



# Contents

<b>About</b>	3	<b>Business Review</b>	10	<b>Governance Report</b>	30	<b>Financial Information</b>	43	<b>Sustainability Report</b>	111
The Year in Brief	6	Customer Centred	11	Share structure and owners	31	Consolidated Financial Statements	44	Reporting Principles	112
CEO Letter	8	Friendly Workplace	13	Corporate Governance Structure	32	Parent Company Financial Statements	84	Climate Road Map	114
Strategy and ambitions	9	Sustainable Mindset	15	Board of Directors	33	Proposed appropriation of		Scenario Analysis	117
		Investment strategy and transactions		Executive Management	36	accumulated profit	97	EU Taxonomy	117
		and Property Development	22	Risk Management	38	Signatures	98	Stakeholder Engagement	118
		Property and Asset Management	24	Internal control	40	Auditor's Report	99	Economic Performance	124
		Property Portfolio	25			Alternative Performance		Anti-Corruption	125
		Capital Structure	27			Measurements	102	Tax	126
						Heimstaden AB Standalone	104	Energy	127
						Quarterly financial information	107	Water	128
								GHG Emissions	129
								Waste	130
								Employment	131
								Occupational Health and Safety	132
								Human Rights	134
								Local Community	136

- Refers to audited sections. [Pages 1–2, 6, 22–26, 38–39](#) and [42–103](#) 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 123](#).

Cover photo:  
Aerial view of Copenhagen



## Administration Report and Financial Information

Heimstaden AB is a public company. Corporate identification number 556870-0455. Domiciled in Malmö, Sweden.

This report contains forward-looking information based on the current expectations of Heimstaden's management. No guarantee can be provided that these expectations will prove, correct, and future outcomes may vary considerably compared to what is presented herein 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's auditor. Figures in brackets refer to the previous year, 2020, unless otherwise stated.

# An Evergreen Platform of *Friendly Homes*

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

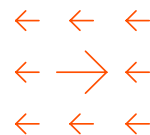
Guided by our values and Scandinavian heritage, we aim for excellence in happiness and life quality for customers and employees, and responsible and cost-efficient in-house operations.

This 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 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.

