitalised tax loss carryforward relates to measured tax loss of million SEK 667 (896).

A ASSETS

A 1 Intangible assets

Licences: Separately acquired licences are shown at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Heimstaden Bostad amortises intangible assets with a limited useful life, using the straight-line method over 3-5 years.

	Licenses
Cost as of 1 January 2020	–
Additions due to business combinations	37
Additions	2
Changes in value from currency translation	-1
Cost as of 31 December 2020	38
Accumulated amortisation as of 1 January 2020	
Additions due to business combinations	-30
Amortisation in reporting year	-3
Disposals	1
Accumulated amortisation as of 31 December 2020	-31
Carrying amount as of 31 December 2020	7

A 2 Investment properties

Accounting principles

Investment property comprises completed property (standing assets), property under development (construction or re-development) and land and building rights, that is held, or to be held, to earn rentals or for capital appreciation or both.

Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, brokers fees and professional fees for legal services.

Borrowing costs that are directly attributable to the construction or re-development of assets that takes a substantial period of time to get ready for its intended use are capitalised.

Subsequent to initial recognition, investment property are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction

for which the fair value cannot be determined reliably, but for which the Company expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- the provisions of the construction contract
- the stage of completion
- whether the project/property is standard or non-standard
- the level of reliability of cash inflows after completion
- the development risk specific to the property
- past experience with similar construction
- status of construction permits

Management has decided that investment properties under construction are eligible for fair value measurements once all three following criteria are fulfilled:

- Administrative authorisations needed to complete the project are obtained
- The construction has started and costs are committed toward the constructor
- Substantial uncertainty in future rental income has been eliminated.

Transfers are made to (or from) investment property only when there is evidence of a change in use. For a transfer from investment property to inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Company considers as evidence the commencement of development with a view to sale (or inception of an operating lease to another party).

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

	31 Dec. 2020	31 Dec. 2019
Fair value at the beginning of the year	113,331	72,329
Acquisitions	25,445	33,261
Investments	2,743	2,575
Disposals	-65	-3
Foreign currency translation	-5,583	388
Fair value gain	7,934	4,780
Fair value at the end of the year	143,806	113,331
Breakdown by category		
Standing assets	141,433	112,098
Development (build or redeveloped to rent)	2,074	1,152
Land and building rights	298	81
Total	143,806	113,331

External valuation

Heimstaden's investment properties were valued on individual basis as at 31 December 2020 by independent qualified appraisers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued.

Country	Valuer
Denmark	CBRE
Sweden	Newsec
Norway	Cuashman Wakefield, Nyverdi, Eie, Aktiv
Netherlands	Cuashman Wakefield, Nyverdi, Eie, Aktiv
Czech Republic	JLL
Germany	CBRE

Valuation assumptions

Valuations are based on 'highest-and-best use' meaning that the valuations are both prepared in a re-letting scenario and a divestment scenario, if possible.

Re-letting: The market value is based on a cash flow generated by re-letting the property at market rent upon tenant fluctuation.

Divestment: The market value is based on a cash flow generated by successively divesting the property units as owner-occupied units upon tenant fluctuation.

In general, valuations are determined by using unobservable inputs in a discounted cashflow model (DCF)

These inputs include:

Future rental cash: inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;

Future sales prices of vacant positions (only divestment scenario): inflows based on sales prices supported by terms of external evidence such as sales prices for similar unit of properties;

Discount rates: reflecting current market assessments of the uncertainty in the amount and timing of cash flows;

Estimated vacancy rates based on current and expected future market conditions after expiry of any current lease;

Property costs including maintenance including necessary investments to maintain functionality of the property for its expected useful life as well as fixed cost like property taxes, insurance etc. (Estimates of operating and maintenance costs are based on the historical cost of the property, investments made and the external appraiser's knowledge of costs for comparable items. The latter is an important part of the valuation, since active decisions and the owner's organization affect the reported cost. Consequently, the operating costs in a valuation may differ, either positively or negatively, from the reported cost);

Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date; and

Terminal value taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

For Norwegian residential real estate assets with a total carrying amount of 17,009 million (2019 17,372 million), the valuation was determined using the sales comparison approach.

Properties valued using the sales comparison approach take into account comparable properties in close proximity. These values are adjusted for differences in key attributes such as property size and quality of interior fittings. The most significant input into this valuation approach is price per square metre.

There were no changes to the valuation techniques during the year.

For properties under construction or re-development, the valuation was based on a DCF model taking into account the following estimates (in addition to the inputs noted above except for capitalisation rates as the capitalisation rates applied for investment property under construction are adjusted for risks, and therefore includes a risk premium):

Costs to complete based on internal forecast and management's experience and knowledge of market conditions. Costs to complete also include a profit margin;

Completion dates properties under construction require approval or permits from oversight bodies at various points in the development process, including approval or permits in respect of initial design, zoning, commissioning, and compliance with environmental regulations. Based on management's experience with similar developments, all relevant permits and approvals are expected to be obtained. However, the completion date of the development may vary depending on, among other factors, the timeliness of obtaining approvals and any remedial action required by the Company.

Valuation hierarchy

The fair value of the majority of the property portfolio is based on level three input data (DCF) with exemption of Norwegian residential real estate assets, that are based on level two, under the valuation hierarchy in IFRS 13.

Information about fair value measurements using significant unobservable inputs

The table below presents the following for each class of the investment property:

1. The fair value measurements at the end of the reporting period
2. The level of the fair value hierarchy (e.g., Level 2 or Level 3) within which the fair value measurements are categorised in their entirety
3. Valuation technique applied
4. The inputs used in the fair value measurement
5. Quantitative information about the significant unobservable inputs used in the fair value measurement
6. Uncertainty interval and sensitivity analysis

The actual fair value of a property can only be determined when it is sold. Property valuations are estimates that build on accepted principles based on certain assumptions, as explained above. Accordingly, the valuation includes a degree of uncertainty in the assumptions made. The valuation is assured and uncertainty is minimised through ongoing valuation work and by evaluating completed sales in Heimstaden's property portfolios and those of others.

To reflect sensitivities linked to the above-mentioned significant assumptions regarding return requirements and net operating income, a quantitative sensitivity analysis is shown in the below table. Note that the sensitivity analysis has been prepared in accordance with the present value method and that the change in return requirement and net operating income is one for the year at hand.

Acquisitions after the statement of financial position date

After the statement of financial position date, Heimstaden Bostad has agreed to acquire properties with possession date in coming or future years.

Segments	Anticipated date of acquisition	Agreed purchase price
Denmark	Q2-Q4 2021	709
Sweden	Q2 2021	931
Poland	Q3 2021	842
Germany	Q1 2021	146
Netherlands	2023	287
Total		2,915

Total property value per segment

The total property value, measured at fair value, amounts to SEK 143,806 million (113,331). This value includes an unrealised value increase for 2020 of SEK 7,934 million (4,780). Expressed as a percentage, the unrealised increase in value is 5.8 percent (5.7) of the total property value before changes in value. The total property value per segment is shown below.

Segment	Valuation	Valuation technique	Fair value hierarchy level	Net rental income	Of which nonregulated	Of which regulated	Running yield	Estimate	Lower impact	Higher impact
Sweden	49,690	DCF	Level 3	1,786	0	100 %	3.59 %			
Denmark	36,200	DCF	Level 3	1,317	84 %	16 %	3.64 %			
Norway	17,009	Sale comparison	Level 2	517	100 %	0	3.04 %	Sales price pr. sqm +/- 10 %	-1,701	1,701
Germany	3,716	DCF	Level 3	70			1.90 %			
Netherlands	23,365	DCF	Level 3	831	40 %	60 %	3.56 %			
Czech Republic	13,826	DCF	Level 3	731	62 %	38 %	5.29 %			
	143,806			5,252			3.65 %			

Segment	Sensitivities in running yield, change in percentage point						Sensitivities in NOI					
	0.75 %	0.50 %	0.25 %	-0.25 %	-0.50 %	-0.75 %	-2.00 %	-1.50 %	-1.00 %	1.00 %	1.50 %	2.00 %
Sweden	-8,579	-6,068	-3,231	3,715	8,029	13,103	-994	-745	-497	497	745	994
Denmark	-6,185	-4,373	-2,327	2,670	5,765	9,396	-724	-543	-362	362	543	724
Norway												
Germany	-1,053	-775	-433	564	1,331	2,431	-74	-56	-37	37	56	74
Netherlands	-4,070	-2,881	-1,535	1,767	3,823	6,246	-467	-350	-234	234	350	467
Czech Republic	-1,718	-1,195	-624	686	1,444	2,286	-277	-207	-138	138	207	277

Change in market value of investment properties	Total	Sweden	Denmark	Norway	Germany	Netherlands	Czech Republic
Market value of investment properties, 31 Dec 2019	113,331	41,241	34,645	17,372	2,292	17,781	–
Sales during the period	-65	–	–	–	–	-65	–
Acquisitions during the period	25,445	4,430	1,278	–	1,272	5,480	12,985
Investments during the period	2,744	1,651	538	20	27	199	309
Foreign currency translation	-5,583	–	-1,354	-1,684	-140	-1,073	-1,333
Market value after transactions	135,872	47,322	35,107	15,708	3,451	22,322	11,961
Unrealised value change	7,934	2,368	1,092	1,299	265	1,044	1,866
Market value of investment properties, 31 Dec 2020	143,806	49,690	36,199	17,007	3,716	23,366	13,827

Change in market value of investment properties	Total	Sweden	Denmark	Norway	Germany	Netherlands	Czech Republic
Market value of investment properties, 31 Dec 2018	72,329	35,881	20,927	15,521	–	–	–
Sales during the period	-3	-3	–	–	–	–	–
Acquisitions during the period	33,261	1,783	11,023	757	2,059	17,639	–
Investments during the period	2,575	1,443	893	239	–	–	–
Currency translation	388	0	359	421	-10	-382	–
Market value after transactions	108,550	39,104	33,202	16,938	2,049	17,257	0
Unrealised value change	4,780	2,137	1,443	434	243	523	–
Market value of investment properties, 31 Dec 2019	113,331	41,241	34,645	17,372	2,292	17,781	0

A 3 Leases

Accounting principles

Heimstaden Bostad has a lease commitment for leasehold rights, premises and vehicles. Lessees report the commitment as a leasing liability in the statement of financial position, and the right to use the underlying asset during the leasing period is reported as an asset. Amortisation of the asset is recognised in the statement of comprehensive income, as is interest on the lease liability. Leasing fees paid are reported partly as payment of interest and partly as amortisation of the leasing debt. Lease payments are renegotiated at the end of the agreements to reflect market rents. The agreements mainly fall due for renegotiation in more than 5 years and amount to SEK 626 million.

From an IFRS 16 perspective, leasehold rights are recognised as perpetual lease agreements, these are reported at fair value and will thus not be depreciated, instead the value of the right-of-use asset remains until the next occasion on which the leasehold is renegotiated. The ground rent that is paid is recognised in its entirety as interest expense under Financial income and expenses, these agreements are considered perpetual agreements. In the financial statements 2020, a cost in Heimstaden Bostad of SEK 2 million is reported regarding ground rent.

Premises and vehicles are reported at discounted values in the statement of financial position as a right-of-use asset and a lease liability. In the statement of comprehensive income, the right-of-use-asset is depreciated over the term of the agreement and payment made to the landlord / lessor is reported partly as amortisation of the lease liability and partly as interest expense in the statement of comprehensive income.

The lease debt undiscounted maturity breaks down as follows:

	2020	2019
Within one year	21	28
1–5 years	58	94
> 5 years	436	761
Total	515	883

The table below shows the rights of use per category:

	Leasehold rights	Premises	Vehicle	Other	Total
Opening balance 1 Jan. 2020	629	184	3	1	817
Changes to contracts	–	17	2	–	19
Reclassifications	–	-169	-1	–	-170
Depreciation	–	-2	-1	-1	-4
Foreign currency translation	-31	-1	-1	–	-33
Closing balance 31 Dec. 2020	598	29	2	–	629

A 4 Plant, machinery and equipment

Accounting principles

Plant, machinery and equipment is recognised at cost less accumulated depreciation and impairment. Cost includes expenses directly attributable to the acquisition of the asset. Additional expenses are added to the asset's carrying amount or recognised as a separate asset only if it is likely that future economic benefits associated with the asset will be received by the Group and when the cost of the asset can be reliably calculated.

The useful life of computer equipment and of other machinery and equipment has been calculated at 3 years and 5 years, respectively. Depreciation is applied on a straight-line basis over the useful life and is recognised in the Statement of Comprehensive Income. The residual value of the assets and their useful life is reviewed every closing and adjusted when necessary.

Equipment	31 Dec. 2020	31 Dec. 2019
Opening balance cost	–	–
Corporate acquisitions for the year	31	–
Investments for the year	11	–
Closing balance cost	42	0
Opening accumulated depreciation	–	–
Corporate acquisition for the year	-15	–
Depreciation for the year	-8	–
Closing balance accumulated depreciation	-23	0
Carrying amount	19	0

Plant, machinery and equipment mainly comprises machinery, office and computer equipment.

A 5 Inventory properties

Accounting principles

Property acquired or being constructed or redeveloped for sale rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value. Principally, this is residential property that Heimstaden Bostad develops and intends to sell before, or on completion of, development.

Inventory property is solely related to the Norwegian portfolio in Oslo, where sales prices in some areas are all time high. Divestment of these assets are more attractive from a financial point of view than keeping them in the portfolio for letting purposes.

	31 Dec. 2020	31 Dec. 2019
Opening balance	865	680
Corporate acquisitions for the year	325	110
Currency translation	-86	22
Reversed impairment / Impairment	188	53
Closing balance	1,292	865

A 6 Trade receivables

Accounting principles

Trade receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, a provision for expected credit losses. Heimstaden Bostad holds the trade receivables with the objective to collect the contractual cash flows.

Trade receivables amounted to SEK 61 million (12) per 31 Dec. 2020. Heimstaden Bostad applies the simplified method for reserving expected loan losses for leases and trade receivables. This means that expected credit losses are reserved for the remaining term, which is expected to be less than one year for all receivables. Rent is invoiced in advance, meaning that all reported rent receivables and trade receivables have fallen due for payment. Heimstaden Bostad makes provisions for expected credit losses based on historical credit losses and forwardlooking information. Heimstaden Bostad's customers have similar risk profiles, which is why the credit risk is initially assessed collectively. Any major individual receivables are assessed per counterparty. Heimstaden Bostad writes off a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have been discontinued.

Age distribution of trade receivables	2020	2019
–30 days	36	17
31–60 days	12	4
61 days –	29	31
Total	77	53
Credit loss provision	-16	-41
Trade receivables, net	61	12

A 7 Other current receivables

	31 Dec. 2020	31 Dec. 2019
Prepaid tax	17	11
Deposits, acquisition	1,506	535
Other receivables	522	512
Total	2,045	1,058

A 8 Prepaid expenses and accrued income

	31 Dec. 2020	31 Dec. 2019
Prepaid insurance premium	42	5
Prepaid interest	19	118
Other accrued items	128	171
Total	189	294

E EQUITY

E 1 Equity

At the end of the financial year there were 6,578,058 ordinary shares, 200 Series A preference shares and 20,317,179 Series B preference shares. The voting value of a ordinary share is one half vote per share and the voting value for Series A and B preference shares is one tenth of a vote per share.

Event	Type	Date of registration	Change in number of shares	Total number of shares	Change in share capital	Total share capital	Quota value
New formation	Ordinary	12/09/2011	10,000	10,000	100,000	100,000	10.00
New share issue	Ordinary	24/01/2012	90,000	100,000	900,000	1,000,000	10.00
New share issue	Ordinary	31/05/2013	400,000	500,000	4,000,000	5,000,000	10.00
New share issue	Ordinary	15/09/2015	96,415	596,415	964,150	5,964,150	10.00
New share issue	Ordinary	12/09/2016	711,212	1,307,627	7,112,120	13,076,270	10.00
New share issue	Ordinary	12/09/2016	156,406	1,464,033	1,564,060	14,640,330	10.00
New share issue	Ordinary	19/12/2016	43,774	1,507,807	437,740	15,078,070	10.00
New share issue	Ordinary	12/05/2017	16,153	1,523,960	161,530	15,239,600	10.00
New share issue	Ordinary, Pref A, Pref B	10/10/2017	390,044	1,914,004	3,900,440	19,140,040	10.00
New share issue	Ordinary, Pref B	16/04/2018	487,281	2,401,285	4,872,810	24,012,850	10.00
New share issue	Ordinary, Pref B	28/06/2018	231,624	2,632,909	2,316,240	26,329,090	10.00
New share issue	Pref B	29/05/2019	7,018	2,639,927	70,810	26,399,900	10.00
New share issue	Pref B	30/08/2019	30,000	2,669,927	300,000	26,699,900	10.00
Split 1:25	Ordinary, Pref A, Pref B	25/10/2019	64,078,248	66,748,175	0	26,699,900	0.40
Withdrawal of Shares and Bonus Issue	Ordinary, Pref A, Pref B	25/10/2019	-58,309,176	8,438,999	0	26,699,900	3.16
Split 1:2	Ordinary, Pref A, Pref B	25/10/2019	8,438,999	16,877,998	0	26,699,900	1.58
New share issue	Ordinary, Pref B	25/10/2019	4,465,269	21,343,267	7,063,600	33,763,500	1.58
New share issue	Ordinary, Pref B	07/01/2020	3,103,013	24,446,280	4,908,650	38,672,150	1.58
New share issue	Ordinary, Pref B	13/05/2020	2,449,157	26,895,437	3,874,316	42,546,466	1.58
At the end of the year				26,895,437		42,546,466	

Other capital contributions

Other contributed capital refers to equity contributed by the owners as well as share premiums for issues of ordinary shares and preference shares.

Hybrid bonds

Heimstaden Bostad has issued hybrid bonds amounting to SEK 13,6 billion. The hybrid bonds have a perpetual maturity with a variable coupon rate. Heimstaden has the opportunity to redeem outstanding hybrid bonds as of first possible redemption day, which is 5 years from the issue date.

At the first reporting date, the assessment was made that the hybrid bond should be classified as an equity instrument and not as a financial liability. The assessment underlying the classification is that there is no explicit contractual obligation to settle the agreement by paying cash or another financial asset. Nor are there any other circumstances indicating that the agreement will be settled in cash or other financial asset. Heimstaden Bostad is entitled to postpone interest payments for an indefinite period in so far as hybrid bond holders are notified within the agreed period and the hybrid bond is subordinated to all other creditors.

Currency translation difference

Currency translation differences that arise as a result of translation of foreign operations that have prepared their financial statements in a currency other than the currency in which the Group's financial statements are presented.

Retained earnings

Retained earnings refer to earned profits in the Group. This item also includes previous allocations to the reserve fund.

Non-controlling interest

Non-controlling interests consist of external ownership interests in subsidiaries and their subsidiaries. The majority of the Group's businesses are wholly-owned.

Non-controlling interests' share of	2020	2019
Breakdown of non-controlling interests' share of profit/loss	1	7
Breakdown of non-controlling interests	60	59

CL CURRENT LIABILITIES**CL 1** Other current liabilities

	31 Dec. 2020	31 Dec. 2019
Deposits from tenants	514	406
Current tax liabilities	291	228
Resting trial costs	26	26
Liabilities, real estate transactions	524	198
VAT, construction projects	105	57
Other items	21	132
Total	1,481	1,047

CL 2 Accrued expenses and prepaid income

	31 Dec. 2020	31 Dec. 2019
Accrued interest	241	67
Prepaid rent	354	307
Other accrued items	257	147
Total	852	521

CL 3 Pledged assets

	31 Dec. 2020	31 Dec. 2019
Mortgages ¹	52,386	48,131
Pledged shares in subsidiaries ¹	7,790	8,180
Total	60,176	56,311

¹ The collateral has been pledged interest-bearing loans from credit institutions.

CL 4 Commitments and contingencies

A contingent liability is recognised if there is a possible obligation for which it has yet to be confirmed if the Group has an obligation that could lead to an outflow of resources, alternatively, if there is a present obligation that does not meet the criteria to be recognised in the Statement of Financial Position as a provision or other liability as it is not probable that an outflow of resources will be required to settle the obligation or as it is not possible to make a sufficiently reliable estimate of the amount.

In 2018, Heimstaden Bostad received a guarantee from its Parent Company, Fredensborg AS, for any losses related to the municipality's potential use of pre-emptive right to acquire nine properties from Heimstaden Bostad Invest 10 AS. Fredensborg AS disputed the fact that the municipality was entitled to use the pre-emptive rights in a lawsuit brought before the court regarding five of the properties, but in 2020 the district court in Oslo ruled in favor of the municipality. However, no final ruling on the valuation of the five properties is available at date. As of 31 December 2020, Heimstaden has not made any provisions related to this matter, based on the stated guarantee from Fredensborg AS.

