



# Update on S&P Rating for Heimstaden Bostad

December 2023





# Comments on S&P's announcement

1 S&P's 'BBB-' downgrade was to be expected if not including our Privatisation Plan

2 Our base case forecast is in line with a Stable Outlook

3 Our ambition is to return to the 'BBB' rating swiftly



# *Comments on S&P's announcement:* Delivering our base case

## 1 S&P's 'BBB-' downgrade was to be expected if not including our Privatisation Plan

- S&P uses interest coverage ratio (ICR) as a key metric
- Heimstaden Bostad's Privatisation Plan includes the sale of SEK 20 billion of Gross Asset value through 2025 with a premium of +25% to book value
- S&P did not include those earnings in their ICR calculation and thus our ratio is equivalent to a 'BBB-'

## 2 Our base case forecast is in line with a Stable Outlook

- The base case is built upon very strong portfolio performance, conservative budgeting, financing plan, and privatisation proceeds

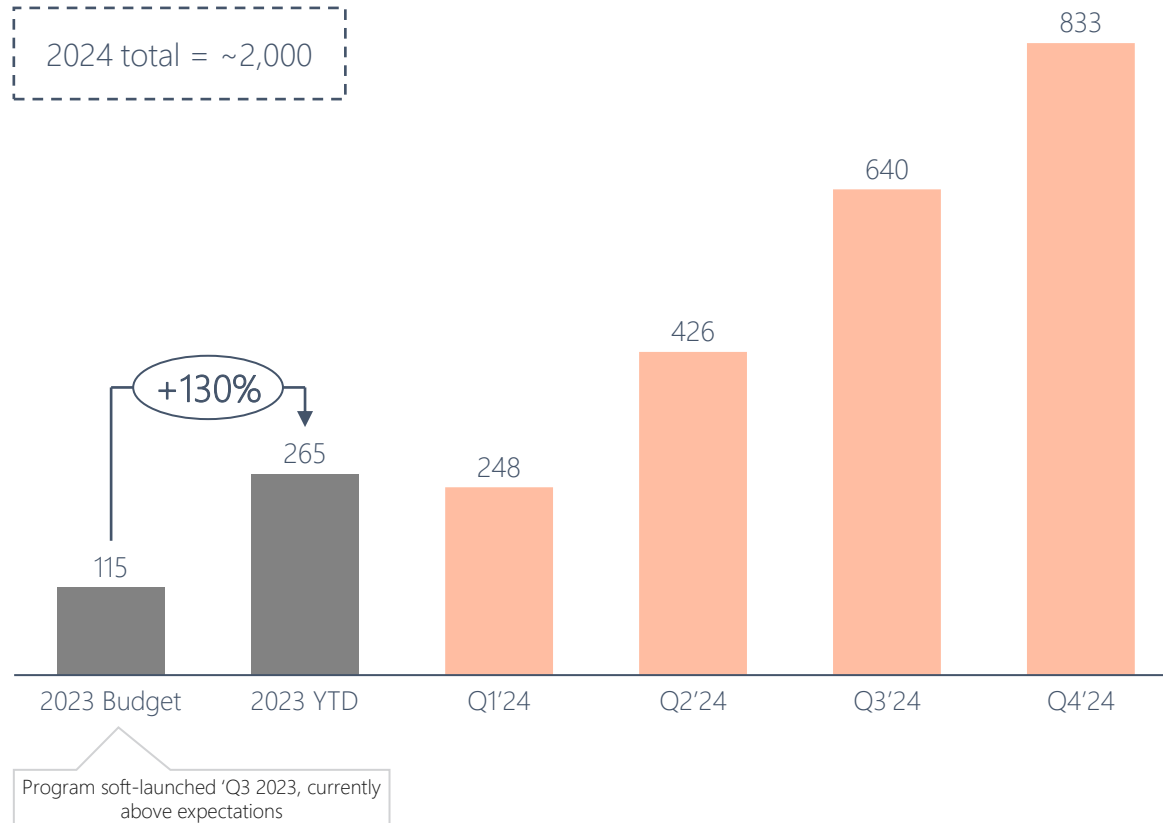
## 3 Our ambition is to return to the 'BBB' rating swiftly