# Investment Properties<sup>1</sup>

**149,948**

Homes

**91%**

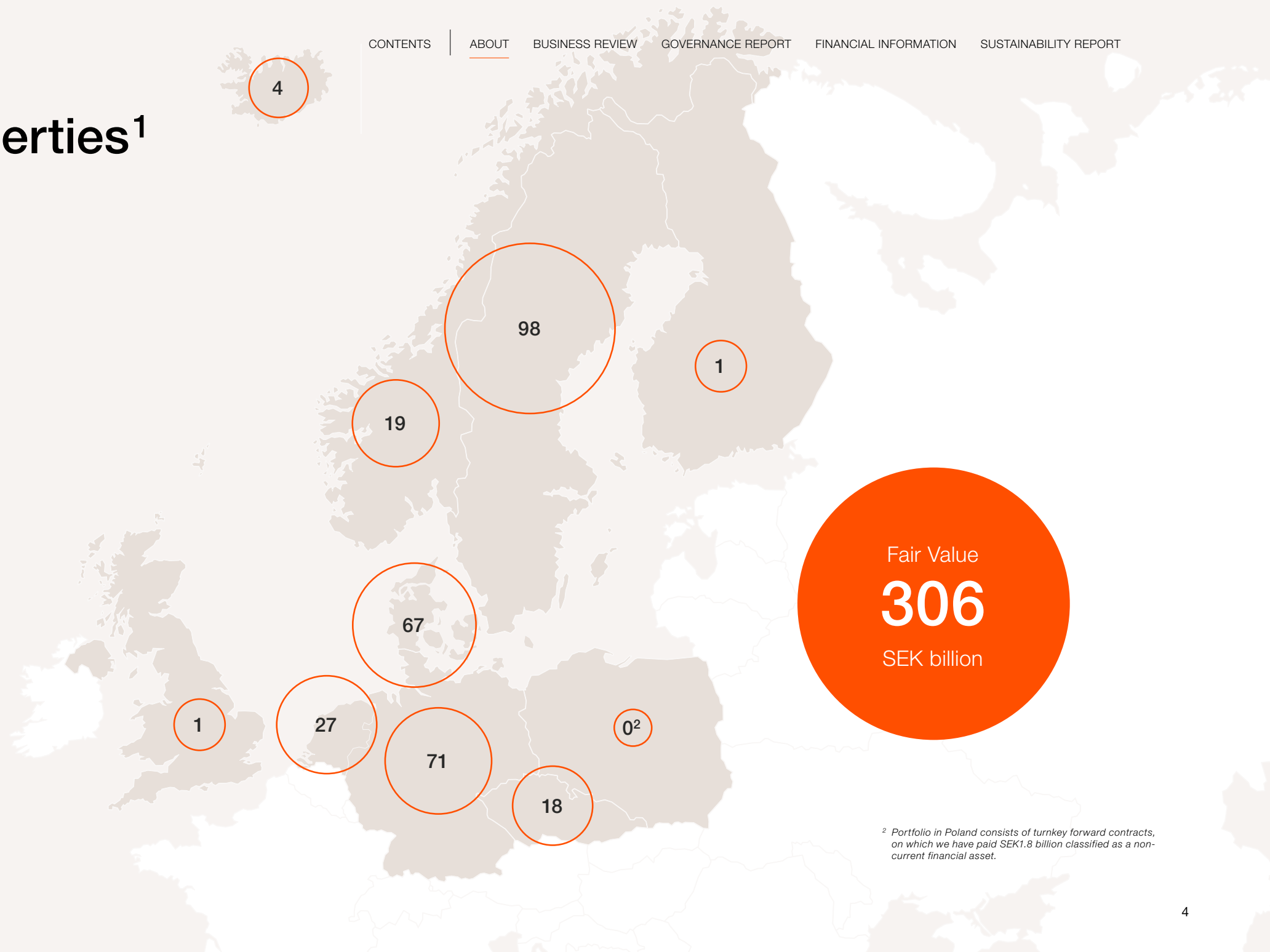
Residential Area

**61%**

Regulated Income

**11 million**

sqm



<sup>1</sup> Heimstaden is the group, property, and facility manager of Heimstaden Bostad. Except for Iceland, property companies are fully owned by Heimstaden Bostad, see [page 22](#).

<sup>2</sup> Portfolio in Poland consists of turnkey forward contracts, on which we have paid SEK1.8 billion classified as a non-current financial asset.

# Key Characteristics



## Robust primary investment with strong institutional partners

Heimstaden is the majority owner and manager of Heimstaden Bostad, which it owns together with strong, long-term institutional partners who share a philosophy for evergreen and sustainable investments. Heimstaden Bostad is a leading European residential real estate platform with a robust financial position.



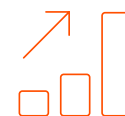
## Attractive, resilient asset class

Residential real estate is the world's largest asset class and an essential part of the global economy. Non-cyclical in nature, it is a basic human need without risk of disruption and with strong supportive demographic trends, such as decreasing household sizes, supply shortages, and urbanisation.



## Diversified portfolio across strong European markets

Heimstaden's property portfolio is diversified across attractive European markets with growing economies and favourable residential fundamentals. The portfolio has a balanced exposure to regulated and unregulated rental regimes, which provides Heimstaden with stable and secure cash flows as well as the ability to capture upside from positive market developments.



## Fully integrated operating platform with proven track record

With a fully integrated and scalable operating platform with competent personnel, Heimstaden ensures a common experience for Heimstaden's customers combined with swift and cost-efficient integration of new markets.



## Solid financial position and conservative financial policy

Heimstaden follows a strategy for responsible growth and value creation and has continuously improved its operating performance and financial metrics. We adhere to conservative financial policies that support Heimstaden's long-term strategy and vision. The company is rated 'BB+' and our subsidiary, Heimstaden Bostad, is rated 'BBB' by S&P Global Ratings and Fitch Ratings.

# The Year in Brief

We continued to strengthen our operational platform and pursued our strategy for responsible growth in attractive European markets, growing the fair value of our portfolio from SEK 144 billion to SEK 306 billion. Throughout the year, employee and customer satisfaction developed positively. Through dedicated and targeted efforts, we passed several important milestones in our sustainability strategy, including committing to the Science Based Targets initiative (SBTi) and setting new sustainability targets to reduce the company’s greenhouse gas emissions in line with the 1.5°C ambition of the Paris Agreement.