Investments obligations

During the year, Heimstaden Bostad agreed on property acquisitions whereby it would take possession after the Statement of Financial Position date. Since Heimstaden has not taken possession of the properties, they are not included in the financial statements.

Segments	Price in stated currency (million)	Quarter announced	Expected completion
Sweden	12,076	Q2 2020 - Q4 2020	2021-2023
Denmark	18,140	Q4 2019 - Q4 2020	2021
Tyskland	8,828	Q3 2020	2021
Poland	652	Q4 2020	2022-2023
Total	39,696		

As at 31 December 2020, Heimstaden Bostad had agreed construction contracts with third parties and is consequently committed to future capital expenditure in respect of investment property under development of SEK 4 458 million. In respect of inventory properties, committed future capital expenditure amounts SEK 90 million.

Liability for contamination or environmental damage

According to the Environmental Code, a property owner may be liable to defray measures resulting from a contamination incident or a serious case of environmental damage. Heimstaden Bostad conducts surveys and screening work ahead of property acquisitions and new projects in order to identify any potential environmental risks. As of the statement of financial position date, Heimstaden Bostad has no knowledge of such contamination or environmental damage that could materially impact Heimstaden Bostad's financial position.

Disputes

From time to time Heimstaden Bostad is a party in legal processes and administrative proceedings related to letting, management and development of properties. As of the statement of financial position date, Heimstaden Bostad is not a party to any ongoing process which may have a material impact on Heimstaden Bostad's financial position.

F FINANCING AND CAPITAL STRUCTURE

F 1 Financial instruments

Accounting principles

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Heimstaden Bostad's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which Heimstaden Bostad has applied the practical expedient, Heimstaden Bostad initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

As Heimstaden Bostad's rent and other trade receivables do not contain a significant financing component or for which Heimstaden Bostad has applied the practical expedient, they are measured at the transaction price determined under the IFRS 15 allocation guidance.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Heimstaden Bostad's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

For purposes of subsequent measurement, Heimstaden Bostad's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss (derivative financial instruments)
- Financial assets at amortised cost (rent and other trade receivables, other receivables and cash and short-term deposits)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments which are further described below.

For purposes of subsequent measurement, Heimstaden Bostad measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Since Heimstaden Bostad's financial assets (rent and other trade receivables, other receivables, cash and short-term deposits) meet these conditions, they are subsequently measured at amortised cost.

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or when Heimstaden Bostad has transferred its rights to receive cash flows from the asset and either Heimstaden Bostad has transferred substantially all the risks and rewards of the asset, or Heimstaden Bostad has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

Heimstaden Bostad recognises an allowance for expected credit losses. For all debt instrument except those held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Heimstaden Bostad expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The valuation of expected credit losses is based on various methods. Other receivables and assets that are not under the scope of simplified method (see Note A.6 Trade receivables), are impaired in accordance with a rating-based method using external credit rating. In accordance with the general method, the financial assets covered by provisions for expected credit losses are cash and cash equivalents, other non-current receivables and other receivables.

Expected credit losses are valued at the product of probability of default, loss given default and the exposure in the event of default. Heimstaden Bostad has defined default as when payment of the claim is overdue by 90 days or more, or if other factors indicate that payment is in default. For assets and receivables with deteriorated credit exposure, an individual assessment is made, taking into account historical, current and forward-looking data. The assessment of whether there is a significant increase in credit risk at the statement of financial position date for a receivable or asset is based on whether payment is overdue by 30 days or more, or if significant deterioration of rating occurs, entailing a rating below investment grade. In cases where the amounts are not deemed insignificant, a provision is made for expected credit losses for these financial instruments too. The valuation of expected credit losses takes into account any collateral and other credit enhancements in the form of guarantees.

Heimstaden Bostad considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Heimstaden Bostad may also consider a financial asset to be in default when internal or external information indicates that Heimstaden Bostad is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by Heimstaden Bostad. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Valuation of financial assets and liabilities per 31 December 2020	Financial assets/liabilities measured at amortised cost	Financial liabilities measured at fair value through the Statement of profit and loss
Financial assets		
Other financial non-current assets	895	–
Trade receivables	61	–
Other financial receivables	2,045	–
Cash and cash equivalents	7,636	–
Total	10,637	0
Financial liabilities		
Derivative financial instruments	–	447
Long-term interest-bearing liabilities	64,458	–
Current interest-bearing liabilities	1,218	–
Trade payables	414	–
Other liabilities	1,190	–
Total	67,280	447

Valuation of financial assets and liabilities per 31 December 2019	Financial assets/liabilities measured at amortised cost	Financial liabilities measured at fair value through the Statement of profit and loss
Financial assets		
Other financial non-current assets	542	–
Trade receivables	12	–
Other financial receivables	1,058	–
Cash and cash equivalents	4,345	–
Total	5,957	–
Financial liabilities		
Derivative financial instruments	–	65
Long-term interest-bearing liabilities	53,609	–
Current interest-bearing liabilities	1,137	–
Trade payables	293	–
Other liabilities	819	–
Total	55,858	65

Financial Liabilities

Heimstaden Bostad's financial liabilities comprise interest-bearing loans and borrowings, corporate bonds, lease liabilities, derivative financial instruments and trade and other payables. All financial liabilities are recognised initially at fair value and, with the exception of derivative financial instruments, net of directly attributable transaction costs. For the purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Accounting principles

Heimstaden Bostad does not apply hedge accounting in accordance with IFRS 9. Derivative financial assets and liabilities are classified as financial assets or liabilities at fair value through profit and loss. Derivative financial assets and liabilities comprise mainly interest rate swap and forward foreign exchange contracts for economic hedging purposes. Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs. Gains or losses on derivatives are recognised in profit or loss in net change in fair value of financial instruments at fair value through profit and loss.

Maturity	Type	31 Dec. 2020			31 Dec. 2019		
		Nominal amount	Share, %	Average interest ¹ , %	Nominal amount	Share, %	Average interest ¹ , %
Within 1 year of the Statement of Financial Position date	Paying fixed	5,733	16	0.10	4,592	12	0.10
Within 1–5 years of the Statement of Financial Position date	Paying fixed	24,934	71	0.18	26,882	71	0.20
Later than 5 years from the Statement of Financial Position date	Paying fixed	4,646	13	0.22	6,231	17	0.50
Total interest rate derivatives		35,313	100	0.17	37,705	100	0.20
Within 1 year of the Statement of Financial Position date	Receives variable	5,167	51	1.90	5,223	42	3.20
Within 1–5 years of the Statement of Financial Position date	Receives variable	5,017	49	2.13	7,313	58	2.80
Later than 5 years from the Statement of Financial Position date	Receives variable	–	0	0.00	–	–	–
Total cross currency swaps		10,184	100	2.01	12,536	100	3.00

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

F 2 Financial risk management

Financial risk factors

Heimstaden Bostad Group is continuously exposed to a number of risk factors. Management and employees work actively to quantify and control these risks. Risk management is reported on and discussed regularly at Board meetings.

The overall objectives of the finance policy are summarised as follows:

- Safeguard Heimstaden Bostad's short and long-term capital supply through diversified borrowing in the capital market or with strong counterparties in the banking and financial sectors.
- The maturity structure of the period of fixed interest on the loans shall be well distributed over time.
- The period of fixed interest on the loans (including the effects of derivatives) shall be distributed over time.

Capital Management

The choice of capital structure (i.e. the relationship between equity and borrowed capital) is of great importance to the operations. The access to long-term capital is fundamental for us to successfully acquire, develop and manage properties. Changes in the capital structure affect the operations' financial risk and earnings capacity, meaning we are continuously and proactively working to ensure an adequate structure. In order to achieve this, Heimstaden Bostad aims to ensure that it meets its financial policy which, among other obligations, includes a Net debt/Net debt to Equity target of 45-55 percent. There have been no breaches of the financial policy in the current period.

Net debt	2020	2019
Interest-bearing liabilities	70,780	58,746
Cash and cash equivalents	7,636	4,345
Net debt	63,144	54,401

Net debt with hybrid bonds classified as 50 percent debt	2020	2019
Net debt	63,144	54,401
Hybrid bonds (50 percent debt)	6,818	2,595
Net debt with hybrid bonds classified as 50 percent debt	69,962	56,996

Net debt/Net debt to Equity, %	2020	2019
Net debt/Net debt to Equity	0.44	0.48
Net debt/Net debt to Equity with hybrid bonds classified as 50 percent debt	0.53	0.52

Financial covenants

Heimstadens Bostad's loan agreements contain loan-to-value clauses as well as interest coverage clauses, which could require us to post additional collateral or prepay a portion of the outstanding borrowings should the value of the collateral under any such agreement decrease below required levels, or should the income on any pledged property fall below the required ratio to the interest costs on its loan. In addition, some of the loan agreements contain certain financial covenants, which may include a requirement to maintain a certain level of cash, or to maintain a minimum level of capital expenditure related to the pledged properties. Under our debt facilities, the outstanding debt amount shall never exceed 65% of the collateral amount in the respective contract, and the income on the collateralized property shall always exceed 1.4x the interest cost on the related debt. In addition, none of our property-owning subsidiaries may sell, transfer or otherwise dispose of their holding in the pledged property without the prior written consent of the applicable lenders unless, in the case of a property sale, the outstanding borrowings under the credit facility are repaid in full. Failure to comply with any of the covenants in the loan agreements could result in a cross-default, which would permit the lender to accelerate the maturity of the debt and to foreclose upon any collateral securing the debt. Under those circumstances, we might not have sufficient funds or other resources to satisfy Heimstadens' obligations.

As of December 31, 2020 and December 31, 2019, we were in compliance with our covenants.

MARKET RISK

Currency risk

Heimstaden Bostad owns properties in Denmark with a value of SEK 36,199 million (34,645), Norway with a value of SEK 17,007 million (17,372), Netherlands amounting to SEK 23,366 million (17,781) and Germany of SEK 3,716 million (2,292), and has during the year acquired properties amounting to SEK 13,827 million in Czech Republic, entailing currency risks. The currency effect arises in Heimstaden Bostad's net assets when the foreign companies' statement of financial positions are consolidated. No hedging is currently performed for this currency risk.

Sensitivity analysis for exchange rate fluctuation

Currency	Net assets in SEK	Effect on net assets of a 10% stronger SEK	Effect on net assets of a 10% weaker SEK
CZK	9,131	-913	913
DKK	5,622	-562	562
EUR	10,951	-1,095	1,095
NOK	7,555	-755	755
Total	33,259	-3,326	3,326
+ 10 percent	-3,326		
- 10 percent	3,326		

Price risk

Price risk refers to the risk that the value of an asset will change unfavourably on fluctuations in asset prices. Heimstaden Bostad's price risk exposure is limited by the framework imposed by the finance policy and, in accordance with this, Heimstaden Bostad may only use bank accounts and short-term market-listed instruments for liquidity investments. There are no market-listed instruments with extended maturities within Heimstaden Bostad.

Interest rate risk

Interest rate risk refers to the risk that changes in market interest rates will affect Heimstaden Bostad's borrowing costs. Interest costs are mainly affected by the level of current market interest rates and the banks' margins, as well as the company's chosen strategy for periods of fixed interest. To manage the risk, Heimstaden Bostad uses derivative instruments. Interest rates are fixed in

accordance with the financial policy based on estimated interest rate trends, cash flow and capital structure and the prevalent market conditions at any given time.

CREDIT RISK

Credit risk refers to the risk that Heimstaden Bostad's counterparties are unable to meet their financial obligations towards the company. Credit risk in the financing activities arises when investing liquidity surpluses, on the subscription of interest rate agreements and issued on credit agreements. Heimstaden Bostad continuously evaluates all suppliers regarding the financial part of the business, to ensure that this credit risk is limited. Since the Heimstaden Bostad primarily invest in residential properties, rent is received in advance, eliminating a large part of the potential credit risk among end customers.

The assessment has been made that there has been no significant increase in credit risk for any of the Heimstaden Bostad's financial assets. The counterparties lack credit risk ratings, with the exception of cash and cash equivalents where the counterparties consist of Nordic banks with credit risk ratings in the interval A to AA-.

LIQUIDITY RISK

The risk of a company encountering difficulties in meeting obligations from financial liabilities to be settled with cash or another financial asset is liquidity risk. Heimstaden Bostad has an attractive property portfolio, a balanced Loan-to-value ratio, a positive forecast for future cash flows and a broad network of financial institutions that supply capital.

The following table shows the maturity structure of Heimstaden Bostad's financial liabilities. The figures are undiscounted cash flows based on contract dates and include both interest and nominal amounts.

Maturity 31 December, 2020	0–1 years	1–5 years	>5 years
Interest-bearing liabilities	6,321	24,244	40,485
Leasing liabilities	21	58	436
Financial derivative instruments	5,733	24,934	4,646
Trade payables	414	0	0
Other liabilities	1,190	0	0
Total	13,679	49,237	45,567

Maturity 31 December, 2019	0–1 years	1–5 years	>5 years
Interest-bearing liabilities	5,137	31,407	22,201
Leasing liabilities	28	94	761
Financial derivative instruments	4,592	26,882	6,231
Trade payables	293	–	–
Other liabilities	819	–	–
Total	10,869	58,383	29,193

For other risks, see pages 66–71.

F 3 Interest-bearing liabilities

Accounting principles

Interest-bearing loans and borrowings are recognised at amortised cost and are initially valued at fair value, including transaction costs. After the initial accounting, they are valued at amortised cost using the effective interest method.

Interest-bearing liabilities per currency	2020		2019	
	SEK	Local currencies	SEK	Local currencies
SEK	17,037	–	17,365	–
NOK	1,725	1,800	1,353	1,277
EUR	33,274	3,316	22,220	2,127
DKK	19,015	14,101	17,809	12,737
Deferred charges	-271	–	–	–
Total	70,780		58,747	

Listed bonds

Nominal value	Market value ²	Maturity	Rating	Annual coupon	Identification number	Exchange
Interest-bearing liabilities						
800mSEK	808	2025-02-25	N/A	S3M +1,30%	XS2259800121	Euronext Dublin
400mSEK	403	2025-02-25	N/A	Fixed 1,368%	XS2259781230	Euronext Dublin
400mNOK	400	2025-02-25	N/A	Fixed 2,019%	NO0010906951	Oslo Börs
400mNOK	403	2025-02-25	N/A	N3M +1,35%	NO0010906944	Oslo Börs
700mEUR	735	2027-03-03	BBB	Fixed 1,375%	XS2225207468	Euronext Dublin
500mSEK	505	2022-12-29	N/A	S3M +1,30%	XS2194280736	Euronext Dublin
1200mSEK	1,219	2022-05-26	N/A	S3M +1,75%	XS2179086983	Euronext Dublin
50mEUR	62	2035-05-04	BBB	Fixed 2,8%	XS2168047087	Euronext Dublin
50mEUR	62	2035-05-04	N/A	Fixed 2,8%	XS2161838276	Euronext Dublin
500mEUR	517	2026-01-21	BBB	Fixed 1,125%	XS2105772201	Euronext Dublin
700mEUR	737	2023-09-05	BBB	Fixed 2,125%	XS1958655745	Euronext Dublin
500mNOK	522	2024-06-07	BBB	N3M +2,40%	NO0010838899	Oslo Börs
340mEUR	345	2021-12-07	BBB	Fixed 1,75%	XS1918007458	Euronext Dublin
1000mSEK	1,023	2022-09-07	BBB	S3M+2,00%	XS1918010833	Euronext Dublin
Hybrid bonds¹						
500mEUR	519	2026-04-15	BB+	Fixed 3,375%	XS2125121769	Euronext Dublin
800mEUR	822	2025-02-19	BB+	Fixed 3,248%	XS2010037765	Euronext Dublin

¹ Hybrid bonds are classified as equity in the statement of financial position.

² Based on quoted market prices as of the statement of financial position date.

Maturity structure of interest-bearing liabilities

	Average loan tenor 31 Dec. 2020			Share, percent
	Loans and borrowings, secured	Corporate bonds, unsecured	Total loans and borrowings	
Loan maturity				
Within 1 year of the statement of financial position date	1,218	5,104	6,321	9 %
Within 1–5 years of the statement of financial position date	12,075	12,169	24,244	34 %
Later than 5 years from the statement of financial position date	27,441	13,044	40,485	57 %
Total	40,734	30,317	71,051	100 %

	Average loan tenor 31 Dec. 2019			Share, percent
	Loans and borrowings, secured	Corporate bonds, unsecured	Total loans and borrowings	
Loan maturity				
Within 1 year of the statement of financial position date	1,137	4,000	5,137	9%
Within 1–5 years of the statement of financial position date	17,341	14,066	31,407	53%
Later than 5 years from the statement of financial position date	22,201	–	22,203	38%
Total	40,679	18,066	58,747	100%

	Fixed interest rates 31 Dec. 2020				Share, percent
	Loans and borrowings, secured	Corporate bonds, unsecured	Total loans and borrowings	Average interest rate, % incl. Margin	
Interest maturity					
Within 1 year of the statement of financial position date	35,189	14,985	50,174	1.22	71 %
Within 1–5 years of the statement of financial position date	3,367	7,807	11,174	2.25	16 %
Later than 5 years from the statement of financial position date	2,178	7,525	9,704	1.49	14 %
Total	40,734	30,317	71,051	1.42	100 %

	Fixed interest rates 31 Dec. 2019				Share, percent
	Loans and borrowings, secured	Corporate bonds, unsecured	Total loans and borrowings	Average interest rate, % incl. Margin	
Interest maturity					
Within 1 year of the statement of financial position date	30,386	18,066	48,452	1.51	82%
Within 1–5 years of the statement of financial position date	9,800	–	9,800	3.08	17%
Later than 5 years from the statement of financial position date	494	–	494	3.23	1%
Total	40,680	18,066	58,746	1.70	100%

The average remaining term of fixed interest in the loan portfolio as of 2020-12-31 amounts to: 1.71 years

The average remaining term of fixed interest in the loan portfolio, including derivatives, as of 2020-12-31 amounts to: 3.00 years

The average remaining loan tenor as of 2020-12-31 amounts to: 10.54 years

F 4 Cash and cash equivalents

	31.12.2020	31.12.2019
Bank deposits and cash	7,636	4,345
Total	7,636	4,345

Cash and cash equivalents mainly include bank deposits. The change in cash and cash equivalents is shown in the consolidated statement of cash flows.

There are unutilised credit agreements of SEK 14,627 million (10,269), these are not included in cash and cash equivalents.

F 5 Change in fair value of derivatives

	2020	2019
Realised value change	113	57
Currency effect	100	65
Unrealised value change	-391	-83
Total	-178	39

Interest rate derivatives are used to limit the impact of interest changes in interest rates. If the agreed interest rate deviates from the market rate, a surplus or deficit value on the interest rate derivatives arises and is reported above as an unrealised value change.

F 6 Other non-current receivables

	2020	2019
Opening balance	542	150
Loans granted	–	61
Loans granted to associated companies and joint ventures	423	465
Repayments on loans	-70	-134
Closing balance	895	542

The balance mainly relates to loans to associated companies and joint ventures.

F 7 Financial income and expenses

Accounting principles

Financial income, such as interest income on bank balances, is recognised in the statement of profit and loss in the period to which it relates. Financial expenses refer to interest and other borrowing costs and are recognised as expenses in the period to which they relate. Payments in accordance with interest rate derivative agreements, are also included in this item and are expensed in the period to which they relate. Adjustments in the fair value of interest rate derivatives to fair value are not included in this item but are reported as separate items in the statement of profit and loss.

Financial income and costs reported in statement of profit and loss

	2020	2019
<i>Financial Assets and liabilities measured at fair value through the statement of profit and loss:</i>		
Net gains on derivatives	233	152
Net losses on derivatives	-412	-113
Total reported in the statement of profit and loss (financial items)	-179	39
<i>Financial Assets and liabilities measured at amortised cost:</i>		
Interest income, promissory notes	48	14
Interest income, other financial assets	33	27
Total interest income in accordance with effective interest method	81	41
Interest costs, loans	-1,462	-1,082
Total interest costs in accordance with the effective interest method	-1,462	-1,082
Finance costs capitalised within investment property	26	–
Finance costs capitalised within inventories	–	–
Total	26	0
Exchange rate differences, financial items	656	-142
Total	656	-142
Total reported in statement of profit and loss	-878	-1,243

F 8 Reconciliation of liabilities attributable to financing activities

	Bonds	Amounts due to bank	Lease liabilities	Other financial liabilities	Total
Balance 31 Dec. 2019	18,066	40,680	818	–	59,564
Cash changes	13,374	974	-3	–	14,345
Non-cash changes	–	–	–	–	–
- Currency translation	-1,123	-1,191	-55	–	-2,369
- Other changes	–	–	-150	–	-150
Balance 31 Dec. 2020	30,317	40,463	610	–	71,390

AK ALTERNATIVE PERFORMANCE MEASURES

Definitions of the following measurements are presented on page 84.