# Privatisation proceeds across five countries for de-leveraging

*How we will get there*

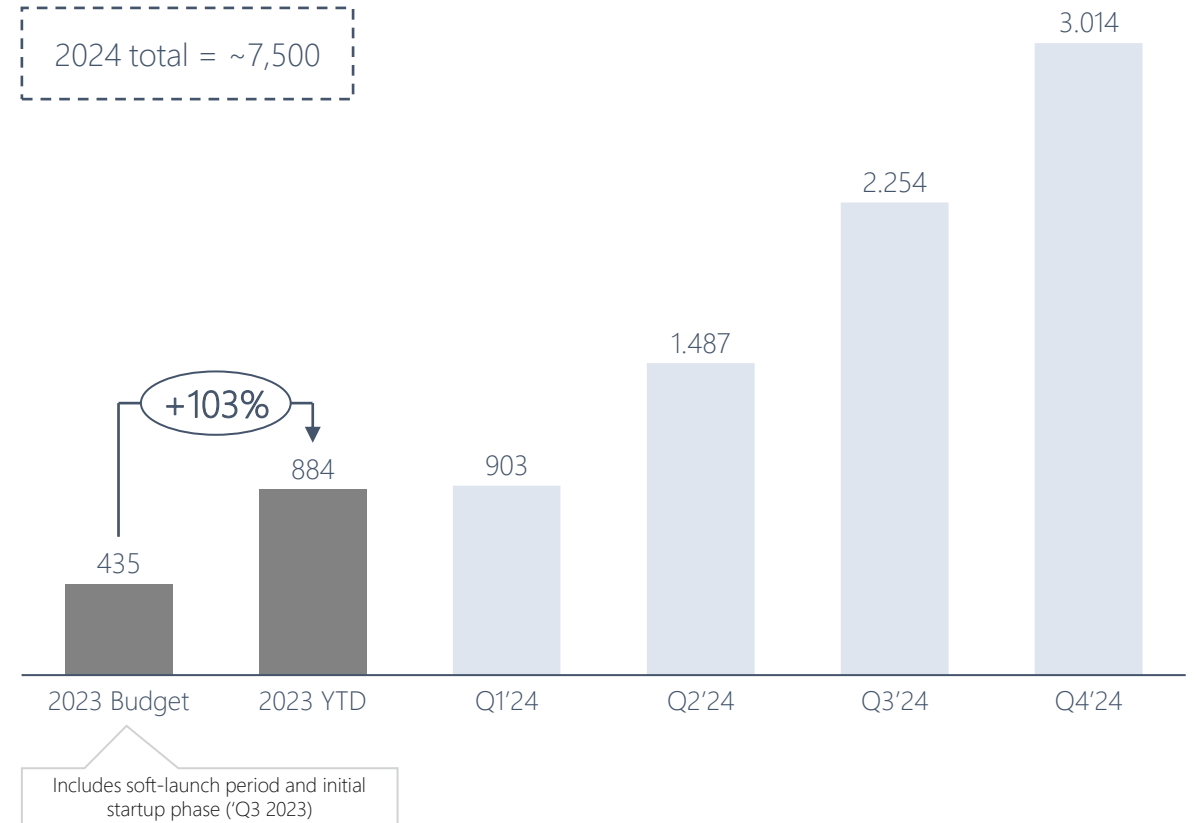
# Units divested

2024 total = ~2,000



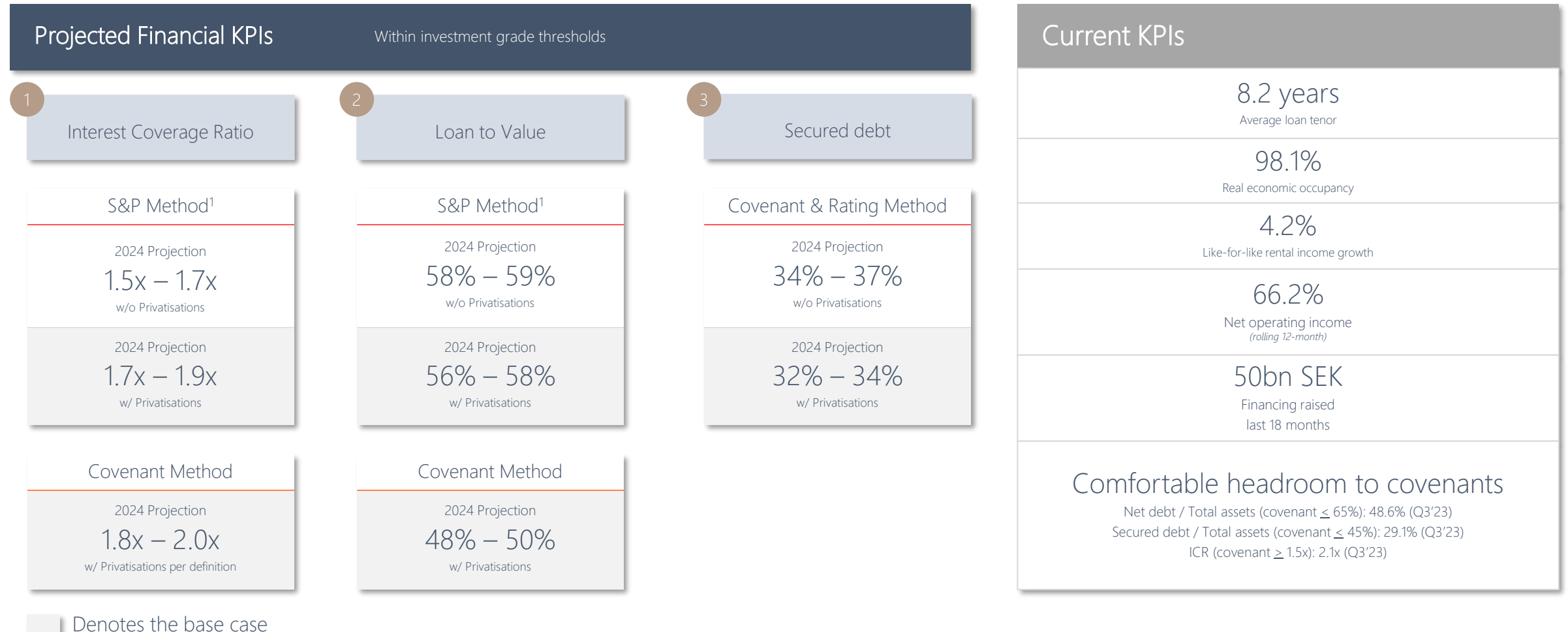
GAV divested (SEK million)

2024 total = ~7,500



# KPIs stabilise on the strength of the operating business

*How we will get there*



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



# *State of Affairs:* Entering 2024 with a strong foundation

- 1 **Strong fundamentals:** +98% occupancy and rental income growth at least in line with CPI
- 2 **Solid liquidity position:** Funding to cover debt maturities until Q3 2025. Secured over SEK 50 billion in bank financing the past 18 months
- 3 **Heimstaden Bostad maintains stellar operations:** Showcasing robust operational performance with eight consecutive quarters of improved NOI
- 4 **Privatisation as key supportive strategy:** Sales surpassing initial expectations with a +34% premium year-to-date on track to exceed the SEK 20 billion 2025 target at +25% gross average premium
- 5 **Committed to an investment grade rating:** Our goal is to regain a BBB rating, and we will maintain a Financial Policy supporting this

**Heimstaden**  
BOSTAD