**36.8%**

Rental Income Growth

**129 billion**

Acquisitions, SEK

**51.0%**

Net Loan-to-Value (LTV)

**3.2x**

Interest Coverage Ratio

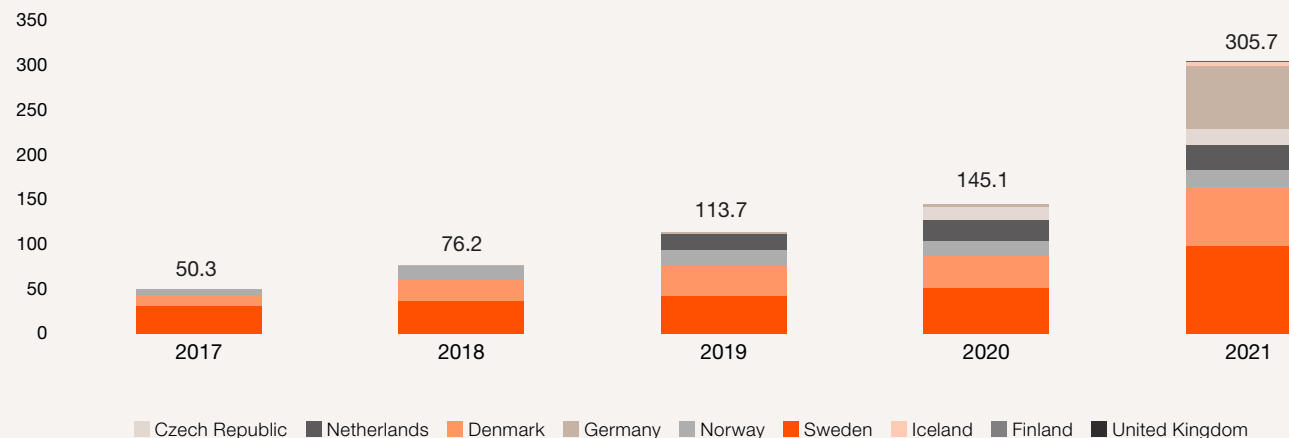
## Key Figures

SEK million

	2021	2020	2019	2018	2017
Rental income	9,027	6,600	4,863	3,393	2,013
Net operating income	5,575	3,867	2,725	1,810	1,027
Profit before inventory properties and fair value adjustments	3,152	3,749	2,729	1,692	974
Profit after tax	19,003	8,353	6,001	3,153	2,064
Net loan-to-value, %	51.0	44.4	45.1	53.7	58.8
Interest coverage ratio, multiple	3.2	2.8	2.4	2.2	2.6
Residential occupancy ratio, %	96.3	94.4	97.6	97.3	98.7

## Fair Value

SEK billion





Fair Value, SEK	<b>180 billion</b>	<b>187 billion</b>	<b>203 billion</b>	<b>306 billion</b>
Homes	<b>114,041</b>	<b>116,083</b>	<b>120,268</b>	<b>149,948</b>
Real Economic Occupancy	<b>97.6%</b>	<b>97.6%</b>	<b>98.0%</b>	<b>98.1%</b>
Net LTV	<b>43.3%</b>	<b>41.2%</b>	<b>45.6%</b>	<b>51.0%</b>

Heimstaden elected new independent Board Members.

Heimstaden Bostad became one of the first major European residential real-estate companies to commit to the SBTi.

Heimstaden Bostad raised SEK 12.5 billion in new equity, of which 5.4 billion came from Heimstaden.

The Swedish Pensions Agency entered as a new shareholder in Heimstaden Bostad.

Acquired HD Ejendomme in Denmark, welcoming 90 new colleagues to Heimstaden and 6,000 homes to the Danish portfolio.

Heimstaden raised SEK 3.5 billion from its first euro-denominated bond (EUR 350 million).

Entered the UK with a SEK 1.9 billion acquisition of a newbuild project consisting of 752 homes in Birmingham.