Letting ratio, residential units, %	31 Dec. 2020	31 Dec. 2019
Number of available/vacant units at the end of the period	5,787	1,336
Number of leased residential unit at the end of the period	97,558	53,527
Total number of residential units at the end of the period	103,345	54,863
Letting ratio, residential units, %	94.4	97.6

Share of residential area at the end of the period, %	31 Dec. 2020	31 Dec. 2019
Residential sqm at the end of the period, sqm	6,546,148	3,660,839
Commercial area at the end of the period, sqm	483,821	352,431
Total area at the end of the period, sqm	7,029,969	4,013,270
Share of residential area at the end of the period, %	93.1	91.2

Interest coverage ratio (ICR), multiple	31 Dec. 2020	31 Dec. 2019
Profit from property management	2,889	980
Reversal:		
Financial expenses – loans and borrowings	1,269	923
Financial expenses	-488	395
Profit from property management plus financial expenses	3,670	2,298
Interest coverage ratio (ICR), multiple	2.9	2.5

Equity ratio, %	31 Dec. 2020	31 Dec. 2019
Total equity, SEK m	77,741	57,548
Total assets, SEK m	156,926	121,564
Equity ratio	49.5	47.3

Net liabilities, SEK m	31 Dec. 2020	31 Dec. 2019
Interest-bearing loans and borrowings	70,780	58,747
Cash and cash equivalents	-7,636	-4,345
Net liabilities	63,144	54,402

Net loan-to-value ratio, %	31 Dec. 2020	31 Dec. 2019
Net liabilities, SEK m	63,144	54,401
Total assets, SEK m	156,926	121,564
Net loan-to-value ratio	40.2	44.8

Net asset value as of statement of financial position date, SEK m	31 Dec. 2020	31 Dec. 2019
Total equity	77,741	57,548
Deferred tax liability	4,212	2,526
Net asset value	81,953	60,074

DEBT/EBITDA, multiple	31 Dec. 2020	31 Dec. 2019
DEBT	69 954	50 281
Profit before financial items	3 589	2 263
Amortisation and depreciation	11	0
EBITDA	3 599	2 263
DEBT/EBITDA, multiple	19.4	22.2

Equity per share class, SEK	31 Dec. 2020	31 Dec. 2019
Preferential rights of preference shares A upon liquidation of the company	50,000	50,000
Remaining entitlement to dividends	1,382,552	922,342
Equity per preference share A	1,432,552	972,342
Preferential rights of preference shares B upon liquidation of the company	2,000	2,000
Remaining entitlement to dividends	77	64
Equity per preference share B	2,077	2,064
Number of preference shares A	200	200
Equity per preference share	1,432,552	972,342
Preference capital, SEK m	287	194
Number of preference shares B	20,317,179	16,027,565
Equity per preference share	2,077	2,064
Preference capital, SEK m	42,208	33,079
Non-controlling interest and hybrid bonds including accrued interest, SEK m	14,009	8,573
Equity excluding preference capital, hybrid bonds and non-controlling interest, SEK m	21,237	15,701
Average number of ordinary shares	6,578,058	5,314,502
Equity per ordinary share	3,229	2,954

Profit per ordinary share, SEK	2020	2019
Comprehensive income for the year attributable to holders of preference shares:		
Comprehensive income for the year, SEK m	4,194	4,740
Remaining entitlement to dividends, preference shares, SEK m	-1,850	-1,208
Remaining entitlement to dividends, hybrid obligation, SEK m	-313	0
Parent Company's preference shareholders, SEK m	2,030	3,532
Average number of ordinary shares	6,383,342	2,967,125
Profit per ordinary share	318	1,176

GS GROUP STRUCTURE

GS 1 Investments in associated companies and joint ventures

Accounting principles

Associated companies and Joint ventures are reported in accordance with the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in Heimstaden Bostad's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects Heimstaden Bostad's share of the results of operations of the joint ventures. Any change in Other comprehensive Income (OCI) of those investees is presented as part of Heimstaden Bostad's OCI. In addition, when there has been a change recognised directly in the equity of the joint ventures, Heimstaden Bostad recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between Heimstaden Bostad and the joint ventures are eliminated to the extent of the interest in the joint ventures.

The aggregate of Heimstaden Bostad's share of profit or loss of the joint ventures is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint ventures are prepared for the same reporting period as that of Heimstaden Bostad. When necessary, adjustments are made

to bring the accounting policies in line with those of Heimstaden Bostad.

After application of the equity method, Heimstaden Bostad determines whether it is necessary to recognise an impairment loss on its investment in each joint venture. At each reporting date, Heimstaden Bostad determines whether there is objective evidence that the investment in each joint venture is impaired. If there is such evidence, Heimstaden Bostad calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of joint ventures' in the statement of profit or loss.

Upon loss of joint control over a joint venture, Heimstaden Bostad measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments in associated companies and joint ventures	31 Dec. 2020	31 Dec. 2019
Opening balance	301	–
Investment for the year	14	213
Share of profit	32	88
Closing balance	347	301

Specifications of Heimstaden Bostad's investments in associated companies

Company	Corp. ID No	Reg. office	No. of shares	Share in %	Value of capital participation
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	168
Byggrätt Norr AB	559207-4859	Skellefteå	94	19	0
					168

Specifications of Heimstaden Bostad's investments in joint ventures

Company	Corp. ID No	Reg. office	No. of shares	Share in %	Value of capital participation
A Place 2 A/S	39754134	Charlottenlund	5,000	50	70
Gamlebro AB	556791-3990	Norrköping	500	50	12
Upplands Bro Brogårds Etapp 2 AB	559175-4915	Stockholm	500	50	97
Magnolia Projekt 5222 AB	559175-4907	Stockholm	500	50	0
					179

	Total (100%)		Heimstaden Bostad's holding	
Statement of comprehensive Income	2020	2019	2020	2019
Rental income	163	150	45	39
Property expenses	-116	-106	-33	-29
Net operating income	47	44	12	10
Financial items, net	-38	25	-17	15
Changes in value	173	185	49	46
Tax	-40	-47	-10	-12
Profit for the year	142	207	34	59

	Total (100%)		Heimstaden Bostad's holding	
Statement of financial position	2020	2019	2020	2019
Assets	2,854	2,543	1,058	903
Equity	892	871	288	277
Liabilities	1,962	1,672	771	626

Parent Company Statement of Comprehensive Income

Amounts in SEK million	Note	2020	2019
Other income		4	–
Corporate administrative expenses	PC-IC 1 PC-IC 2	-385	-241
Operating profit (loss)		-381	-241
Dividends from shares in subsidiaries	PC-IC 3	–	7,162
Impairment of investments in subsidiaries	PC-IC 3	–	-4,333
Interest income	PC-IC 4	543	576
Interest expenses	PC-IC 4	-680	-540
Other financial items, net	PC-IC 5	-245	-304
Change in fair value of derivatives	PC-FL 3	-260	-70
Profit (loss) after financial items		-1,023	2,250
Appropriations	PC-IC 6	716	243
Profit (loss) before tax		-307	2,493
Current tax	PC-T 1	-26	-8
Deferred tax	PC-T 2	77	14
Profit (loss) for the year		-256	2,500
Other comprehensive income		–	–
Comprehensive income (loss) for the year		-256	2,500

Parent Company Statement of Financial Position

Amounts in SEK million	Note	31 Dec. 2020	31 Dec. 2019
ASSETS			
Non-current assets			
Investments in subsidiaries	PC-GS 1	38,867	32,758
Receivables, subsidiaries	PC-A 1	19,343	20,308
Deferred tax assets	PC-T 2	93	16
Total non-current assets		58,303	53,082
Current assets			
Current receivables, subsidiaries	PC-A 1	33,721	12,849
Other current receivables		98	684
Prepaid expenses and accrued income		2	94
Cash and cash equivalents	PC-FL 1	5,916	2,811
Total current assets		39,737	16,438
TOTAL ASSETS		98,040	69,521

Parent Company Statement of Financial Position

Amounts in SEK million	Note	31 Dec. 2020	31 Dec. 2019
EQUITY AND LIABILITIES	PC-E 1		
Restricted equity			
Share capital		43	27
Unregistered new share issue ¹		–	7
Unrestricted equity			
Share premium reserve		50,240	37,397
Hybrid bonds		13,621	8,514
Retained earnings		450	2,665
Total unrestricted equity		64,310	48,576
Total equity		64,353	48,610
LIABILITIES			
Non-current liabilities			
Corporate bonds	PC-FL 2	21,520	18,066
Long-term interest-bearing liabilities	PC-FL 2	1,690	–
Financial derivative instruments	PC-FL 3	453	80
Non-current liabilities, subsidiaries	PC-FL 4	9,729	2,358
Total non-current liabilities		33,392	20,504
Current liabilities			
Current liabilities, subsidiaries	PC-CL 1	–	288
Trade payables		8	13
Current tax liabilities		26	–
Accrued expenses and prepaid income	PC-CL 2	260	107
Total current liabilities		295	408
TOTAL EQUITY AND LIABILITIES		98,040	69,521

¹ New issue decision taken on 2019-10-25, registered on 2020-01-27.

Parent Company Statement of Changes in Equity

Amounts in SEK million	Number of outstanding shares	Share capital	Share premium reserve	Hybrid bond	Retained earnings	Total equity
Opening balance, 1 Jan 2020	21,343,267	34	37,397	8,514	2,665	48,610
Total comprehensive income	–	–	–	69	-325	-256
New share issue	5,552,170	9	12,843	–	–	12,851
Issue of hybrid bonds	–	–	–	5,189	–	5,189
Issue costs	–	–	–	-82	-63	-145
Dividend	–	–	–	-69	-1,828	-1,897
Total transactions with the company's owners	5,552,170	9	12,843	5,038	-1,891	15,998
Closing balance, 31 Dec 2020	26,895,437	43	50,240	13,621	450	64,353
Opening balance, 1 Jan 2019	2,632,909	26	24,203	0	1,049	25,279
Total comprehensive income	–	–	–	55	2,444	2,500
New share issue	14,245,089	1	3,694	–	–	3,695
Unregistered new share issue	4,465,269	7	9,500	–	–	9,507
Issue of hybrid bonds	–	–	–	8,523	–	8,523
Issue costs	–	–	–	-9	–	-9
Dividend	–	–	–	-55	-829	-884
Total transactions with the company's owners	18,710,358	8	13,194	8,459	-829	20,832
Closing balance, 31 Dec 2019	21,343,267	34	37,397	8,514	2,665	48,610

Parent Company Statement of Cash Flows

Amounts in SEK million	Note	31 Dec. 2020	31 Dec. 2019
Operating activities			
Profit (loss) after financial items		-1,023	2,250
Adjustments for non-cash items		448	-2,615
Taxes paid		–	-37
Cash flow from operating activities before changes in working capital		-575	-402
Change in working capital			
Change in current receivables		678	-712
Change in current liabilities		174	81
Cash flow from operating activities		277	-1,033
Investing activities			
Acquisitions of subsidiaries		–	-7,662
Loans granted to subsidiaries		-19,579	-12,103
Cash flow from investing activities		-19,579	-19,765
Financing activities			
New share issue		12,851	13,202
Paid dividend		-1,897	-829
Proceeds from hybrid bonds		5,189	8,523
Interest costs and issue costs from hybrid bonds		-145	-64
Proceeds from loans and borrowings	PC-FL 5	8,709	7,529
Repayment of loans and borrowings	PC-FL 5	-2,757	-6,562
Settlement of derivatives	PC-FL 4	113	–
Cash flow from financing activities		22,063	21,799
Cash flow for the year		2,761	1,001
Cash and cash equivalents at the beginning of the year		2,811	1,810
Net currency change effect in cash and cash equivalents		344	–
Cash and cash equivalents at the end of the year		5,916	2,811
Supplemental disclosures			
Interest paid		607	526
Interest received		554	576

Notes to the Parent Company financial statements

PC-G GENERAL INFORMATION AND GENERAL ACCOUNTING RULES

PC-G 1 General information

The Parent Company has prepared its Annual Report in accordance with the Annual Accounts Act and the Rådet för finansiell rapportering recommendation RFR 2 (Accounting for Legal Entities) and statements of the Swedish Financial Reporting Board. RFR 2 means that the Parent Company's Annual Report for the legal entity shall apply all IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act and with regard to the relationship between accounting and taxation. The recommendation indicates what exceptions from, and additions to, IFRS are to be made.

PC-G 2 Differences between the Group's and the Parent Company's accounting policies

The Parent Company applies the same accounting principles as the Group (see Note G.2 Preparation of the consolidated financial statements), with the following exceptions and additions.

Investments in Group companies

Investments in Group companies are recognised at acquisition value less deductions for any impairments. The acquisition value includes acquisition-related costs and any contingent consideration. When there are indications that participations in Group companies have decreased in value, the recoverable amount is calculated. If this is lower than the carrying amount, the investment is impaired. Impairment is recognised under the item "Result from investments in Group companies".

Financial instruments

Due to the connection between accounting and taxation, the rules regarding financial instruments in accordance with IFRS 9 are not applied in the Parent Company as a legal entity, and the Parent Company applies instead the cost method in accordance with the Annual Accounts Act. Accordingly, in the Parent Company, financial non-current assets are valued at cost and financial current assets in accordance with the principle of lowest value, applying impairment for expected loan losses in accordance with IFRS 9 regarding assets that are debt instruments. For other financial assets, impairment is based on market value. Derivative instruments with negative fair value are reported as a liability at the negative fair value with changes in value being recognised in the Statement of Comprehensive Income.

The Parent Company applies the exemption to not value financial guarantee agreements benefiting subsidiaries, associated companies and joint ventures in accordance with the rules in IFRS 9, applying instead the valuation principles in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Impairment of financial assets that are debt instruments

The Parent Company applies the same impairment method as the Group for expected credit losses on current and non-current receivables from subsidiaries. The Parent Company judges that the subsidiaries currently have similar risk profiles and assessments are performed on a collective basis for similar transactions. As of the Statement of Financial Position date, no material increase in credit risk has been deemed to prevail for any intra-Group receivables, such assessment is based on whether payment is 30 days late or more. The Parent Company's receivables from its subsidiaries are subordinated external lenders' claims, for which the subsidiary's properties have been pledged as collateral. The Parent Company's expected loss in the event of default takes into account the average of the subsidiaries' loan-to-value ratios and their expected market value in the event of a forced sale. Based on the Parent Company's assessments in accordance with the aforementioned method, taking other known information and forward-looking factors into account, it is estimated that expected loan losses will not be significant and no provision has therefore been reported.

Group contributions and shareholder contributions

In Sweden, group contributions are deductible, unlike shareholder contributions. Group contributions paid and received are reported in the Statement of Comprehensive Income. Shareholder contributions are reported as an increase of participations in Group companies and tested for impairment.

Credit risk

The Company's maximum credit risk comprises the net of the carrying amounts of the financial assets. The Company has not received any pledged assets for the net financial assets.

The assessment has been made that there has been no significant increase in credit risk for any of the Parent Company's financial assets. The counterparties lack credit risk ratings, with the exception of cash and cash equivalents where the counterparties consist of Nordic banks with credit risk ratings in the interval A to AA-.

PC-G 3 Presentation

For the Parent Company, the Income Statement and Other comprehensive income are reported in one report. For the Parent Company, the Statement of Comprehensive Income and Statement of Financial Position are prepared in accordance with the Annual Accounts Act's schedule while the Statement of Changes in Equity and the Cash Flow Statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

PC-G 4 New accounting principles

In 2020, there were no new accounting standards that have had a significant impact on the financial statements of the Parent Company.

PC-G 5 Group disclosures

Heimstaden Bostad AB (publ) is a subsidiary of Heimstaden AB, Corp. ID No. 556670-0455, which prepares consolidated accounts. Heimstaden AB is a subsidiary of Fredensborg 1994 AS, Corp. ID No. 943 582 815, domiciled in Norway. Fredensborg 1994 AS prepares consolidated accounts for the largest group. The foreign parent company's consolidated financial statements are available at Fredensborg 1994 AS, Stensberggata 27, NO-0170 Oslo, Norway, e-mail: post@fredensborg.no

PC-G 6 Related parties

In addition to the related-party relationships specified for the Group, the Parent Company has a controlling influence over subsidiaries in accordance with Note PC-GS 1 Shares in subsidiaries.

Transactions between the Parent Company and Group companies	2020	2019
Sale to subsidiaries	0	0
Purchasing from subsidiaries	0	0
Interest income from subsidiaries	535	567
Interest expenses to subsidiaries	31	0
Dividends from subsidiaries	0	7,162
Dividends to subsidiaries	0	0
Receivables from related parties (Group companies)	53,064	33,157
Liabilities to related parties (Group companies)	9,729	2,646

PC-IC INCOME AND EXPENSES**PC-IC 1** Corporate administrative expenses

Corporate administrative expenses include costs at a Group-wide level that are not directly attributable to property management, such as costs for the Board of Directors, CEO, Group management and company costs pertaining to information to shareholders, for example, maintenance of stock exchange listing and production of annual and quarterly reports. Costs for corporate administration also include remuneration to the auditors as follows:

EY	2020	2019
Audit	2	2
Other certification services	1	1
Tax consultancy	0	–
Other services	0	0
Total	3	3

Moore	2020	2019
Audit	2	3
Other certification services	0	0
Tax consultancy	–	–
Other services	–	–
Total	2	3

Total	2020	2019
Audit	4	5
Other certification services	1	1
Tax consultancy	0	–
Other services	0	0
Total	5	6

The audit assignment refers to the audit of the financial statements and accounting records. Other certification services primarily refer to the review of the quarterly financial statements and accounting records.

PC-IC 2 Personnel and senior executives**Remuneration to members of the Board**

The remuneration to the Chairman of the Board amounts to 0.5 MSEK. No other remuneration has been paid to the members of the Board during the current financial year or previous financial years.

During the year, the Board of Directors consisted of 11 (9) members, of whom 8 (7) were men. There was 1 other senior executive (1), of whom 1 was male (1).

PC-IC 3 Profit from investments in Group companies**Accounting principles**

Investments in subsidiaries are reported at cost less any impairment. Cost includes acquisition-related costs. The carrying amount is continuously tested against the fair value of the subsidiary's assets and liabilities.

In cases where the carrying amount of the participations exceeds the subsidiary's fair value, impairment is applied and charged to the Statement of Comprehensive Income. Last year's write-down in Heimstaden Bostad refers to book value in the company Heimstaden Danmark AS, after dividends have been paid from the same. In cases where impairment is no longer justified, it is reversed.

	2020	2019
Dividend	–	7,162
Impairment	–	-4,333
Total	–	2,829

PC-IC 4 Interest income and interest costs

Assets and liabilities measured at amortised cost:	2020	2019
Interest income, subsidiaries	535	567
Interest income, other financial assets	8	9
Total interest income in accordance with effective interest method	543	576
Interest costs, loans	-633	-537
Interest cost, group companies	-31	–
Interest costs, other financial liabilities	-16	-2
Total interest costs in accordance with the effective interest method	-680	-539
Total income (loss) from financial items	-137	37

PC-IC 5 Other financial items, net

	2020	2019
Exchange rate differences, financial items	-188	-266
Other financial expenses	-57	-38
Total	-245	-304

PC-IC 6 Appropriations

	2020	2019
Group contributions received	716	243
Total	716	243

PC-T TAX

PC-T 1 Current tax

Accounting principles

Current tax is calculated based on taxable profit for the period and reported as a cost or as income in the Statement of Comprehensive Income. Taxable profit for the year differs from the reported profit for the year in that it has been adjusted for non-taxable and non-deductible items. Current tax also includes the adjustment of current tax attributable to earlier periods.

	2020	2019
Current tax	-26	-8
Deferred tax	77	14
Total tax	51	6
Reported profit before tax	-307	2,493
Tax according to current rate	68	-533
Tax effect of:		
Non-taxable income	9	1,533
Non-deductible costs	-6	-928
Non-deductible interest, net	-26	-72
Tax effects of hybrid bonds	32	14
Tax attributable to previous years	-26	-8
Total tax	51	6

PC-T 2 Deferred tax

Accounting principles

In accordance with the Statement of Financial Position method, deferred tax is calculated on temporary differences between the reported and taxable values of an asset or liability. Exceptions are made for temporary differences arising on initial reporting of assets and liabilities constituting asset acquisitions.

A deferred tax asset represents a reduction of future taxes relating to deductible temporary differences, tax-loss carryforwards or other tax deductions. Deferred tax assets are recognised in the Statement of Financial Position for tax-loss carryforwards and deductible temporary differences to the extent that the amounts are likely to be utilised against future taxable surpluses.

	31 Dec. 2020	31 Dec. 2019
Opening balance	16	2
Change for the year	77	14
Closing balance	93	16

There are no non-capitalised tax loss carryforwards. Measured deficit amounts to million SEK 0 (0).

PC-A ASSETS

PC-A 1 Receivables from subsidiaries

	31 Dec. 2020	31 Dec. 2019
Opening balance	20,308	14,601
Change for the year	-965	5,707
Closing balance	19,343	20,308

Receivables from Group companies are attributable to transactions between the Parent Company and the subsidiaries. Intragroup loans are subject to market terms and are without collateral.

PC-E EQUITY**PC-E 1** Equity

Event	Share type	Date of registration	Change in number of shares	Total number of shares	Change in share capital	Total share capital	Quota value
New formation	Ordinary	12.09.2011	10,000	10,000	100,000	100,000	10
New share issue	Ordinary	24.01.2012	90,000	100,000	900,000	1,000,000	10
New share issue	Ordinary	31.05.2013	400,000	500,000	4,000,000	5,000,000	10
New share issue	Ordinary	15.09.2015	96,415	596,415	964,150	5,964,150	10
New share issue	Ordinary	12.09.2016	156,406	752,821	1,564,060	7,528,210	10
New share issue	Ordinary	12.09.2016	43,774	796,595	437,740	7,965,950	10
New share issue	Ordinary	19.12.2016	16,153	812,748	161,530	8,127,480	10
New share issue	Ordinary	12.05.2017	390,044	1,202,792	3,900,440	12,027,920	10
New share issue	Ordinary, Pref A, Pref B	10.10.2017	487,281	1,690,073	4,872,810	16,900,730	10
New share issue	Ordinary, Pref B	16.04.2018	231,624	1,921,697	2,316,240	19,216,970	10
New share issue	Ordinary, Pref B	28.06.2018	231,624	2,153,321	2,316,240	21,533,210	10
New share issue	Pref B	29.05.2019	7,018	2,160,339	70,810	21,604,020	10
New share issue	Pref B	30.08.2019	30,000	2,190,339	300,000	21,904,020	10
Split 1:25	Ordinary, Pref A, Pref B	25.10.2019	64,078,248	66,268,587	0	21,904,020	0.40
Withdrawal of Shares and Bonus Issue	Ordinary, Pref A, Pref B	25.10.2019	-58,309,176	7,959,411	10,078,070	31,982,090	3.16
Split 1:2	Ordinary, Pref A, Pref B	25.10.2019	8,438,999	16,398,410	0	31,982,090	1.58
New share issue	Ordinary, Pref B	25.10.2019	4,465,269	21,343,267	7,063,600	33,763,500	1,58
New share issue	Ordinary, Pref B	07.01.2020	3,103,013	24,446,280	4,908,650	38,672,150	1,58
New share issue	Ordinary, Pref B	13.05.2020	2,449,157	26,895,437	3,874,316	42,546,466	1.58
At the end of the year				26,895,437		42,546,466	

At the end of the financial year there were 6,578,058 ordinary shares, 200 Series A preference shares and 20,317,179 Series B preference shares. The voting value of a ordinary share is one half vote per share and the voting value for Series A and B preference shares is one tenth of a vote per share.

Proposed appropriation of accumulated profit, SEK

Share premium reserve	50,240,003,979	Dividend to shareholders	4,572,362,433
Hybrid bonds	13,620,871,962	Share premium reserve	46,117,248,775
Retained earnings	705,219,786	Hybrid bonds	13,620,871,962
Profit (loss) for the year	-255,612,557	Retained earnings	0
Total	64,310,483,170	Total	64,310,483,170

It is proposed that the funds at the disposal of the Annual General Meeting, SEK 64,310,483,170 be appropriated as follows: A dividend of SEK 391.647221979219 per ordinary share is to be paid, totalling SEK 2,721,970,125. Dividends are to be paid to the holders of Series A preference shares in accordance with the company's Articles of Association, that is, in the amount of SEK 1,382,552.17927108 per preference share, totalling SEK 276,510,435.854215. Dividends are to be paid on Series B1 and B2 preference shares in accordance with the company's Articles of Association, that is, in the amount of SEK 80.4759716305714 per Series B1 and B2 preference shares, totalling SEK 1,289,833,866.247140 for Series B1 and B2 shares. Dividends are to be paid on Series B3 preference shares in accordance with the company's Articles of Association, that is, in the amount of SEK 78.9219696004438 per Series B3 preference shares, totalling SEK 184,832,017.003486 for Series B3 shares. Dividends are to be paid on Series B4 preference shares in accordance with the company's Articles of Association, that is, in the amount of SEK 50.9412541907183 per Series B4 preference shares, totalling SEK 99,215,988.4308235 for Series B4 shares. Accordingly, a total of SEK 4,572,362,432.53566 is to be paid out in dividends. No distribution is proposed to the holders of Series B5 preference shares. The remaining amount, SEK 59,738,120,737.4643 is to be carried forward to a new account. The dividend shall be paid in immediate connection with the resolution of the Annual General Meeting on 18 March 2021.

PC-CL CURRENT LIABILITIES**PC-CL 1** Current liabilities, subsidiaries**Accounting principles**

Balances on accounts included in a corporate account structure are reported as bank balances in the Parent Company since the Parent Company is the bank's counterparty. Subsidiaries included in the structure then report their positive or negative balances on sub-accounts as receivables or liabilities from or to the Parent Company.

PC-CL 2 Accrued expenses and prepaid income

	31 Dec. 2020	31 Dec. 2019
Accrued audit fees	1	2
Accrued interest costs	163	35
Other accrued items	96	70
Total	260	107

PC-CL 3 Pledged assets

	31 Dec. 2020	31 Dec. 2019
Pledged shares in subsidiaries	–	2
Total	0	2

Refers mainly to guarantee undertakings for subsidiaries. There are no pledged assets.

PC-CL 4 Commitments and contingencies**Accounting principles**

The Parent Company's financial guarantee agreements consist primarily of guarantee commitments to the benefit of subsidiaries. For the accounting of financial guarantee agreements, the Parent Company applies Rådet för finansiell rapportering RFR 2 (Accounting for legal entities). This means that the Parent Company reports financial guarantee agreements as a provision in the Statement of Financial Position when the company has an obligation for which payment is likely to be required to settle the obligation. Beyond this, disclosures are only provided in a note.

	31 Dec. 2020	31 Dec. 2019
Issued financial guarantees for the benefit of subsidiaries	51,250	45,114
Total	51,250	45,114

PC-FL FINANCING AND CAPITAL STRUCTURE

PC-FL 1 Cash and cash equivalents

	31 Dec. 2020	31 Dec. 2019
Bank deposits and cash	5,916	2,811
Total	5,916	2,811

Cash and cash equivalents mainly include bank deposits. The change in cash and cash equivalents is shown in the consolidated statement of cash flows. As of 31 December 2020 there are no unutilised credit agreements (SEK 0 million).

PC-FL 2 Long-term interest-bearing liabilities

	31 Dec. 2020	31 Dec. 2019
Loan maturity		
Within 1 year of the Statement of Financial Position date	5,104	4,000
Within 1–5 years of the Statement of Financial Position date	12,169	14,066
Later than 5 years from the Statement of Financial Position date	6,020	–
Deferred charges	-83	–
Total	23,210	18,066

	2020		2019	
	Loan amount	Average interest, % incl. margin	Loan amount	Average interest, % incl. margin
Interest maturity				
Within 1 year of the Statement of Financial Position date	14,984	1.4	10,753	2.5
Within 1–5 years of the Statement of Financial Position date	7,807	2.1	7,313	2.9
Later than 5 years from the Statement of Financial Position date	502	1.5	–	–
Total	23,293	1.6	18,066	2.7

PC-FL 3 Interest-rate derivatives**Accounting principles**

The company has chosen not to apply IAS 39. Interest rate derivatives are reported in accordance with the cost method and, since the agreements entered refer to the swapping of interest rates, this means that the cost is zero.

	2020	2019
Profit on disposal of hedge instruments	113	–
Unrealised value change	-373	-70
Total	-260	-70

Interest rate derivatives are used to limit the impact of interest changes in interest rates. If the agreed interest rate deviates from the market rate, a surplus or deficit value on the interest rate derivatives arises and is reported above as an unrealised value change.

		2020			2019		
	Type	Nominal amount	Share, %	Average interest, %	Nominal amount	Share, %	Average interest, %
Interest maturity							
Within 1 year of the Statement of Financial Position date	Paying fixed	2,091	10 %	0.1%	1,900	12%	0.0%
Within 1-5 years of the Statement of Financial Position date	Paying fixed	15,638	77 %	0.0%	11,177	71%	0.1%
Later than 5 years from the Statement of Financial Position date	Paying fixed	2,600	13 %	0.5%	2,750	17%	0.5%
Total interest rate derivatives		20,328	100 %	0.0%	15,827	100%	0.2%
Within 1 year of the Statement of Financial Position date	Paying variable	5,167	51 %	1.9%	5,223	42%	3.2%
Within 1-5 years of the Statement of Financial Position date	Paying variable	5,017	49 %	2.1%	7,313	58%	2.8%
Later than 5 years from the Statement of Financial Position date	Paying variable	–	–	–	–	–	–
Total cross currency swaps		10,184	100 %	2.0%	12,536	100%	3.0%

PC-FL 4 Liabilities to subsidiaries

All liabilities fall due for payment within 2 to 5 years.

PC-FL 5 Reconciliation of liabilities attributable to financing activities

	31 Dec. 2019	Cash flow	Currency difference	31 Dec. 2020
Long-term interest-bearing liabilities	0	1,690	–	1,690
Corporate bonds	18,066	4,262	-808	21,520
Change in interest-bearing liabilities	18,066	5,952	-808	23,210

	31 Dec. 2018	Cash flow	Currency difference	31 Dec. 2019
Long-term interest-bearing liabilities	6,436	-6,436	–	–
Corporate bonds	10,642	7,403	21	18,066
Change in interest-bearing liabilities	17,078	967	21	18,066

PC-GS GROUP STRUCTURE**PC-GS 1** Shares in subsidiaries**Accounting principles**

Subsidiaries are all entities over which Heimstaden Bostad has control. Heimstaden Bostad controls an entity when it is exposed to or has the right to a variable return from its holding in the entity and can affect the return through its control of the entity. When determining whether control exists, potential voting shares that can be called upon or converted without delay should be considered.

Investments in subsidiaries are reported at cost less any impairment. Cost includes acquisition-related costs. The carrying amount is continuously tested against the fair value of the subsidiary's assets and liabilities. In cases where the carrying amount of the investments exceeds the subsidiary's fair value, impairment is applied and charged to the Statement of Comprehensive Income. In cases where impairment is no longer justified, it is reversed.

	31 Dec. 2020	31 Dec. 2019
Opening balance	32,758	16,458
Acquisitions	–	7,662
Shareholder contributions paid	6,109	12,971
Impairment	–	-4,333
Closing balance	38,867	32,758

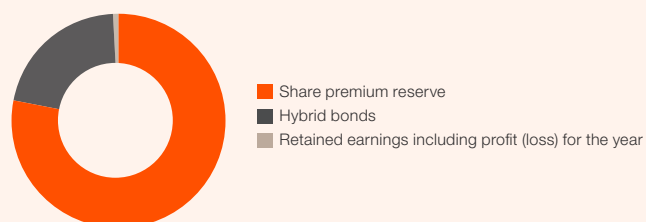
Specifications of the Parent Company's shareholdings in subsidiaries

Subsidiary	Corp. ID No	Reg. office	No. of shares	Share in %	Book value
Heimstaden Bostad Invest 1 AB	556867-8444	Malmö	1000	100	1,039
Heimstaden Bostad Invest 2 AB	556867-8451	Malmö	1000	100	249
Heimstaden Bostad Invest 3 AB	556871-1153	Malmö	1000	100	608
Heimstaden Bostad Invest 4 AB	556871-1104	Malmö	1000	100	889
Heimstaden Bostad Invest 5 AB	556910-3467	Malmö	500	100	1,086
Heimstaden Bostad Invest 6 AB	556989-5690	Malmö	500	100	427
Heimstaden Bostad Invest 7 AB	559106-1584	Malmö	500	100	917
Heimstaden Bostad Invest 8 AB	559106-1550	Malmö	500	100	74
Heimstaden Bostad Invest 9 A/S	38714953	Köpenhamn	500	100	10,356
Heimstaden Bostad Invest 10 AS	819330492	Oslo	500	100	10,095
Heimstaden Bostad Invest 11 AB	559111-6107	Malmö	500	100	791
Heimstaden Bostad Invest 12 AB	559228-4433	Malmö	500	100	4,500
Heimstaden Bostad Invest 13 AB	559276-3345	Malmö	500	100	152
Heimstaden Bostad Invest AB	559190-1607	Malmö	500	100	0
Heimstaden Bostad Bostadsfinansiering AB	559112-2105	Malmö	500	100	0
Heimstaden Bostads Portalen AB	559085-2264	Malmö	500	100	0
Heimstaden Satelliten AB	559163-3457	Malmö	500	100	0
Heimstaden Bostad Skrinet AB	559177-3436	Malmö	500	100	0
Heimstaden Bostad Portalen 2 AB	559177-3451	Malmö	500	100	0
Heimstaden Burlöv AB	559147-4076	Malmö	500	100	0
Heimstaden Castor AB	559101-4963	Malmö	500	100	7,662
Heimstaden Berlin Residential 001 GmbH	HRB200836	Berlin	25000	100	0
Heimstaden Bostad Treasury B.V.	78619610	Amsterdam	100	100	21
Total					38,867

Proposed appropriation of accumulated profit

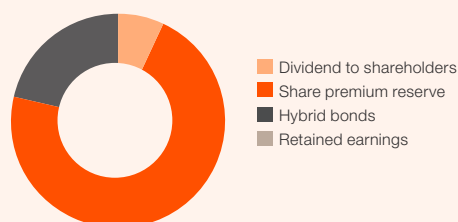
According to the Parent Company's Statement of Financial Position, the following earnings are at the disposal of the Annual General Meeting:

SEK	
Share premium reserve	50,240,003,979
Hybrid bonds	13,620,871,962
Retained earnings	705,219,786
Profit (loss) for the year	-255,612,557
Total	64,310,483,170



The Board of Directors proposes that dividends be paid to shareholders as follows:

SEK	
Dividend to shareholders	4,572,362,433
Share premium reserve	46,117,248,775
Hybrid bonds	13,620,871,962
Retained earnings	0
Total	64,310,483,170



It is proposed that the funds at the disposal of the Annual General Meeting, SEK 64,310,483,170 be appropriated as follows: A dividend of SEK 391.647221979219 per ordinary share is to be paid, totalling SEK 2,721,970,125. Dividends are to be paid to the holders of Series A preference shares in accordance with the company's Articles of Association, that is, in the amount of SEK 1,382,552.17927108 per preference share, totalling SEK 276,510,435.854215. Dividends are to be paid on Series B1 and B2 preference shares in accordance with the company's Articles of Association, that is, in the amount of SEK 80.4759716305714 per Series B1 and B2 preference shares, totalling SEK 1,289,833,866.247140 for Series B1 and B2 shares. Dividends are to be paid on Series B3 preference shares in accordance with the company's Articles of Association, that is, in the amount of SEK 78.9219696004438 per Series B3 preference shares, totalling SEK 184,832,017.003486 for Series B3 shares. Dividends are to be paid on Series B4 preference shares in accordance with the company's Articles of Association, that is, in the amount of SEK 50.9412541907183 per Series B4 preference shares, totalling SEK 99,215,988.4308235 for Series B4 shares. Accordingly, a total of SEK 4,572,362,432.53566 is to be paid out in dividends. No distribution is proposed to the holders of Series B5 preference shares. The remaining amount, SEK 59,738,120,737.4643 is to be carried forward to a new account. The dividend shall be paid in immediate connection with the resolution of the Annual General Meeting on 18 March 2021.

The board of directors' statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act

This statement has been prepared in accordance with Chapter 18, Section 4 of the Swedish Companies Act and constitutes the board of directors' assessment of whether the proposed dividend is justified according to Chapter 17, Section 3, second and third paragraph of the Swedish Companies Act.

The board of directors proposes distribution of a dividend amounting to SEK 391.647221979219 per ordinary share, totalling SEK 2,721,970,125. The board of directors further proposes distribution of a dividend to the holders of Series A preference shares in accordance with the company's Articles of Association in the amount of SEK 1,382,552.17927108 per preference share, totalling SEK 276,510,435.854215. The board of directors further proposes distribution of a dividend to the holders of Series B1 and B2 preference shares in accordance with the company's Articles of Association in the amount of SEK 80.4759716305714 per Series B1 and B2 preference shares, totalling SEK 1,289,833,866.247140 for Series B1 and B2 shares. The board of directors further proposes distribution of a dividend to the holders of Series B3 preference shares in accordance with the company's Articles of Association in the amount of SEK 78.9219696004438 per Series B3 preference shares, totalling SEK 184,832,017.003486 for Series B3 shares. The board of directors further proposes distribution of a dividend to the holders of Series B4 preference shares in accordance with the company's Articles of Association, that is, in the amount of SEK 50.9412541907183 per Series B4 preference shares, totalling SEK 99,215,988.4308235 for Series B4 shares. No distribution is proposed to the holders of Series B5 preference shares.

The dividend in total amounts to SEK 4,572,362,432.53566, which is circa 52.7 per cent of the group's result for the financial year of 2020. The proposed dividend reduces the company's equity ratio from circa 65.6 per cent to circa 64.0 per cent and the group's equity ratio from circa 47.2 per cent to circa 46.8 per cent. The equity ratio is satisfactory both in short and long term.

The company's and the group's financial positions as of 31 December 2020 are stated in the 2020 annual report. As of 31 December 2020 the unrestricted equity of the company amounted to SEK 18,302,020,985. No assets or liabilities have been valued at fair value in accordance with Chapter 4, Section 14 a of the Swedish Annual Accounts Act (1995:1554).

The operations conducted by the company and the group do not pose any risks beyond what is occurring or what can be presumed to occur in the industry or the risks associated with the course of business operations. The board of directors have taken into account the company's and the group's need for consolidation through a comprehensive assessment of the company's and group's financial position, as well as the company's and the group's capability to comply with its undertakings in the long run. The company's and group's financial position does not indicate anything other than that the company and the group will be able to continue their operations and are expected to be able to comply with all of their obligations in the short and long term and to be able to make necessary investments. The board of directors' assessment is that the amount of the company's equity, even after the proposed dividends, is in a reasonable proportion to the extent of the operations conducted by the company and the group as well as the risks associated with the course of the business' operations.

In light of, and taking the above into account, it is the board of directors' assessment that the proposed dividends are justified according to Chapter 17, Section 3, second and third paragraph of the Swedish Companies Act regarding the requirements on the company's equity, the company's and group's need for consolidation, liquidity and position in general as determined by the nature of business, scope and risk.

Signatures

The undersigned provide their assurance that the consolidated financial statements have been prepared in accordance with the International Accounting Standards (IFRS), as adopted by the EU, as well as the Swedish Financial Reporting Board's recommendation RFR 1 and that the Annual Report has been prepared in accordance with the Annual Accounts Act and the recommendation RFR2 of the Swedish Financial Reporting Board. The consolidated and annual financial statements have been prepared in accordance with good accounting practices, and provide a fair view of the Group's and the Parent Company's financial position and profit, and that the Administration Report provides a fair overview of the development of the operations, position and results of the Group and the company, as well as describing significant risks and uncertainty factors facing the companies within the Group.

Malmö, 17 March 2021

Patrik Hall
CEO

Casper von Koskull
Chairman of the Board

Stefan Attefall
Board Member

Magnus Nordholm
Board Member

Axel Brändström
Board Member

Christer Franzén
Board Member

John Giverholt
Board Member

Erik Gläsel Gullestad
Board Member

Frans Heijbel
Board Member

Karmen Mandic
Board Member

Katarina Skalare
Board Member

Birgitta Stenmark
Board Member

Our Audit Report was submitted on 17 March 2021
Ernst & Young AB

Peter von Knorring
Authorised Public Accountant

Audit Report

To the general meeting of the shareholders of Heimstaden Bostad AB (publ), corporate identity number 556864-0873

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Heimstaden Bostad AB (publ) except for the corporate governance statement on pages 74–81 and the statutory sustainability report on pages 145–171 for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 8–9, 44–47, 62–71 and 88–138 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31st December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31st December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 74–81 and the statutory sustainability report on pages 145–171. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the statement of comprehensive income and statement of financial position for the parent company and the consolidated statement of comprehensive income and the consolidated statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Description

The fair value of the Group's investment properties reported in the Statement of Financial Position per 31 December 2020 amounted to SEK 143,806 million. The valuations are made through a combination of local price analyses and market simulations of future cash flows. The properties were valued externally per 31 December 2020. The properties' direct return requirements are assessed on the basis of each property's unique risk and transactions made in the market for objects of a similar nature. In view of the many assumptions and assessments made in connection with the valuation of investment properties, we believe that this area is to be considered of particular importance in our audit. A description of the valuation of the property holdings is shown in the Annual Report under Note A2.