Expanded with almost 2,500 homes in newbuild projects in five of the largest cities in Poland and with almost 2,000 homes in Berlin and six new German cities.

Raised SEK 1.13 billion in issuance of new preference shares on Nasdaq First North Growth.

Heimstaden Czech Republic rallied with manpower and material to help community rebuild after devastating tornado.

Launched Workday, a common platform for people data and processes, operating as ONE Heimstaden across all markets.

Launched 'A Home for A Home' partnership with SOS Children's Villages, to leverage expertise to contribute beyond donations.

Heimstaden Bostad set new climate targets and commits to invest minimum SEK 5 billion to reduce greenhouse gas emissions by at least 46% by 2030.

Announced acquisition of 599 properties from Akelius in Germany, Sweden, and Denmark for SEK 92.5 billion.

Fitch Ratings initiated coverage with 'BB+' credit rating of Heimstaden and 'BBB' credit rating of Heimstaden Bostad.

Entered Finland and Iceland, with acquisitions of 351 and 1,637 homes, respectively.

Two new institutional investors entered as investors in Heimstaden Bostad.

Heimstaden Bostad completed a SEK 32 billion share issuance with existing and new shareholders, of which 12.2 billion came from Heimstaden.

Heimstaden Bostad made a two-step climb to a B-score on the CDP Climate Change index.

Announced that Allianz Real Estate would invest SEK 7.9 billion in part of Heimstaden Bostad's portfolio in Sweden, forming a joint venture. The transaction was completed in January 2022.

# A Transformative and Successful Year

We have continued to deliver on our long term strategy and achieved historical milestones. In addition to completing the largest real estate transaction in Europe, the acquisition of 599 properties in Germany, Sweden, and Denmark from Akelius positioned us as the second largest residential real estate company in Europe. I am proud that we continue to improve our customer satisfaction score, as well as contributing to society with ambitious climate goals and social support.

## Historical expansion

Our portfolio increased by almost 50% last year, and we have broadened our geographical footprint with our entrance in Iceland, Finland, and UK. Several large acquisitions have been transforming for us as a company, and we now have a scalable operational organisation across ten European countries, providing 150,000 Friendly Homes to more than 300,000 customers. Although we see that scale leads to improvements throughout our value chain, the combination of growth and increased quality would not have been possible without our passionate, competent, and hard-working people. I am deeply thankful to all Heimstaden colleagues for the great effort they have put in the last year.

## A validated future

A diversified portfolio balances risks from a financial, operational, and sustainability perspective. In September, we received a BB+ credit rating with stable outlook from Fitch Rating. This positively reflects Heimstaden AB's strong position as the majority owner and manager of Heimstaden Bostad. Heimstaden Bostad also received an inaugural credit rating from Fitch, with rating of 'BBB', in addition to their 'BBB' credit rating from Standard & Poor's. The ratings are

a validation of our long-term strategy and ability to improve financial metrics during periods of significant growth, allowing for further access to a financing at lower cost.

## New investors

In Heimstaden Bostad, we had the pleasure of welcoming four new, highly respected investors who share our values and evergreen perspective. Just before Christmas, we announced a joint venture with Allianz, one of the largest real estate investors globally. Investors of this calibre are a testament of trust and confidence in what we do, and with all owners' long-term commitment we are well positioned to deliver on our strategy in the years to come.

## Sustainable mindset

We take great pride in contributing to solving important environmental and social challenges.

Our revised sustainability targets are in line with the Paris agreement, and we have committed a minimum of SEK 5 billion to reduce greenhouse gas emissions by close to 50% by 2030. Being granted a B score by CDP on its Climate Change

index, a two-step climb from 2020, was great confirmation of our extensive sustainability work and the impact it has.

We are proactively promoting diversity, inclusion, and belonging, in addition we have increased the number of social lease contracts with close to 400 new ones. By openly publishing customer satisfaction results and urging peers to do the same, we want to push the industry in a more transparent and customer-centric direction.

In addition to providing Friendly Homes and neighbourhoods for our customers, we also want to make a difference for those who need it the most. After launching A Home for a Home, our global partnership in July, with SOS Children Villages, we have provided help to more than 20,000 children in 22 countries across the globe.