How our audit addressed this key audit matter

In our audit, we have evaluated and examined the external property valuation process by, among other things, evaluating the valuation method. With the support of our internal property valuation specialists, we have examined a sample of the external property valuations and assessed the reasonableness of assumptions made, such as direct return requirements, vacancy rates, rental income and operating costs. We have made comparisons with available market data. For a selection of investment properties, we have examined inputs on revenue and operating expenses and calculations in the external valuations at the property level. We have evaluated the external valuers' competence and objectivity. We have reviewed supplementary disclosures made in the Annual Report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3–7, 11–43, 48–61 and 82–87. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and the consolidated accounts is located at Revisorsinspektionen's (the Swedish Inspectorate of Auditors) website at: http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Heimstaden Bostad AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the administration is located at at Revisorsinspektionen's (the Swedish Inspectorate of Auditors) website at: http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of our auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 74–81 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 145–171, and that it is prepared in accordance with the Annual Accounts Act.

My (Our) examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, P.O Box 7850, 103 99 Stockholm, was appointed auditor of Heimstaden Bostad AB (publ) by the general meeting of the shareholders on the 13th of May 2020 has been the company's auditor since the 16th of April 2018.

Norrköping the 17th of March 2021
Ernst & Young AB

Peter von Knorring
Authorised Public Accountant



Sustainability Report 2020

Material areas of sustainability have been reported in accordance with the GRI Standards Core. The GRI index provides references to where the information is in the Annual Report. Certain exceptions, where it has not been possible to fully report the data required by the GRI framework, are indicated in the GRI index on pages 155–156.

Details regarding materiality and boundaries, management approach and evaluation for each material area of sustainability can be found in the sustainability notes on pages 157–171. An overview of Heimstaden's material risks and risk management can be found on pages 66–71.

Data are detailed in accordance with GRI Standard 103 and all the standards applied were published in 2016, except for GRI 303: Water and Effluents and GRI 403: Occupational Health and Safety, which were published in 2018 and GRI 306: Waste, which was published in 2020. Unless otherwise stated, the data reported pertain to the entire Group. The Sustainability Report is produced annually. This is Heimstaden's fourth sustainability report and the second based on GRI Standards. The data have not been reviewed by an external auditor. We have, however, consulted an external expert, with specific expertise in GRI, to review the GRI content prior to publication.

Some of the data to be submitted in accordance with the Swedish Annual Accounts Act (ÅRL 6:11) are detailed in other parts of the Annual Report. A description of the company's business model can be found on pages 5–6 and 14–19, and information on Heimstaden's risks and risk management can be found on pages 66–71.

CDP

Heimstaden Bostad AB recently submitted its first CDP report, covering FY 2019. The CDP report earned a place on the CDP's Climate C List. CDP's annual environmental disclosure and scoring process is recognised as the gold standard of corporate environmental transparency. By participating, companies provide investors with an objective overview on how well they are dealing with climate change. An important part of Heimstaden's overall strategy is to contribute, inspire and enrich society with sustainable actions, solutions and communication and we think it is important to be transparent by disclosing our environmental impact. As a first step in the CDP reporting, Heimstaden Bostad also conducted its first Scope 3 emissions assessment covering 2019, which can be found on page 162.

Climate-related disclosures

For the first time, Heimstaden presents its climate-related disclosures using the TCFD recommendations, which can be found on pages 150–153.

EU Taxonomy

During 2020, Heimstaden started preparations to be able to report on its EU Taxonomy alignment for FY 2021, both in terms of assessments of the taxonomy requirements, the status of our property portfolio in relation to the taxonomy criteria and thresholds, and by taking a more strategic approach and prioritising our property investments.

UN Global Compact

In 2019, Heimstaden AB signed the UN Global Compact and committed to following its 10 principles in the areas of human rights, labour practice, environment and anti-corruption. This Sustainability Report represents our Communication on Progress report to the UN and the GRI index includes references to where the data are presented in the report.

Sustainability strategy

Sustainable Mindset is one of Heimstaden's four strategic pillars, supported by an underlying sustainability strategy and Group-wide sustainability targets. We have an ongoing process to develop new climate goals, a complex task due to our strong growth in new markets. We have committed to the Science-Based Targets initiative (SBTi) and we will send our new climate targets to the SBTi for validation as soon as they are finalised. The goals are expected to be completed and approved by our Board of Directors in early 2021. Our climate targets will cover Scope 1, 2 and 3. We have a strong focus on sustainability, and we are working strategically and holistically in these areas. Accordingly, financial, environmental and social factors constitute the basis for our long-term business and operational development. Although Heimstaden works with various aspects of sustainability daily, our sustainability strategy was developed to clarify and review our efforts. The strategy

acts as a tool in our transition to even more responsible operations and builds on Heimstaden's strategic pillars, our values, Codes of Conduct and policies, while also adhering to external guidelines and frameworks for sustainability. Sustainability forms an integral part of our business strategy and operations, and to clarify this, we have developed a division of responsibilities that extends throughout the organisation, from the Board of Directors and senior executives to line managers and to individual employees. For more information about our sustainability governance, targets and outcomes, see sustainability notes on pages 157–171.

Building capacity for sustainability

Heimstaden is continuously building its capacity for sustainability, organisation and reporting ability. We have a strong focus on strategy implementation and to deliver on our Group targets. During 2020 we filled several new roles at the Group level: Head of Group Energy Management, Group Environmental Manager, Group Sustainability Controller and Group Sustainability Reporting Manager. To ensure consistent work throughout our organisation, we also appointed Sustainability Managers in our larger country organisations.

Sustainable Financial Initiatives

During 2019, Heimstaden developed a Green Bond Framework for Heimstaden Bostad. Heimstaden Bostad's Green Bond Framework is aligned with the Green Bond Principles. CICERO Shades of Green has provided an independent second opinion with a Medium green rating and Heimstaden Bostad received an overall green bond governance structure rating of Excellent. In November 2020, Heimstaden Bostad AB successfully priced its inaugural green senior unsecured bond ("Green bond") with a notional amount of SEK 1,200 million, to mobilise debt capital for environmentally sustainable purposes.

Stakeholder engagement

We map and analyse our stakeholders' expectations of Heimstaden's operations, a prerequisite for achieving our targets and generating value that is sustainable in the long term. Therefore, we maintain an ongoing dialogue with our most important stakeholders. In our approach for identifying stakeholders to engage with, we have focused on those that

we have long-term relationships with and who are affected by, and/or have an impact on, our operations. The principal stakeholders we have identified are customers, suppliers, lenders and investors, employees, public bodies and shareholders. We have selected key stakeholders to participate in dialogues based on their availability and interest in participating.

In interviews with stakeholders, we asked each of them to highlight the areas of sustainability that they consider to be Heimstaden's highest priority. By compiling and assessing data from dialogues conducted in 2017–2020, we have been able to highlight areas that our stakeholders consider important. We supplement this with data from external analyses, current legislation, risk assessments and our sustainability targets and corporate governance, etc. Internally, we also involve key individuals with specific knowledge from different parts of the company. This has resulted in a large body of data that we have evaluated qualitatively, in accordance with the GRI principles, to highlight the issues on which it is most important to report. We have evaluated the degree to which the issues affect stakeholders and how material they are for Heimstaden, in order to identify the most important issues. In the process of setting priorities, Heimstaden's actual impact on people, environment, climate, economy and society was included, as well as Heimstaden's vision and business strategy.

As a result of the process described above, we have identified the following material GRI areas to report on: financial results, anti-corruption, energy, greenhouse gas emissions, employment and occupational health and safety, waste and local community. Waste and local community were identified as material GRI areas in 2020. On pages 157–171, we describe the materiality of each area. The prioritised sustainability areas have subsequently been validated by senior executives.

In addition to the sustainability areas that have been prioritised as material from a GRI perspective, Heimstaden applies a structured and long-term approach regarding water and human rights.

Contact point for the sustainability report: Katarina Skalare, Chief Sustainability Officer.



Governance for sustainability

Our sustainability efforts permeate all operations and are governed by joint policies, guidelines, overall measurable objectives and detailed action plans. Heimstaden follows the precautionary principle, which is integrated into Heimstaden's environmental policy and will be monitored via the coming environmental management system. Activities are followed up annually and are regularly reported to Group Management and the Board. Heimstaden's CEO is ultimately responsible for all sustainability work, the Chief Sustaina-

bility Officer is responsible for conducting and developing the sustainability efforts of the Group in close cooperation with Group Energy Management and Group Controlling. Heimstaden is continuously building its sustainability capacity, organisation and reporting ability. We have a strong focus on strategy implementation and delivering on our group targets. To ensure consistent work throughout our organisation, we also appoint Sustainability Managers in our larger country organisations.

External regulations and undertakings

- Swedish Annual Accounts Act
- Environmental legislation
- Work environment legislation
- Discrimination legislation
- Building regulations
- Other applicable laws and regulations
- The UN Sustainable Development Goals
- The UN Global Compact
- Environmental certification (Sweden Green Building Council's "Miljöbyggnad Silver" certification)

Internal governance documents

- Business Strategy
- Sustainability Strategy
- Green Bond Framework
- Our Culture
- Code of Conduct for Employees
- Code of Conduct for Business Partners
- Goes Without Saying Policy
- Equal Rights Policy
- Work Health and Safety Policy
- Environmental Policy
- Whistleblower Policy
- Purchasing Policy
- Sanctions Policy

Stakeholder engagement and expectations

Dialogue opportunities

Customers	<ul style="list-style-type: none"> • Customer service and ongoing dialogues regarding property management • Customer satisfaction surveys • Local events and happenings 		
Suppliers	<ul style="list-style-type: none"> • In connection with procurement processes for framework agreements, when placing orders and in meetings with suppliers • When reviewing sustainability efforts in connection with renegotiation/renewal of agreements 		
Lenders and investors	<ul style="list-style-type: none"> • Individual meetings with banks and investors • Financial statements • Capital market presentations • Green Bond issuance 		
Employees*	<ul style="list-style-type: none"> • Personal development plan (PDP) discussion • Leadership development • Employee surveys • Working environment groups • Operational planning • Internal conferences and meetings 		
Public bodies	<p>PUBLIC SECTOR</p> <ul style="list-style-type: none"> • Dialogue forums regarding urban planning and dialogues with developers • Dialogue forums on social aspects – safe neighbourhoods, crime prevention and environment in the local community • Dialogues with municipalities • Dialogues when entering new markets 	<p>NOT-FOR-PROFIT SECTOR</p> <ul style="list-style-type: none"> • Engagement and attendance at meetings with special interest and industry organisations • Network meetings 	<p>UNIVERSITIES AND COLLEGES</p> <ul style="list-style-type: none"> • Career fairs • Company presentations for students • Project/thesis assignments • Internships
Shareholders	<ul style="list-style-type: none"> • Owner dialogues and meetings • Board meetings • Annual General Meeting • Meetings with shareholder representatives 		

* All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.

Important issues:

Our actions

- Pleasant and safe living environment
- Affordable apartments
- Good service
- Access to public transport and local services

- Continuous improvement work
- A wide portfolio of apartments in different price ranges
- Reporting area Local communities on page 169–171

- Material usage
- Specifications concerning the supplier's work conditions, work environment and environmental work
- Collaboration for increased sustainability

- Continuous improvement work
- Tools to track performance
- Supply chain reporting on pages 158 and 168

- Long-term and stable financial management
- Customer satisfaction
- Energy usage
- Greenhouse gas emissions
- Climate change
- Alignment with Paris Agreement and the EU Taxonomy

- Improved Standard & Poor's rating to BBB
- Continuous improvements regarding sustainability performance
- Improved climate strategy and reporting capacity (CDP, TCFD), pages 145–147, 150–153

- Responsible and ethical business practices
- Stable and long-term employer that offers good employment terms and work environment
- Leadership presence
- Local community engagement

- High ethical standard
- High focus on leadership, employee development and working conditions
- Reported on pages 164–167

- Community engagement and social responsibility
- Safe and secure neighbourhoods
- Greenhouse gas emissions
- Climate change
- Material usage
- Transport and emissions
- Job opportunities
- Biodiversity and ecosystem services
- Sharing Economy
- Internship opportunities

- Heimstaden contributes to a more sustainable housing market
- Heimstaden has a focus on building sustainable, safe and inclusive neighbourhoods and local communities
- Heimstaden offers internships and summer jobs to students
- Reported on pages 169–171

- Community engagement and social responsibility
- Customer satisfaction
- A long-term stable profit where consideration is given to people, ethics and the environment
- Sustainable growth
- Transparent reporting

- Heimstaden has a strong focus on environment, social responsibility and governance
- By ensuring operational efficiency, customer experience and an ever-green perspective on properties, Heimstaden generates long-term value for the shareholders
- Reported on pages 169–171

Climate actions in 2020

Heimstaden runs its sustainability work through a strong internal organisation with the right skills, tools and resources in the right place for follow-up, control and improvement of performance. In connection with our European expansion increasing sharply in 2019–2020, a Group-wide sustainability organisation was established, and the work of building up local sustainability competence in our countries took place in step with our entry into markets around Europe. At the Group level, the sustainability organisation consists of a Sustainability function with five roles of which two are ongoing recruitments, a Sustainability Controller at Group Controlling; and a Head of Energy Management at Group Operations. At the country level, Heimstaden has recruited Sustainability Managers in the Netherlands, the Czech Republic and Sweden.

In 2020, we took a huge step forward by conducting a Scope 3 assessment and submitting our first CDP report which resulted in a score of C. Heimstaden's ambition is to increase the CDP score over time, but the current result shows that Heimstaden has come a long way in a short period of time. In addition, we integrated the sustainability strategy and climate focus into our recently acquired operations in the Czech Republic. A successful job that resulted in long-term ambitious plans to phase out coal dependence, by fuel switches to more sustainable alternatives such as heat pumps, systems for heat recovery and by influencing energy providers to improve the energy mix in district heating.

TCFD recommendations

In 2017, the TCFD¹ released their recommendations which are directed at both companies and investors. The aim is to provide investors with information about the risks and opportunities that a transition to a society with lower carbon emissions and a changing climate entails. TCFD's recommendations are categorised into four areas: governance, strategy, risk- and opportunities management as well as metrics and targets. This is the first time Heimstaden's climate agenda is described based on the TCFD recommendations.

Governance towards climate neutrality

The Board of Directors has overall responsibility for managing climate-related risks and opportunities and establishing a strategic agenda for the company annually. We hold a life-long perspective on our properties, the strategic plan includes climate strategy and targets that form the basis for the operations in a long-term perspective (2030–2050) and short-term (2–5 years). The Board of Directors conduct an annual review of the companies work to reduce operational impact on climate, and climate change adaptation.

Strict requirements from the owners mean that the returns must be stable in the long-term and generated with consideration for people and the en-

vironment. They also expect climate issues to be an integrated part of operations. The progress report to owners is made by owner representatives on the Board of Directors as well as through ongoing dialogues with the sustainability departments at the owner organisations. Sustainability strategy and targets have up to FY 2020 been handled on the Board's agenda annually, supplemented with dialogues with sustainability representatives in the owner organisations. An ongoing project on corporate governance and risk management is currently reviewing and refining future governance, risk management and follow-up of sustainability goals and results. The CEO is responsible for presenting, anchoring and following up on sustainability at board meetings.

Responsibility for daily operations with climate issues such as planning, governance and monitoring follows the organisational structure, with a clear delegation of responsibilities and mandates. Climate-related issues are included as part of the business plans developed for the underlying units as well as for the company in its entirety and include the targets set for both the short- and long-term. The targets are monitored on a regular basis by management and the Board of Directors.

Strategy towards low carbon housing

As a pan-European residential company, Heimstaden supports the EU target of being climate neutral in 2050, but locally we also consider sharper targets in line with targets set in the countries in which we operate. To ensure that efforts to reduce our climate impact are sufficient and in line with the requirements specified by the Paris agreement to limit global warming to well below two degrees, we have committed to the Science-Based Targets initiative (SBTi) and we will send our new climate targets to the SBTi for validation as soon as they are finalised.

Heimstaden has a long-term evergreen philosophy. It is therefore important that the company's strategy also monitors areas that have a significant effect in the long run, including the climate. Therefore, Sustainable Mindset is one of the strategic pillars, supported by an underlying sustainability strategic plan. The strategic plan is determined annually and includes operating environment factors that have the most impact on the company and the strategies assessed as appropriate for new conditions. The company is currently reviewing the long-term climate and energy efficiency targets due to entering markets outside the Nordic regions. We will set ambitious climate targets that affect our own decisions as well as those of our tenants, suppliers and business partners. Climate-related projects are a central part of Heimstaden's investment categories. The existing (and future) portfolio will continuously be reviewed and adapted based on climate impact.

¹ Task Force on Climate-related Financial Disclosures

Strategic topics of regulatory nature that have a major impact, for example, the company's management of the EU taxonomy, is decided upon by the owners. The company's sustainability strategy and targets are decided by the Board. Heimstaden's strong strategic approach to sustainability and climate the last two years has led to a much more mature organisation and has strengthened the governance, strategy, and risk management both in terms of ability, competence and performance.

Opportunities

The transition to a low-carbon society also means opportunities for Heimstaden. By switching to renewable energy sources, investing in renewable electricity generation and continuing to work on energy efficiency and biodiversity measures, Heimstaden will reduce its greenhouse gas emissions and in many cases operating costs while at the same time increasing the number of energy efficient buildings and adapting to climate change. Those results are important for us to achieve our goals, as well as attract investors. In property development projects, an increased focus on the materials, recycling of building materials and on waste management will lead to emissions reduction, positive financial effects, as well as reduced water use.

There will be many opportunities to seek public funding to meet climate and energy objectives and support the transition to clean energy since the EU provides support schemes and various initiatives to accelerate energy efficiency investments. Heimstaden will assess the opportunities to seek funding for transition projects such as testing new technologies and for the development of new products and customer services through innovation.

Challenges on our path

Heimstaden is transparent about our status and acknowledges that there is more to do to fully address and manage climate challenges, not least in view of our rapid growth in European countries. According to Eurostat, households accounted for approximately 26 percent of final energy usage in the European Union in 2018. About three quarters of European buildings are considered energy inefficient. In Sweden, renewable energy accounted for over 42 percent of gross inland energy usage in 2017, while the Czech Republic stands out on the other side of the scale; the share of solid fossil fuels (hard coal, brown coal and other coal products) in gross inland energy usage was the second highest in the EU (36.5 percent). How household energy use changes during the Covid-19 pandemic is yet to be seen.

Climate actions

Heimstaden addresses climate change through sustainable energy solutions, energy and water efficiency and biodiversity measures. The company holds a life-long perspective on properties, valuing and preserving older properties by carefully upgrading them. In 2020, a central Group Energy Management function was established, and the work of building up local internal technical competence for optimised energy use in our countries was started. Today Heimstaden has a fully established technical organisation with follow-up tools and processes in the energy area in Sweden and Norway. We are currently building capacity in all countries, the aim is to spread best practices between the countries regarding technical investments and local energy solutions to optimise energy use and reduce carbon dioxide emissions. This approach is optimal for achieving results, as we combine local knowledge of each market's conditions and day-to-day operations with a group-wide specialist competence where

Heimstaden's focus:

- Improve Energy Performance Certificates (EPC)
- Energy-efficiency measures
- Optimisation & technical investments
- Transition to fossil-free energy solutions
- Investments in photovoltaics & e-mobility
- Biodiversity measures
- Various partnerships
- Customer nudging projects

New construction:

- CO₂-intensity
- Primary energy demand 20 percent better than national net zero-energy building (NZEB) requirements
- Environmental Product Declaration
- Life Cycle Assessments
- Biodiversity measures

knowledge of the most effective solutions is shared between the countries. In addition to technical operational efficiencies, this organisation also works to investigate in each market the possibilities for increased use of fossil-free energy, both by investing and by trying to actively influence energy companies around Europe to switch their production where possible.

Heimstaden calculates its Scope 1, Scope 2 and Scope 3 emissions. Greenhouse gas emissions have been calculated in line with the Greenhouse Gas Protocol's (GHG Protocol) methodology. A compilation of Heimstaden's greenhouse gas emissions in Scope 1 and Scope 2 for 2020, and Scope 3 for 2019 can be found in the sustainability notes 305-1 to 305-3 on pages 161–162. There you will also find key figures for carbon footprints in tonnes of carbon dioxide equivalents per million kronor (SEK) in revenue. A description of environmental and climate-related projects for 2021 is presented on page 33.

Climate Risk Management

Assessing and managing climate-related risks is an integral part of Heimstaden's annual general risk management process. The climate-related risk management process includes choosing strategic priorities and if necessary, updating their importance depending on factors such as technical progress, organisational growth, properties in new geographic areas or new legislation and guidelines. Understanding the risks by actively stress testing the business's climate resilience going forward is an important part of maintaining financial stability and capturing future business opportunities that the transition entails. The Group Management team has prepared guidelines, instructions and allocated responsibilities that are followed up on an ongoing basis. They assess the risks based on likelihood and impact. Material risks are then presented to the Board of Directors.

Heimstaden follows TCFD's recommendations and divides climate-related risks into two main categories: transition risks and physical risks. By using concrete subcategories, Heimstaden visualises the identified risks and opportunities for all stakeholders and ensures a relevant risk management process. Transition risks refers to the political, regulatory and technological risks that a transition to a society with lower carbon emissions can

entail. The physical risks can be acute or chronic and can include direct damage to assets or indirect damage such as interruptions to the supply chain.

Heimstaden has identified and analysed both the physical and the transition risks by using different climate scenarios. The risks have been processed by a related risk team including experts from all business functions.

Heimstaden's material climate-related risks are presented on page 69. The company has an ongoing risk management improvement project covering all relevant risk areas. Part of the process is to develop financial key metrics that will be used to measure and manage climate-related risks and opportunities.

Scenario planning

Heimstaden's strategy to identify relevant climate-related risks and opportunities is based on data from the UN's Intergovernmental Panel on Climate Change's (IPCC) scenario RCP 2.6 and RCP 8.5, both in a short-term (2040) and long-term (2100) perspective. An RCP of 2.6 represents a strong climate policy with reduced emissions, negative emissions by 2100 and a global temperature increase of 0.5–1.5 degrees. An RCP of 8.5 represents instead a weak climate policy, continued high emissions and a global temperature increase of 3.5–5.0 degrees. The analysis also included other factors, such as rainfall patterns and rising sea levels. Results of the study will be integrated into the different processes of operations and management, projects and portfolio planning.

To support the risk management process, Heimstaden has used data from the European Commission and the European Summary Data from the Swedish Meteorological and Hydrological Institute covering elevated average temperatures, rising sea levels, extreme heat and heavy rains with both RCP scenarios in Heimstaden's overall portfolio.

Focus going forward

During 2021, Heimstaden plans to further assess climate-related physical risks and financial effects at the local level in all our markets.

Long-term potential climate effect in markets where Heimstaden owns properties:

- Central Europe – more frequent heat waves, forest fires and droughts.
- Northern Europe – getting significantly wetter, and winter floods could become common.
- Urban areas – exposed to heat waves, flooding or rising sea levels

Source: <https://ec.europa.eu/clima/change/consequences>

Initial scenario analysis

In 2020, Heimstaden conducted a first desk-top estimate and analysis of the effects of climate change. The analysis is based on the IPCC's RPC 2.6 and RPC 8.5 scenario and has been mapped against the results of regional climate modelling system RCA3¹ and RCA4¹, both in IPCC time perspective short-term (2040) and long-term (2100). The next step will be together with climate experts, to enhance the analysis and its results by analysing our property portfolio more locally in the different countries, and calculating financial consequences. The result of the next step will form the basis for further development of Heimstaden's climate strategies, targets, actions and measures.

	Short-term 2040		Short-term 2040		Long-term 2100		Long-term 2100	
RPC	2.6		8.5		2.6		8.5	
	Regulatory	Technological	Market	Reputation	Acute	Systematic		
Elevated average temperature	the value of financial assets is affected	energy efficient technical solutions	increased cost of CO ₂ emissions affects costs for services and goods	energy requirements in environmental certifications	deteriorating human health	increased demand for property maintenance		
	costs for CO ₂ emissions	fossil-free heating systems	changed market price for services and goods	poorer housing	threatened ecosystems	deteriorating water quality		
	increased tax and insurance costs				less products and timber from forestry			
Rising sea level	impossible to insure affected properties	increased demand for damage control systems	some properties might be unable to rent out	pricing of land and properties affected	property-related damage	some locations become uninhabitable		
Extreme heat	legislation on heat control in relation to customers' health	increased need for cooling systems		customer satisfaction decline	forest fires	health problems, increased mortality drought and water scarcity		
Heavy rain	legislation on property flooding control	demand for water and storm resistant technical solutions		customers' personal assets are destroyed	momentary floods	recurring floods that destroy assets and customers' belongings		
					strong flows			

Heimstaden's categorisation and analysis of scenarios has been made possible by using the Rossby Centre's climate scenarios performed by SMHI and estimated climate scenarios performed by SMHI.

Source: <http://www.smhi.se/klimat/framtidens-klimat/klimatscenarioer>

¹ The Rossby Centre regional atmospheric climate model



On pages 153–167 we have linked our material sustainability areas to the Sustainable Development Goals and their sub-targets.

UN Global Compact

In 2019, Heimstaden AB joined the UN Global Compact initiative for responsible business, thereby undertaking to following its ten principles in the areas of human rights, labour, the environment and anti-corruption.



Memberships and undertakings

- The UN Global Compact
- Public Housing Sweden
- Sweden Green Building Council
- Fastighetsägarna (Swedish organisation for real estate companies)
- Norsk Eiendom (Norwegian organisation for real estate companies)
- Ejendom Danmark (Danish organisation for real estate companies)
- Association of Real Estate Agents, Czech Republic
- Rental Housing Association, Czech Republic
- Association for the Development of the Moravian-Silesian Region, Czech Republic
- Association for Real Estate Market Development, Czech Republic
- Chamber of Commerce of the Moravian-Silesian Region, Czech Republic
- IVBN (Dutch organisation for real estate companies)
- BeBo – Swedish Energy Agency's network for residential property owners committed to energy efficiency
- Studentbostadsföretagen (Swedish student housing association)
- LFM 2030 (Local path chart towards a climate-neutral construction and property management sector in Malmö, Sweden by 2030)
- Joint task force for a sound construction sector, Sweden
- The Rotterdam Climate Agreement, Netherlands

GRI standards	Comment/information outstanding	Principles of the Global Compact	Page
GRI 102: General disclosures 2016			
102-1 Name of the organisation			2
102-2 Activities, brands, products, and services			14-19
102-3 Location of headquarters			2
102-4 Location of operations			48-49
102-5 Ownership and legal form			74-81
102-6 Markets served			48-61
102-7 Scale of the organisation			7-11, 97-102
102-8 Employees			25
102-9 Supply chain			31, 168
102-10 Significant changes to the organisation and its supply chain			8-9
102-11 Precautionary principle or approach		7	147
102-12 External initiatives		7	171
102-13 Membership of associations			154
102-14 Statement from senior decision-maker			12-13
102-16 Values, principles, standards, and norms of behaviour		1-10	5, 14-19
102-18 Governance structure			74-81
102-40 List of stakeholder groups			148-149
102-41 Collective bargaining agreements		3	168
102-42 Identifying and selecting stakeholders			146
102-43 Approach to stakeholder engagement			146
102-44 Key topics and concerns raised			148-149
102-45 Entities included in the consolidated financial statements			97-98
102-46 Defining report content and topic boundaries			146
102-47 List of material topics			146
102-48 Restatements of information			146
102-49 Changes in reporting			146
102-50 Reporting period			145
102-51 Date of most recent report	2020-04-09 for FY 2019		
102-52 Reporting cycle			145
102-53 Contact point for questions regarding the report			146
102-54 Claims of reporting in accordance with the GRI Standards			145
102-55 GRI content index			155-156
102-56 External assurance	Not externally assured		
103-1 Explanation of the material topic and its boundary			157-171
103-2 The management approach and its components			157-171
103-3 Evaluation of the management approach			157-171

GRI standards	Indicator	Comment/information outstanding	Principles of the Global Compact	Page
Economy				
Economic performance	201-1 Direct economic value generated and distributed			157
Anti-corruption	205-3 Confirmed incidents of corruption		2, 6, 10	158
Environment				
Energy	302-1 Energy consumption within the organisation		8-9	159–160
	302-3 Energy intensity		8-9	159–160
Water	303-5 Water consumption			167
Greenhouse gas emissions	305-1 Direct (Scope 1) GHG emissions		8-9	161–162
	305-2 Energy indirect (Scope 2) GHG emissions		8-9	161–162
	305-3 Other indirect (Scope 3) GHG emissions		8-9	161–162
	305-4 GHG emissions intensity			161–162
Waste	306-3 Waste generated			163
Social				
Employment	401-1 New employee hires and employee turnover		3-6	164–165
Occupational health and safety	403-1 Occupational health and safety management system			166
	403-2 Hazard identification, risk assessment, and incident investigation			166
	403-3 Occupational health services			166
	403-4 Worker participation, consultation, and communication on occupational health and safety			166
	403-5 Worker training on occupational health and safety			167
	403-6 Promotion of worker health			167
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			167
	403-9 Work-related injuries			167
Human rights	406-1 Incidents of discrimination			
	414-1 New suppliers that were screened using social criteria		1-10	168
Local community	413-1 Operations with local community engagement, impact assessments, and development programmes			169–171

Economic performance

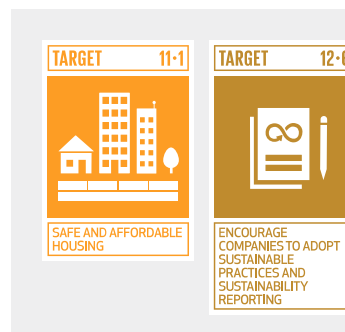
201-1 Direct economic value generated and distributed

Materiality and boundary

Through long-term, profitable growth generated with consideration for people and planet, we build trust among employees of Heimstaden AB and Heimstaden Bostad AB, customers, shareholders, suppliers, and banks and credit rating agencies. Their trust in us is crucial for our continued growth. As a Pan-European housing company, we have a large impact on society and people's access to affordable housing throughout life. Our vision is to enrich and simplify lives through Friendly Homes. Our mission is to acquire, develop and manage properties through a fully integrated value chain. We seek to safeguard the involvement, satisfaction, and well-being of our employees and customers. A competitive offering to employees is critical for our success. Heimstaden makes contributions to the local societies in all relevant markets through corporate tax, VAT and social security payments. Our co-owners consist of institutional investors and a large part of our profit is re-invested in people's future pensions.

Management approach

Our strategy is to acquire, construct, develop and manage properties over the long term, therefore investment decisions are built on existing population



growth and positive economic development, generating long-term demand for residential properties in the locations in which we operate. During 2020, we continued our efforts to build sustainability perspectives into our governance, strategy and operations in all parts of the organisation and focusing our efforts where we can make the greatest difference.

Evaluation

We continuously measure and assess the effectiveness of our financial governance and review our financial goals as part of our ongoing business.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (GRI 201-1)

Economic flow to and from different stakeholders

SEK Million	2020	2019	2018
DIRECT ECONOMIC VALUE GENERATED			
Tenants			
Rental income	6,721	4,321	3,231
Economic value generated from rental income	6,721	4,321	3,231
ECONOMIC VALUE DISTRIBUTED			
Employees			
Salaries (incl. social costs and pensions)	242	240	220
Cost for employees	242	240	220
Society			
Suppliers (incl. VAT)	3,590	3,101	1,869
Corporate tax (current tax)	386	200	135
Deferred tax	1,774	1,193	557
Economic value to society	5,750	4,494	2,561
Owners			
Dividends (payout year)	1,897	884	138
New share issue	17,895	21,715	11,414
Transactions with the shareholders	19,792	22,599	11,552
ECONOMIC VALUE RETAINED	16,728	20,418	11,726

The calculation is based on reported financials in the annual report and is in accordance with GRI's guidelines. The intention is to show in a basic way how Heimstaden Bostad AB creates value for its stakeholders and in the economic systems within which the organisation works. The table provides an overview of the directly measurable monetary value Heimstaden Bostad AB adds to stakeholders and how the company thereby contributes to the development of society.

Anti-corruption

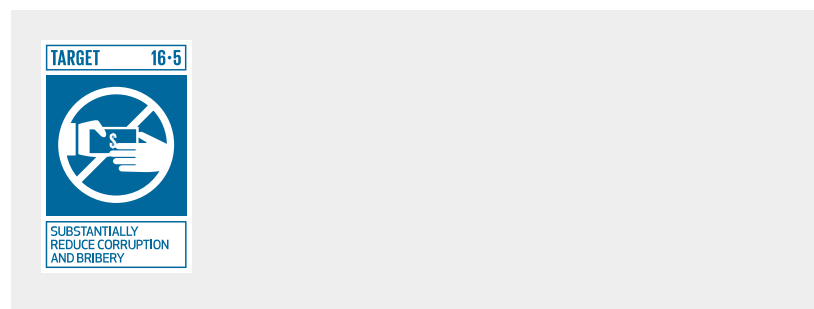
205-3 Confirmed incidents of corruption and actions taken

Materiality and boundary

For us, it is crucial to conduct our operations responsibly based on our values and with a high level of business ethics. By that, we contribute to a democratic and sustainable society in which operations are conducted on equal terms. This is also a prerequisite for building trust among our stakeholders in general and more specifically among our shareholders, banks and investors.

Management approach

Heimstaden has strong governance with a clear stance on transparency, fair business practices and zero tolerance for corruption and other unethical behaviour in our entire value chain. This requires that we impose demands, not only on our own organisation, but also on our partners. In accordance with our UN Global Compact commitment, we work actively on anti-corruption measures. Our Code of Conduct for Employees, Goes Without Saying Policy, Code of Conduct for Business Partners and Sanctions Policy form the basis of our anti-corruption efforts, both internally and along our value chain. HR is responsible for educating employees on our Code of Conduct for Employees. The purchasing function and internal clients are responsible for setting demands on suppliers and contractors, as well as for monitoring compliance with the Code of Conduct for Business Partners. For this pur-



pose, we have implemented a self-assessment in our procurement system. Heimstaden has a whistleblower function where employees and external stakeholders can report any irregularities and violations of the Code of Conduct. Our whistleblower policy specifies how reported cases are to be processed, followed up and communicated.

Evaluation

ANTI-CORRUPTION (GROUP LEVEL) (GRI 205-3)

	2020	2019
Number of reported cases	0	2
Number of confirmed cases	0	0

During the year, 0 cases were reported through the whistleblower function.

Energy

302-1 Energy usage within the organisation

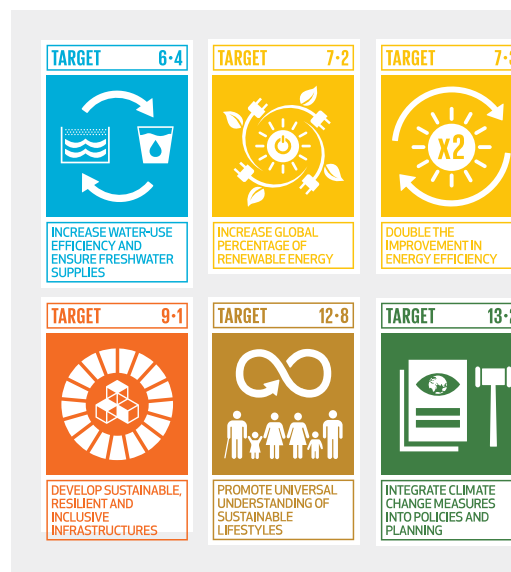
302-3 Energy intensity

Materiality and boundary

In EU member states, the property sector accounts for about 40 percent of the energy usage. Heimstaden has a strong focus on sustainable energy solutions and on reducing energy use. Energy efficiency measures and fossil-free energy are also considered important for our stakeholders, and they affect our customers' possibility of living sustainably. We use energy for heating and electricity in our properties. This report only covers energy purchased by Heimstaden; we are unable to access energy data in cases where our customers have their own contract with the energy supplier. In general, this report covers electricity used in the common areas and only to a minor extent electricity used in the apartments. The energy use for heating is often procured by Heimstaden and is therefore included in the reporting for Sweden, Germany, Norway, the Czech Republic and for large parts of our properties in Denmark. In the Netherlands, our customers usually have their own energy contracts with the supplier, therefore we lack access to such data for most of the properties and for this reason, our reporting includes heating data for only a limited subset of our properties in the Netherlands.

Management approach

Our energy focus is based on Heimstaden's business strategy and underlying sustainability strategy and environmental policy. On pages 150–153 you can read about our climate governance and strategy. In 2020 we recruited a Head of Group Energy Management who plays an important role in ensuring consistent energy management in all countries, and in achieving Heimstaden's energy-related targets. We have an ongoing process to develop new climate goals, a complex task due to our strong growth in new markets. We have committed to the Science-Based Targets initiative (SBTi) and we will send our new climate targets to the SBTi for validation as soon as they are finalised. We have a target of reducing the amount of energy purchased by 10 percent per square metre by 2025 (in comparable property portfolios). We are reducing the amount of purchased energy usage by, for example, installing intelligent control systems, using structural engineering measures to mitigate heat loss and by making demands in connection with new construction and by investing in photovoltaic cells. The property management organisation is responsible for managing energy usage and the selection of energy sources. For several years now, we have compiled monthly energy statistics for the Swedish properties, which we analyse continuously. At the end of 2020, we implemented a similar system in Norway and the Nether-



lands. We work continuously with energy efficiency improvements throughout our organisation in all countries and train our staff in energy-efficient operations. Read more about our new Group Energy Management function on pages 35 and 151.

In Sweden, all our new construction projects will be certified in accordance with Sweden Green Building Council's "Miljöbyggnad Silver" certification; in Denmark, we construct energy class A buildings, with some of them also getting environmentally certified. In our Swedish, Norwegian and Dutch properties, we only use origin labelled renewable electricity in our existing portfolio. During 2021, we will shift to purchasing 100 percent origin labelled renewable electricity in Denmark, the Czech Republic and Germany as well. We have a group target to install photovoltaic cells on all new construction projects (when applicable).

Evaluation

One percent of our properties are certified with SGBC's "Miljöbyggnad Silver", "Miljöbyggnad Brons" certification or "BREEAM, very good" as of 31 December 2020.

In Denmark, the Czech Republic and Germany, heating statistics are compiled once a year, meaning that energy consumption figures for full-year 2020 are not available for all the properties in the table on page 160. In these cases, the 2019 figures for energy consumption are used.

ENERGY CONSUMPTION IN THE PROPERTIES IN MWh (GRI 302-1)

	Total		Sweden		Norway		Denmark		Netherlands		Germany		Czech Republic
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Heating (Non-renewable)													
Fossil district heating	351,156	30,620	21,065	17,948	0	1,440	12,110	11,232	0	0	1,804	0	316,176
Natural gas	6,711	2,600	0	1,231	0	0	527	536	3,022	833	2,514	0	648
Oil	492	521	38	80	0	113	0	0	124	0	330	328	0
Total non-renewable	358,359	33,741	21,103	19,259	0	1,553	12,638	11,768	3,146	833	4,648	328	316,824
Of which non-renewable fuel (natural gas, oil)	7,203	3,121	38	1,311	0	113	527	536	3,146	833	2,844	328	648
Heating (Renewable)													
Renewable and recycled district heating	277,246	267,735	218,474	228,988	12,477	12,956	28,811	25,791	0	0	196	0	17,288
Biogas	1,917	1,414	1,917	1,414	0	0	0	0	0	0	0	0	0
Total renewable	279,163	269,149	220,390	230,402	12,477	12,956	28,811	25,791	0	0	196	0	17,288
Of which renewable fuel (biogas)	1,917	1,414	1,917	1,414	0	0	0	0	0	0	0	0	0
Total heating	637,522	302,890	241,493	249,661	12,477	14,509	41,449	37,559	3,146	833	4,844	328	334,112
Cooling													
District cooling	203	224	203	224	0	0	0	0	0	0	0	0	0
Electricity													
Electricity consumption	71,536	69,390	50,844	51,429	13,659	14,523	3,647	2,934	1,155	444	60	60	2,171
Of which renewable electricity	68,240	68,247	50,844	51,429	13,659	14,523	2,339	1,894	1,155	369	32	32	211
Total energy usage	709,419	372,504	292,540	301,314	26,136	29,032	45,096	40,493	4,302	1,277	4,904	388	336,283
Electricity produced (Solar power)													
Installed capacity (PV), kW	374	329	374	329	0	0	0	0	0	0	0	0	0
Amount produced, MWh	456	28	394	0	0	0	62	28	0	0	0	0	0

The data for 2020 includes the purchased energy by Heimstaden in Sweden, Norway and partly Denmark in year 2020. For the other properties the energy consumption from year 2020 is not available yet and therefor energy consumption figures from 2019 are used for the Netherlands, the Czech Republic, Germany and partly Denmark. In Germany the energy data includes purchased heating for 25 out of 50 properties and purchased electricity for one property, because Heimstaden did not own the properties in 2019 and therefor could not obtain the energy data for all properties. Properties where tenants have their own energy contract are not included, because it is not possible for Heimstaden to obtain the energy data in those cases. In 2020 the total energy consumption has increased due to new acquisitions, for instance the Czech portfolio in 2020.