## Looking ahead

The conditions for growing our business remain promising and we expect the demand for housing to remain strong. We will continue to provide excellent service to our customers along with strong financial and operational results. Together with our passionate and competent people, I am confident that 2022 will be yet another successful year for Heimstaden.



Patrik Hall  
CEO Heimstaden



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



## Strategy and Ambitions

# Forging Ahead in ‘Quantum Leaps’

Our values ‘Care, Dare, and Share’ have found their place at the heart of the organisation. They form the foundation of our Friendly Homes concept and are essential to fulfilling our core ambitions.

We continue our strategy of taking Quantum Leaps through operational growth and improvements, and transformative transactions. More Quantum Leaps are on the horizon as our evergreen platform sets a new industry standard based on Efficient and Innovative Operations and our four strategic pillars: Customer Centred, Friendly Workplace, Sustainable Mindset and Financial Strength.

Visit our website to read more about our Quantum Leaps Strategy [↗](#)



### Our Core Ambitions



Excellence in happiness and life quality at home



Excellence in happiness and life quality at work



Societal contribution, inspiration, and enrichment



Commercially outstanding



## Everyone Deserves a Friendly Home

We want to help those who struggle to find a home and support NGOs such as 2<sup>nd</sup> Chance and WeShelter, which facilitate stability in life for vulnerable people and eventually a permanent housing solution. During 2021 we increased the number of social lease contracts with close to 400 new ones.

## Customer Centred

# Life Quality in the Spotlight

We strive to simplify and enrich our customers’ lives through many points of contact, both online and in person. Digital innovations are fantastic, but we also want to engage our customers as a friend. Living in our Friendly Homes and neighbourhoods should outshine other housing alternatives, and our customers should feel that we listen and act on what we hear.

### Comprehensive communication

Our Customer Service builds on the three communication and service pillars of personal, digital, and self-service.

Our personal pillar includes a variety of offerings, including meet and greet sessions, community centres, BBQs, children’s play time, gardening activities, and cultural events. It also includes local sponsorships, such as tutoring, support for local athletic clubs, and children’s activities. Unfortunately, due to the pandemic, in-person interaction was largely curtailed during 2021.

In 2021, we also extended our personal offering, starting in Sweden, to include micro-meetings with our Customer Ambassador, who facilitated book circles, coffee breaks, and music events. These micro-meetings are meant to build community and social interaction among neighbours, increase well-being, and decrease involuntary loneliness. We will extend the program with more full-time employees in 2022 and eventually roll it out in other markets.

On the digital front, we introduced our MyHome tenant portal (see [page 24](#)), which provides customers with documentation, service requests, rental payments, advice, and inspiration on one user-friendly platform. The portal was rolled out in Norway, Iceland and Denmark in 2021, with the ambition to do the same in all our markets by 2023.

### Creating value through ‘Friendship’

Our Friendship offering is an important part of our Friendly Homes concept and comprises services like 24/7 customer support and cost-free assistance when moving in, concepts, happenings, and attractive deals to enhance the customer journey. Happy customers are loyal customers, and the concept is part of our efforts to reduce churn throughout our markets. We continued to develop the concept in 2021, successfully embedding it in all stages of the customer journey receiving very positive feedback. Now fully implemented in Sweden, the concept will gradually be rolled out to other markets in 2022.

## Customer journey – how we play





### Constantly taking the pulse

In this year’s annual Customer Score Card (CSC), we were concerned that the pandemic might negatively impact customer satisfaction. Fortunately, there is a positive trend throughout all our markets, and we were pleased to see great improvements in markets we recently entered. This is clear evidence that our Friendly Homes concept actually does provide added value to our customers. The detailed feedback from our customers will serve as a guidebook for our operational priorities in 2022.

In addition to our annual CSC, we run CSAT (customer satisfaction) surveys at four stages of the customer journey: after contract signing, after moving in, during the tenancy, and

after moving out. The detailed insight this provides allows us to take immediate action to resolve issues. Both the CSC and CSATs also include an NPS (Net Promotor Score) to gauge customer loyalty.