ENERGY PERFORMANCE IN kWh/m² (GRI 302-3)

	2020	2019
Energy performance in kWh/m ²	145	150

The Energy performance is based on the energy consumption within Heimstaden properties which is stated in the table "Energy consumption in the properties in MWh". The denominator consists of the net leasable area of those properties where Heimstaden has the energy contract and the numerator consists of energy use for an entire year. Properties where tenants have their own energy contract are not included, because it is not possible for Heimstaden to obtain the energy data in those cases. Also properties that lack energy data for an entire year are excluded from the intensity figures. The energy use per square meter has decreased between the years 2019 and 2020 partly due to energy efficiency measures and partly because it has been a warm year.

Greenhouse gas emissions

- 305-1 Direct (Scope 1) GHG emissions
- 305-2 Energy indirect (Scope 2) GHG emissions
- 305-3 Other indirect (Scope 3) GHG emissions
- 305-4 GHG emissions intensity

Materiality and boundary

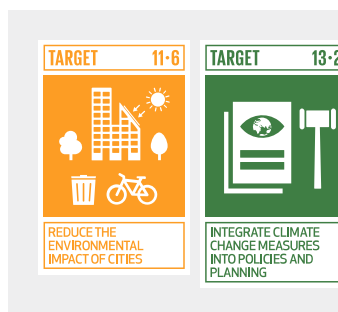
In EU member states, the property sector accounts for about 36 percent of greenhouse gas emissions. Climate change is one of the greatest societal challenges of our time. The topic is high on the agendas of the UN, the EU and its member states, the financial sector and society at large. Greenhouse gas emissions have a negative impact on climate change, and by that on the living conditions and environment of communities, citizens and our customers. Focusing on reducing emissions is the only way forward, and in addition enhances trust in us among municipalities, banks and institutional investors and increases our opportunities for external financing.

Greenhouse gas emissions occur throughout the entire value chain, from suppliers, contractors and customers, for example. Most emissions are generated by energy usage in our properties, and are related to new construction, reconstruction and renovation. By choosing renewable energy and focusing on energy efficient properties we can reduce greenhouse gas emissions. However, in the Netherlands, Denmark and Norway, our influence over the type of energy chosen is limited, because many of the apartments are part of a housing owner associations, meaning that Heimstaden only owns certain apartments in the property. The housing owner association is responsible for the building's energy system and common areas.

Management approach

Our environmental work is based on Heimstaden's strategic pillars and underlying sustainability strategy and environmental policy. On pages 150–153 you can read about our climate governance and strategy.

Heimstaden has a greenhouse gas reduction programme. We have an ongoing process to develop new climate goals, a complex task due to our strong growth in new markets. We have committed to the Science-Based Targets initiative (SBTi) and we will send our new climate targets to the SBTi for validation as soon as they are finalised. The goals are expected to be completed and approved by our Board of Directors in early 2021. We have a group sub-target to have 100 percent origin-certified renewable electricity by 2021 in the existing portfolio, which has already been achieved in Sweden, Norway and the Netherlands. During 2021, we will shift to purchasing 100 percent origin-labelled renewable electricity in Denmark, the Czech Republic and Germany as well. Our Operations organisation is responsible to follow up on energy usage in our properties and



has responsibility for implementing measures to reduce our emissions of greenhouse gases. In 2020, the oil boiler in Spandau in Germany was converted to a gas boiler and in Sweden two oil boilers were converted to district heating.

New buildings are mainly developed in Sweden, and they are certified with Sweden Green Building Councils Environmental label Miljöbyggnad, Silver level. Miljöbyggnad cover three main areas, Energy, Indoor Environment and Materials and the Silver level ensures that the buildings energy consumption is at least 20 % less than Sweden's NZEB, in line with the requirements in the EU Taxonomy. In compliance with Miljöbyggnad, Heimstaden conducts Life Cycle Assessments with generic values (LCA) in new production. LCAs are also conducted in the evaluation of technical installations and energy performance measures. In 2021, Heimstaden will start requesting Environmental Product Declarations (EPD) from manufacturers to be able to calculate specific CO₂ equivalent (CO₂e) emissions to create a baseline. The baseline will be the base to identify and reduce our CO₂e emissions in the production of buildings. In 2019, we joined the local programme "Lokal Färdplan Malmö", a pilot project aimed at realigning the construction and management of properties to climate-neutral alternatives by 2030. In 2020 we joined The Rotterdam Climate Initiative, focusing on reducing CO₂ emissions in the Rotterdam area by 50 percent from base year 1990, encouraging the development of carbon capture and storage.

Evaluation

In 2020 Heimstaden Bostad made a Scope 3 assessment covering FY 2019 and submitted our first CDP report. Heimstaden Bostad's CDP report received a score of C by the CDP organisation. In 2021, we will conduct a Scope 3 assessment for FY 2020.

The table on page 162 shows Heimstaden's greenhouse gas emissions for Scope 1 and Scope 2 per country based on energy usage in the properties.

GHG EMISSIONS SCOPE 1&2 (GRI 305-1, 305-2, 305-4)

	Total		Sweden		Norway		Denmark		Netherlands		Germany		Czech Republic
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Scope 1 in tonnes CO ₂ e	1,508	673	10	274	0	30	108	110	653	171	604	88	133
Scope 2 Market based in tonnes CO ₂ e	120,857	24,055	16,255	20,250	75	86	4,572	3,656	0	43	529	20	99,426
Scope 2 Location based in tonnes CO ₂ e	121,367	27,533	16,859	23,335	228	958	3,808	3,096	432	124	532	20	99,508
Scope 1&2 emissions in tonnes CO ₂ / SEK million (market based)	18	6											
Scope 1&2 emissions in kg CO ₂ e/m ²	25	10											

Heimstaden's greenhouse gas emissions for Scope 1 and Scope 2 are based on the purchased energy (see table "Energy consumption in the properties in MWh" on page 158) by Heimstaden within Heimstaden properties. Heimstaden's greenhouse gas emissions increased due to many new acquisitions during 2020. Greenhouse gas emissions in Scope 1 come from natural gas and oil for heating. Scope 2 covers district heating and consumption of electricity in the properties. As we have most of our properties in the Czech Republic and Sweden, those countries account for most of the greenhouse gas emissions. The calculations have been performed in accordance with the GHG protocol, applying the financial control approach. For the year 2020, emission factors from 2019 are used and have been obtained from the relevant energy supplier. Gases included in the calculations are mostly CO₂, but can also include CH₄, N₂O and refrigerants used in the production of district heating. Compared to last year, the CO₂ emissions per square metre increased due to the acquisition of the Czech portfolio, where the energy mix is dominated by fossil fuels. The denominator consists of the lettable area in the properties where Heimstaden signs the energy agreement and the numerator consists of greenhouse gas emissions during a whole year. Properties that lack data for an entire year are excluded from the intensity figures.

In our Scope 3 assessment we covered the categories described in the table below. In most cases we used emission factors based on standard values due to lack of measured data. Purchased goods are, for example, based on the size and type of the new construction. We have the ambition to step by step replace those assumptions with measured data through our suppliers and contractors. It is Heimstaden's first Scope 3 assessment and therefore the year 2019 will be our base year.

SCOPE 3 EMISSIONS PER COUNTRY YEAR 2019, IN TONNES CO₂e (GRI 305-3)

Category	Total	Sweden	Norway	Denmark	Germany	Netherlands
1. Purchased goods and services (related to new construction, reconstruction, and property management, etc)	193,529	112,957	6,838	69,627	4,044	63
2. Capital goods (acquired new builds)	25,520	0	0	25,520	0	0
3. Energy- and fuel-related emissions (upstream emissions from electricity, heating and fuels)	1,995	1,680	134	167	7	7
4. Upstream transportation and distribution (service cars used by Heimstaden AB)	384	249	27	104	3	1
5. Waste management (transport and management)	1,280	829	91	347	11	2
6. Business travel (travel by car, air, train, taxi)	172	79	24	47	0	22
7. Commuting (employee trips to and from work)	293	164	34	52	0	43
8. Leased assets – leased by Heimstaden (leased offices, rental cars or other machines)	119	63	0	16	0	40
11. Use of sold products (no sold real estates 2019)	0	0	0	0	0	0
12. End-of-life of sold products (waste from demolishing of buildings sold 2019)	0	0	0	0	0	0
13. Leased assets – by tenants (energy and waste from tenants)	15,455	7,227	1,677	5,985	413	153
Total	238,747	123,248	8,825	101,865	4,478	331

Category 9 Outbound transports, category 10 Processing of sold products, category 14 Franchise and category 15 Investments are not part of our organisation and therefore not included in Heimstaden's Scope 3 emissions. All acquired properties during 2020 should, according to the GHG protocol, be included in category 2, Capital Goods. However, we have chosen to only include acquired new builds in this category, which is in line with the UK GBC, Guide to Scope 3 Reporting in Commercial Real Estate. In the Netherlands and Germany only one property is included in the assessment. The Czech Republic is not included, because we acquired the properties in 2020. Calculations have been performed in accordance with the GHG protocol, applying the financial control approach. We used external consultants as supervisors in this assessment, they also performed the calculations.

Waste

306-3 Waste generated

Materiality and boundary

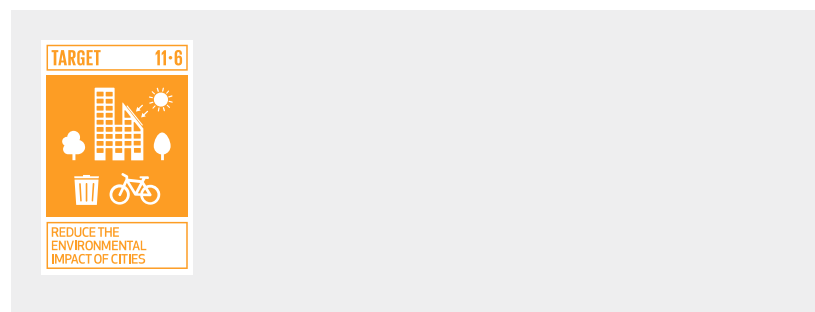
During the last century, a dramatic increase in annual global resource extraction has occurred. By reducing usage, reusing, and recycling materials, society can conserve natural resources, protect the environment, and become more eco-friendly and environmentally conscious. In our organisation, waste is generated in new construction, reconstruction, renovation projects and property management. By making demands on contractors, Heimstaden will lower the amount of waste produced in the projects and our operations. In addition, our tenants produce waste. By offering several waste sorting bins, the amount of unsorted waste will be reduced and recycling and reuse will increase.

Management approach

Our environmental work is based on Heimstaden's strategic pillars and underlying sustainability strategy and environmental policy.

To make recycling easier for our tenants, we decided that all Swedish new construction projects starting 2021 include space for at least four waste sorting bins in the kitchen.

We are currently sharpening our specific requirements for contractors who carry out new construction and major renovation projects for Heimstaden. The requirements for new construction will enter into force during



the second quarter of 2021 and include, for example, demands on reduced packaging, return systems for pallets, recycled filling mass and that all waste must be sorted at the construction site, and at least 80 percent of the waste must be recycled. Heimstaden also requires a report of how the contractor has planned purchasing and production to reduce the generation of waste. The requirements will be implemented in all countries after being adapted to country-specific circumstances.

Evaluation

For the year 2019, we have collected data based on different assumptions. Our ambition is to collect this data directly from contractors and waste management companies in the future.

WASTE GENERATED IN 2019, IN TONNES

	Total	Sweden	Norway	Denmark	Germany	Netherlands
Downstream						
Total weight of waste generated by the tenants	39,066	25,554	2,267	10,992	197	56

The data reflect 2019 and include the following properties: Sweden: 29,283 apartments (about 2,012,000 m²), Denmark: 9,469 apartments (about 843,000 m²), Norway: 4,582 apartments (about 222,000 m²), the Netherlands: 131 apartments (about 5,000 m²), and Germany: 484 apartments (about 28,000 m²). Exclusions: 50 properties in Germany acquired late December 2019, 536 properties acquired in the Netherlands during 2019. Data for the Czech Republic is not included in data for 2019; we acquired the Czech portfolio in 2020. Weight of waste generated by tenants is calculated based on standard values in relation to the number of apartments. Waste generated by entrepreneurs in new construction and reconstruction is not included. Construction projects finalised during 2019 were 100,000 m² of new construction and 5,000 m² of reconstruction.

Employment

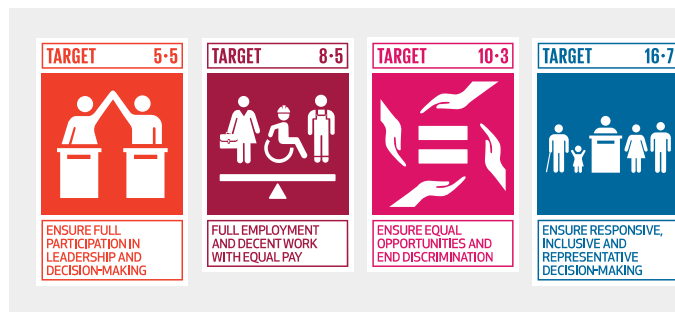
401-1 New employee hires and employee turnover

Materiality and boundary

At Heimstaden we seek to provide excellence in life quality at work through the engagement, involvement, satisfaction and general well-being of our people. These efforts help ensure that we are an attractive employer, able to recruit and retain skilled personnel that deliver on our pledges to customers and other stakeholders. A safe, good, challenging, fun workplace where people can contribute and grow in combination with a competitive talent offering is critical for us to succeed. All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.

Management approach

Heimstaden AB has joined the UN Global Compact and, in accordance with our commitment, we work actively to establish favourable terms of employment. The People & Culture function is responsible for developing policies addressing Heimstaden's relations, as an employer, with our people and the external talent market with people interested in a position with us. Alongside the People & Culture function, managers and employees are jointly responsible for these being kept top of mind and adhered to. Our group policies implemented are: Code of Conduct for Employees, Code of Conduct for Business Partners, Goes Without Saying, Our Culture, Work Health & Safety Policy, Equal Rights Policy, Hiring Interns and Temporary Staff Policy, Information Policy, Whistleblowing Policy and Whistleblowing Function, and Sanctions Policy. The policies apply throughout the Group and in all of our markets. Specific additional policy documents exist regarding our fulfilment of legal and compliance requirements in each market. As legislation is amended and new requirements are added, efforts to set out, revise and maintain policies are performed annually, with employee participation being invited at least once a year



with a particular emphasis on our Code of Conduct for Employees and Goes without Saying policy. Due to Covid-19, our Culture, Values and Ethics workshop was put on hold, instead a group-wide e-learning course, partly addressing these topics, will be launched in Q1 2021. In addition, a pilot concept called Leadership on the Go was launched in 2020. Every 6 weeks, managers in Sweden and Norway are invited to learn more about and discuss a current topic. This year we have covered salary setting, recruitment, distance leadership, personal development discussion and how to present and discuss results, both good and bad, from the monthly employee engagement survey.

Evaluation

We conduct a monthly people survey in our countries, Sweden, Norway, Denmark, Netherlands and the Czech Republic, using the digital survey tool Winningtemp. Germany was introduced to this in Q3 2020 as we now have 10+ employees there. We measure the Group's temperature in terms of leadership and job satisfaction, as well as its total temperature, in terms of management, job satisfaction, meaningfulness, autonomy, work situation, participation, personal development, team spirit, commitment, equal rights/treatment and security.

WINNINGTEMP SURVEY

	Target (by 2023)	2020	2019
Temperature (management, job satisfaction and overall temperature)	8.5 (scale 1 to 10)	7.8	7.0
eNPS (employee Net Promoter Score)	65 (scale -100 to +100)	34	40

All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB

A governance gap that has been identified is that we have occasionally experienced a low response rate in our Winningtemp surveys. In 2020 the average response rate has been 65 percent (69 percent in 2019). We are working hard to improve this by, for example, encouraging more feedback in our work teams and by actively responding to comments submitted using the tool. A challenge in reaching the overall goals is when we move into new markets where we start from scratch. We have seen the numbers fall in 2020 with our entry into new markets and this has given us a very good idea on what areas to start working with in 2021.

NEW EMPLOYEE HIRES, BY AGE GROUP, GENDER AND COUNTRY

	2020		2019	
Number of new employees	Women	Men	Women	Men
Sweden				
under 30	15	7	7	12
30–50	29	31	22	22
over 50	5	7	5	11
Norway				
under 30	6	13	5	6
30–50	10	11	2	8
over 50	1	0	1	0
Denmark				
under 30	8	8	7	13
30–50	11	15	14	20
over 50	5	8	2	10
Netherlands				
under 30	5	12	0	2
30–50	22	28	1	8
over 50	7	9	0	0
Germany				
under 30	1	1	0	0
30–50	5	7	0	0
over 50	0	0	0	0
Czech Republic				
under 30	16	37	0	0
30–50	31	40	0	0
over 50	8	14	0	0
Total				
under 30	58	71	19	33
30–50	108	132	39	58
over 50	25	39	8	21

TOTAL NUMBER OF EMPLOYEE TURNOVER, BY AGE GROUP, GENDER AND COUNTRY

	2020		2019	
Number of employee turnover	Women	Men	Women	Men
Sweden				
under 30	5	3	4	3
30–50	8	16	11	11
over 50	10	7	4	10
Norway				
under 30	2	8	1	4
30–50	0	4	2	7
over 50	1	1	0	2
Denmark				
under 30	7	5	3	4
30–50	5	5	4	2
over 50	1	7	0	0
Netherlands				
under 30	0	0	0	2
30–50	1	4	2	4
over 50	0	1	0	0
Germany				
under 30	0	0	0	0
30–50	1	2	0	0
over 50	0	2	0	0
Czech Republic				
under 30	5	17	0	0
30–50	19	18	0	0
over 50	5	7	0	0
Total				
under 30	19	33	8	13
30–50	34	49	19	24
over 50	17	25	4	12

Data regarding employees pertain to employees of both Heimstaden Bostad AB and Heimstaden AB. In 2020 we doubled the number of employees, due to the acquisition of the Czech portfolio. During 2020 we have recruited more employees in other countries as well.

Occupational health and safety

- 403-1 Occupational health and safety management system
- 403-2 Hazard identification, risk assessment, and incident investigation
- 403-3 Occupational health services
- 403-4 Worker participation, consultation, and communication on occupational health and safety
- 403-5 Worker training on occupational health and safety
- 403-6 Promotion of worker health
- 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
- 403-9 Work-related injuries

Materiality and boundary

The well-being, health and safety of our employees are of paramount importance to Heimstaden and also important in relation to our contractors and other stakeholders, not least investors and banks. For our people in the property management operations, there are risks of physical injuries and risks related to psychosocial factors, including threats and harassment. In our offices, the dominating risks are stress, workload and ergonomics. All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.

Management approach

Many of our policies on Group level concern health and safety, including our Work Health & Safety Policy, Equal Rights Policy, a Whistleblowing function and policy and our Travel Policy. Specific additional policy documents exist regarding our fulfilment of legal and compliance requirements in each market. As legislation is amended and new requirements are added, efforts to set out, revise and maintain policies are performed annually.

As the daily dialogue between managers and employees is the most important aspect of the working environment, remote management poses a risk as we grow as a company. We can counteract this by training managers and employees in how to work with remote management/working. Specific online/instructor led training focusing on this has been provided locally in our different markets during 2020. This is something we work on continuously and not only because of Covid-19.

403-1 Occupational health and safety management system

Currently a Group common incident reporting system is developed to be launched in March 2021. Until then we follow up locally in the countries and aggregate data on temperature, eNPS, sick leave and injuries resulting in a monthly reporting on Group level. We follow the legal requirements which include, for example, managers training in work health and safety responsibility, risk assessments and reporting on incidents and accidents internally and externally. In Sweden, Heimstaden additionally has a Safety and Security policy with instructions on how to avoid hazardous situations. Employees, contingent workers, interns and students are covered by our management of Health and Safety. All employees can report incidents, but only HR can access the reported incidents with the purpose of protecting integrity. To



make sure that incidents get reported, we encourage and remind managers of the importance regularly.

403-2 Hazard identification, risk assessment, and incident investigation

Several times a year, we hold working environment meetings with employee and employer representatives. Everyone appointed to participate in our working environment committees or as health and safety representatives must undergo specific training. The demands and requirements are not the same in all countries and the local country is responsible for ensuring that Heimstaden works in line with work safety and risk prevention rules. Due to the Covid-19 outbreak we have implemented processes such as online meetings to monitor and respond to the Covid-19 situation in our respective markets according to local developments and guidelines. We have also measured how our people perceive our actions through monthly surveys via Winningtemp.

The operations in all of the countries are required to report workplace accidents and incidents to external local authorities, in addition to internal group reporting, using local tools and processes. These are tracked monthly and reported to the Board of Directors quarterly. The measures that are identified are compiled into plans of action and delegated to suitable individuals. Progress is to be reviewed at a subsequent meeting.

On a monthly basis, we use our digital tool Winningtemp to monitor the psychosocial working environment in all of the countries and supervisors present their departments' results monthly. Responses are anonymous. On our website, we maintain a whistleblower function that can be used anonymously, and which is managed by People & Culture to ensure that there is no risk of traceability or retaliation. The process for receiving and managing whistleblower cases will be revised during 2021 to comply with the new EU legislation coming into effect in December 2021.

403-3 Occupational health services

There is no Health and Safety Committee on Group level at Heimstaden.

403-4 Worker participation, consultation, and communication on occupational health and safety

Heimstaden's communication with workers on health and safety is man-

aged locally via intranet and managers. Workers' possibility to participate differs locally and is often managed through representatives, Winningtemp or their manager.

403-5 Worker training on occupational health and safety

Training given includes topics such as how to work on roofs, working with electricity, handling chemicals, heavy lifts and general safety and security. The closest manager is responsible for assessing if there is a need for training among the employees. For those judged to require it, the training is mandatory, in order to ensure a safe work place. The frequency of the training depends, for example, on example certification validation. Training can be given, via internal trainers on site or via e-learning. The training is free of charge for the employees and takes place during the working hours. The effect of the training is not evaluated on Group level.

403-6 Promotion of worker health

The medical and healthcare services provided for the employees differs locally, but doctors' consultation, medicines and sports are the most common services provided. In some countries, there are also voluntary health promotion services addressing non-work-related health risks such as support to stop smoking.

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Preventing occupational health and safety impacts is done by the incident reporting, the training on health and safety and the provided benefits to promote worker health.

Evaluation

To always safeguard a high level of quality in the area of health and safety, we work continuously to improve our processes and to disseminate information on working environment issues. Our target is 0 percent work-related absence due to illness and 0 percent work-related injuries in 2023.

HEALTH AND SAFETY (GROUP LEVEL) (GRI 403-9)

	2020	2019
Fatalities	0	0
Accidents	31	32
Incidents	14	20
Absence due to illness	5.3 %	3.5 %

Incidents we define as a situation that might be, or could lead to, a disruption, loss, emergency or crisis. Data regarding employees pertain to employees of both Heimstaden Bostad AB and Heimstaden AB.

Water

303-5 Water consumption

Materiality and boundary

Water must be treated as a scarce resource. There is no water stress in the countries where Heimstaden is operating, but water shortages may occur in the future due to climate change, such as altered weather patterns including droughts or floods, increased pollution, and increased human demand and overuse of water. Heimstaden's own water use is a minor part of total use in our properties, most of it is used by our customers, for example for personal hygiene, washing, cooking, etc. Yet we have a responsibility to support our customers in living sustainably by offering responsible water management and water efficient equipment.

Management approach

Heimstaden's environmental focus is based on our strategic pillars and underlying sustainability strategy and environmental policy. We have set a water saving target to at least reduce our water use by 1 percent per square metre a year until 2030 (in an equivalent portfolio). In Sweden we analyse water use per property on a monthly basis. During apartment renovations, tap mixers and shower equipment are replaced with new efficient ones. A pilot for smart water metering (SmartVatten) has been initiated in the Netherlands, Norway and Sweden and is being evaluated for possible further expansion in 2021.



Evaluation

In Denmark, the Netherlands and the Czech Republic, water statistics are compiled only once annually, meaning that water consumption figures for the full-year 2020 are not available for all the properties in the table below. In these cases, the 2019 figures for water consumption are used.

WATER CONSUMPTION (GRI 303-5)

	2020	2019
Total water consumption	6,955,106 m³	3,437,108 m³
Building water intensity	1.2 m³ per m²	1.3 m³ per m²

Data for 2020 include water use in Sweden, Norway and partly Denmark in 2020. For other properties, water consumption is not yet available and therefore water consumption values for 2019 are used for the Netherlands, Germany, the Czech Republic and partly Denmark. In Germany, only 25 of 50 properties are included in the table, as Heimstaden did not own the properties in 2019 and therefore does not have access to the full data for 2019. Total water consumption for 2020 has increased due to new acquisitions, for example of the Czech portfolio in 2020.

Human rights

406-1 Incidents of discrimination and corrective actions taken
414-1 New suppliers that were screened using social criteria

Materiality and boundary

Heimstaden supports the UN's Universal Declaration of Human Rights where the right to housing is recognised. Heimstaden's largest risks regarding human rights violations are most probably found in the supply chain. Therefore, we put much emphasis on managing and controlling this part of the value chain. Regarding our people and relationships with customers, a key focus area is the right to non-discrimination. For us, non-discrimination, diversity and equality are strengths and prerequisites for our development and capacity to meet our customers' needs and wishes.

Management approach

Heimstaden AB has joined the UN Global Compact, which includes the area of human rights. Our governance in this area is currently based on our Code of Conduct for Employees, Goes Without Saying Policy, Equal Rights Policy and Code of Conduct for Business Partners. Heimstaden has set a target that all employees must sign the Code of Conduct for Employees and to undergo training. We also have a target that 100 percent of our suppliers must sign our Code of Conduct for Business Partners. During 2020, we have implemented a mandatory sustainability self-assessment for suppliers in the Nordic countries. The next step will be to include the requirement Group-wide.

The area of human rights and non-discrimination is also explicitly or implicitly included in the following policies: Personnel Policy, Work Health and Safety Policy, Equal Rights Policy, Privacy Policy for Employees, Safety and Security Policy, Goes Without Saying Policy and Whistleblower Policy. Together with each manager, the People & Culture function is responsible for ensuring that employees are aware of and comply with the Codes of Conduct, policies and compliance procedures.

Human rights and non-discrimination

Heimstaden has zero tolerance for discrimination. Our governance comprises our Code of Conduct for Employees, Goes Without Saying Policy and Work Health and Safety Policy which focus on the right to a safe and secure workplace, the right to equal conditions, the right to collective bargaining and freedom of association. Heimstaden operates in several markets with different common practices regarding collective bargaining agreements. We work with collective bargaining agreements in Sweden and the Czech Republic which are our largest markets in number of employees and residential units covering 69 percent of our employees. Our non-discrimination work is based on preventing seven types of discrimination: sex, transgender identity or expression, ethnicity (and colour), religion or other belief, disability, sexual orientation and age.



Human rights in the supply chain

Integrating environmental, social and anti-corruption aspects into the supply chain is an important part of the sustainability work. We are developing processes and procedures for setting demands and for monitoring compliance with this among suppliers. This work includes ensuring that our suppliers sign the Code of Conduct for Business Partners. We have implemented a self assessment system and we conduct an annual sustainability risk assessment of new suppliers for centrally negotiated contracts regarding the environment, anti-corruption, work conditions, health and safety and human rights.

Evaluation

INCIDENTS OF DISCRIMINATION (GROUP LEVEL)

	2020	2019
Number of reported cases	1	1
Number of confirmed cases	0	0

Heimstaden complies with anti-discrimination legislation and has zero tolerance for discrimination cases. During the year, a discrimination incident was reported through our whistleblower function. The case has not been of such a nature that it justifies a deeper investigation and has been dismissed after the initial investigation. The same applies to the reported case in 2019.

To date, 168 of our suppliers in Sweden have signed our Code of Conduct for Business Partners. We are working to integrate similar processes in the other countries. During 2020, we screened 100 percent of all our 35 new suppliers in Sweden, Denmark and Norway with framework agreements linked to the areas of human rights, anti-corruption, labour conditions, health and safety and environmental aspects. The results of our desk-top screening showed that the majority of our new suppliers have communicated sufficient information regarding how they handle issues related to human rights, anti-corruption, working conditions, health and safety and the environment. The remaining companies will receive a self-assessment form as well as an invitation to return with relevant information. Based on the material received, we intend to decide on possible measures.

Local community

413-1 Operations with local community engagement, impact assessments, and development programmes

Materiality and boundary

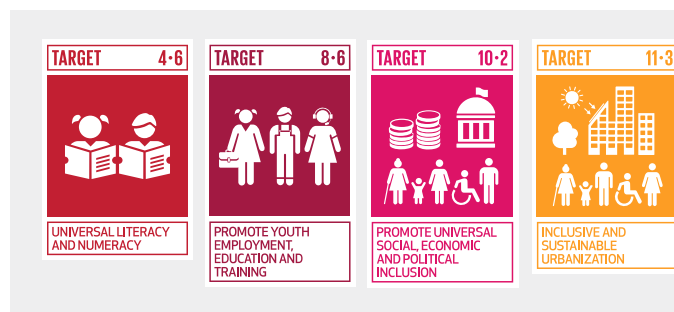
The social dimension is crucial in developing a sustainable society. Heimstaden builds safe, inclusive and viable neighbourhoods and local communities. Our operations affect many people and people are at the heart of everything we do. We maintain a strong focus on sustainability, and Sustainable Mindset is one of our four strategic pillars. In all countries, the housing market is politically important. To have a home is a basic need for all people, in addition, housing has a big impact on people's lives economically and emotionally. The development of the housing market is important on many levels, such as the general economic development, tax income, energy consumption and carbon emissions. The availability of housing can be a political issue.

Management approach

Heimstaden's vision is to enrich and simplify life through Friendly Homes. We provide over 100,000 homes across Europe and have an important social and environmental responsibility in all markets where we are present. To secure safe and sustainable homes, Heimstaden thinks it is important to have good regulations that both motivate and commit landlords to contribute to a well functioning and sustainable housing market.

In addition to contributing to a more sustainable housing market, Heimstaden wants to inspire tenants, partners, competitors, or people in general, to contribute more. In our regular talks and meetings with political stakeholders, both on the state and local level, we share our experience from sustainable actions in our operations and underline the importance that we in the private sector are an important part of the solution to a better housing market and society. In addition, we also offer our competence when needed, such as to expert groups that work on new regulations, in lectures about our industry, and in newspaper and magazine articles. Because we are a strong believer in good regulations, we have also proposed changes in legislation to the benefit of tenants or the environment.

Heimstaden provides rental apartments for all stages of life – from student accommodation to housing for elderly who need extra care. A home is more than just the apartment and we are currently developing a customer experience strategy that extends far beyond the apartment to embrace the property and its surroundings and neighbourhood. Our business touches a variety of stakeholders. We run it responsibly in line with our values and policies, and to gain and maintain our stakeholders' trust. One of Heimstaden's overall targets is to contribute to society and inspire and enrich it. Our sub-targets are addressing areas such as customer care; promoting good health and secure living conditions, and safe and inclusive neighbourhoods; apartments and job opportunities to those who normally can find it hard to get an apartment or employment; and climate change through sustainable energy solutions, energy and water efficiency and biodiversity measures. We have strong governance with a clear



stance on transparency, fair business practices and zero-tolerance for corruption and other unethical behaviour in our entire value chain.

Happiness and Life Quality at home

Heimstaden has in 2020 implemented similar customer survey measures for all operating countries – in Netherlands and the Czech Republic for the first time. The aim is to set internal benchmarks in all markets and be able to set short- and long-term targets for improvement. Our dedicated local organisations are committed to delivering services that expand our customer's expectations, and by following the action plan with concrete projects, we improve customer satisfaction scores and achieve Heimstaden's common goals. On top of the annual surveys, so called "pulse checks" are implemented for the specific parts on the customer journey, to keep a weekly track of performance. Through the survey data and analysis, we can focus and engage on relevant actions to improve customer experience. In 2021, we will further develop the process of customer surveys and insights as well as develop Group level collaboration for best practice and learning.

Inclusion

In 2020, Heimstaden set a higher target to earmark 3 percent of our apartments for social lease contracts by 2023 (previous target: 1 percent). These are leases under which local authorities or non-governmental organisations lease apartments from us to rent them, in turn, to those who are socially excluded, for example homeless people, recently arrived migrants and people with various disabilities. In some regions, we have hired Community Coordinators with a mandate to deal with matters of a social nature in our neighbourhoods, take part in meetings and dialogues with local authorities, emergency services and other property owners in order to create safe and secure living environments.

In addition, Heimstaden also set a higher target that at least 3–4 percent of its employees on an annual basis should be apprentices by 2023, with a focus on including people otherwise in a situation of social exclusion (previous target: 2 percent). This target is not fully implemented yet.

During the year, we have run a Community Manager programme pilot project in Sweden to address involuntary loneliness. The Community Manager focused on "true presence" by personal meetings with our customers, which had an overall positive effect on well-being and mental health. The pilot project will now be evaluated.

Young adults

For us, it is important to create opportunities for young people to gain work experience and have opportunities for internships. We have, for this reason, decided to offer at least 100 jobs annually to trainees, student employees and summertime workers.

Our support during the Covid-19 pandemic

In 2020, communities were hit hard by the Covid-19 pandemic and Heimstaden's operations have in various ways supported customers and the local community. As a company, we cannot help cure COVID-19 or develop a vaccine against it, but we do not want to stand aside with our hands in our pockets. Here is a selection of examples of what we have done:

Sweden: Heimstaden has supported non-residential customers who run restaurants by buying food. In addition, we have offered older tenants (70+) home delivery of food for free and offered prospective customers to look at apartments digitally instead of visits on site.

Czech Republic: Heimstaden has supported non-residential customers who run restaurants and cafes, by buying food and drinks from them, and in agreement with the Ostrava University Hospital, delivered the refreshments to healthcare professionals who are working hard to fight the coronavirus. The Moravian-Silesian Region project #BoSmePartyja works to strengthen volunteering in the region during the Covid-19 pandemic. At the appeal of the Regional Governor Ivo Vondrák and other representatives of the project, almost six hundred people signed up, willing to help. Heimstaden has offered free accommodation to those who are concerned that they may infect their loved ones by working in an infectious environment. In addition, we have launched the "Hello, You're Not Alone" project and reached out to about 5,500 seniors living in Heimstaden's homes, in social isolation because of the pandemic. In cooperation with 21 psychology students, we reached out to single customers over the age of 65.

Norway: Many people have been financially affected by the pandemic; Heimstaden has supported affected customers by deferring house rents while the customers awaited support aid.

Netherlands: Heimstaden has, together with other members of the Association of Institutional Shareholders in Real Estate (IVBN), been able to limit the annual rent increase through consultation with the Ministry of Internal Affairs. In addition, Heimstaden has supported customers that have financial difficulties due to the pandemic.

Denmark: Heimstaden developed a new corona-secure concept for digital communication and display of apartments (new build property Richsgården, youth housing). In cooperation with MentorDanmark, Heimstaden offered tailor-made homework support for school children, a relief for both employees and customers in managing a situation where schools have been closed and home teaching the only option.

Evaluation

Customer survey results

In the table below, the results for each country regarding 'Service index' and 'Takes customer seriously' for 2020 are presented. For coming years we aim to provide comparative historic data, with the base line year 2020.

SERVICE INDEX (SCALE 0–100)

	2020
Sweden	78.4
Denmark	74.4
Norway	74.5
The Netherlands ¹	55.7
The Czech Republic	67.2

TAKES CUSTOMER SERIOUSLY (SCALE 0–100)

	2020
Sweden	84.8
Denmark	76.5
Norway	84.4
The Netherlands ¹	52.8
The Czech Republic	74.9

¹ The customer satisfaction results for the Netherlands include responses from about 2/3 of our customers, as we have not yet insured all operations.

We have seen a major improvement from our customer focus measures since implementing the surveys; the longer the country has been measured, the better the results. This has also inspired our teams to focus even more on the customer. The effect of the number of years measured are reflected in the results for 2020 in the table above, where the newcomers have received lower scores, whereas Sweden where we have measured for several years has the highest score.

Case study 1

At the beginning of the summer 2020, Heimstaden Czech, in cooperation with the non-governmental organisation Portavita, launched a project called Housing First with the mission of offering housing to families with children of single mothers who are going through a difficult life situation and need help. For the most part, these are women who have suffered from domestic violence and lived in shelters or even worse environments.

Case study 2

In 2020, Heimstaden Czech received "The Award of the Governor of MSK Region for social responsibility"; we ended up in second place in the competition. We got the same prize in 2019. Will we win gold next year for our efforts during the pandemic?

Local community

The targets we have set in terms of creating inclusive living environments and local communities, and in terms of employment for young adults, were set in 2019. We are implementing these targets throughout the Group. Due to cultural differences and practises, and Heimstaden's rapid growth, there is a lag in implementation due to a lack of own employees. This means that we only have results for parts of our operations for 2019 and 2020.

LOCAL COMMUNITY

	Target	2020	2019
Percentage social lease contracts	At least 3% of apartments – by 2023	2.0% ¹	1.6% ²
Number of young adult jobs (student employees, summertime workers or trainees)	100 young adult jobs each year	77	60 ²

All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.

¹ Outcome at group level. We currently have social contracts in Sweden, Denmark, the Netherlands and the Czech Republic.

² Includes only Sweden

Partnerships and sponsorships

We contribute to local social development in all our countries by building partnerships enhancing inclusion and engagement in collaboration with local organisations. In the table below you will find some examples.

Umeå Basket's project "Vara med" (be included), Sweden – to reduce involuntary loneliness.

Mentorship programme in Linköping, Sweden for children in primary school in socially disadvantaged areas.

Business Improvement District (BID) Malmö and BID Sofielund, Sweden – crime prevention initiatives in disadvantaged areas.

The Swedish Red Cross

Drivkraft (Driving Force), Sweden – offers mentors for both pupils and their parents and arranges weekly help with homework at a number of schools. Many of Heimstaden's employees are engaged in this initiative.

Projekt Udenfor (Project Outside), Denmark – works to improve conditions for the most vulnerable homeless people by distributing food and drink, clothing and sleeping bags.

VildaKids (Wild Kids), Sweden – provides year-round activities for children in socioeconomically exposed situations.

Giving People, Sweden – works to counteract financial vulnerability and child poverty in Sweden.

Let's make love great again, Sweden – a platform for what is good and loving. We help facilitate distribution of the book "The Worst of the Best of the Internet" (Swedish: "Värsta bästa nätet") to primary school pupils. The book addresses the issue of online hatred and helps young people become Internet savvy.

Kirkens Bymisjon, Norway – an inclusive, non-profit organisation, which works with people who, for various reasons, face challenges in life in cities across Norway.

Fretex, Norway – in 2020 Heimstaden entered into an agreement with Fretex on the collection of clothes for recycling. Starting in 2021, we will distribute specially designed clothing recycling bags to our customers, an example of how we work with nudging.

Urtehaven private art project in Oslo, Norway – supporting the creation of professional wall paintings covering two building walls facing a recreation area where we have an apartment building. The area is a crime-infested/poor neighbourhood in Oslo city centre and the goal is to work with social sustainability in order to increase the well-being of the community residents.

WeShelter, Denmark – works to improve conditions for the most vulnerable homeless people with shelters, peer-to-peer initiatives and financial advice.

Hellebro (refuge bridge), Denmark – an NGO working to improve the conditions for young homeless people (18–29 years), offering a day care centre, shelter, office hotel and halfway houses.

Portavita, Czech Republic – Heimstaden participated in nationwide food collection through the Portavita organisation. Portavita delivered the food to socioeconomically challenged people.

Silesian Ostrava, Czech Republic – together with the city, we visited an area where we own 90 flats. We mainly focused on neighbourhood relations, ascertained the technical condition of the property, and the local social workers and police visited socioeconomically challenged families.

Colours of Ostrava, Czech Republic – sponsoring of a key music festival in the Czech Republic.

Sponsorship of local sports team, Ostrava region, Czech Republic – AZ Havířov (ice hockey), MFK Karvina (football), SC Vitkovice Floorball.

Other examples from Heimstaden Czech: We find community centres for the elderly, organise regular Christmas collections, care about nature in the Beskydy Mountains, support entrepreneurs, and organise suburban camps with a discount for the children of our customers.

Heimstaden BOSTAD

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