### Voice of Customers

Results from our 2021 CSC indicate that customers are more satisfied with their homes, facilities, and Heimstaden’s services. Rates remain high in those markets we have been in longest, but tend to be lower in markets where we are in the process of implementation and integration of the Heimstaden Friendly Homes concept, such as Germany, the Czech Republic, and the Netherlands.

### Voice of Customers

Every year we measure our customers’ satisfaction to see where we are performing well and where we could do better. We publish customer scorecards on our website and work proactively to make peers measure customer satisfaction and be transparent on results. Find more results from 2021 and 2020 on our [website](#).

### Service Index

Combines scores from categories such as taking the customer seriously and if customers feel safe. In 2021, we see generally positive results across markets compared to last year’s survey

	2021	2020
Sweden	78.4%	78.4%
Iceland	75.9%	–
Norway	74.7%	74.5%
Denmark	74.6%	74.4%
Czech Republic	68.8%	67.2%
Germany	63.4%	–
Netherlands	58.5%	55.8%

### Profile Index

Combines general categories to measure satisfaction with Heimstaden as a company, such as well-being, care, our contribution to social responsibility and environmental actions.

	2021	2020
Iceland	85.5%	–
Sweden	80.1%	89.3%
Norway	77.5%	77.2%
Germany	71.3%	–
Denmark	67.6%	67.1%
Czech Republic	65.1%	60.3%
Netherlands	59.5%	52.0%

### Recommending Us

On average, 80% of our customers have reported that they have a willingness to recommend Heimstaden to their friends and family, and there is a general improvement in the responses.

	2021	2020
Iceland	93.4%	–
Sweden	85.7%	85.3%
Norway	83.0%	78.4%
Germany	80.2%	–
Netherlands	78.2%	–
Denmark	73.5%	77.0%
Czech Republic	67.8%	66.2%

## Friendly Workplace

# Building a Friendly Workplace

We aim to be a world-class employer that attracts and retains the best talent with an inclusive, high-performing, and Friendly Workplace. We provide managers with the knowledge, processes, and tools necessary to make good decisions and build a culture that encourages all employees to optimise their potential and serve our customers to the best of their ability.

### Building a common culture

Our ambition is to create a scalable and smart foundation for the future, adopting robust processes that embrace both existing and new personnel wherever we operate. Strengthening our employee value proposition – happiness and excellence in life quality at work – is the starting point for every initiative. Most important is work health and safety, opportunity to grow, and fair conditions. We strive for a safe workplace with zero accidents and to mitigate risks including illness due to work-related stress.

In building a Daring culture, we encourage our people to venture outside their comfort zone and to view mistakes as learning opportunities. This must be demonstrated in our behaviours, which is why we invest in knowledge and training in culture workshops.

### ONE way of working

As a growing company it is essential that we provide scalable, high-quality processes for everything from onboarding to termination, regardless of where individuals are employed. For this reason, we implemented Workday in 2021 – our first-ever groupwide digital platform that provides common workflows and real-time access to data and statistical reporting across mar-

kets from a single source. This ensures that through analyses of people data, we can proactively focus on areas of improvement.

We also measure the temperature of employee engagement across borders on a monthly basis, with employee engagement surveys. By listening to and managing our people's needs, concerns, and motivation we can identify issues early and act to promote satisfaction. Despite challenges brought on by the pandemic, our job satisfaction scores remained stable throughout 2021 and we have high ambitions for improvements over the coming year.

### Talent attraction and opportunities to thrive

Equal treatment and fairness, and zero tolerance for discrimination and harassment, are cornerstones of our culture. Recruitment is the first step to build diversity and inclusion. In 2021, we started Diversity, Inclusion, and Belonging digital training for our People and Culture team to learn how to provide best possible conditions for a bias-free employment process.

We take a structured approach to internal training and career development and in 2021, we launched our digital learning

### Gender distribution



<sup>1</sup> Full Time Equivalents (FTE). All employees are employed by Heimstaden, with the exception of employees in Czech Republic and employees who accompanied the acquisition of Akelius' property portfolio who are employed by Heimstaden Bostad.

platform featuring over 70 Heimstaden on-demand courses. We also launched our own training program for new Managers at Heimstaden called New@Leading, as well as continued to roll out our leader development program Leading@Heimstaden to our country management teams.

Furthermore, we conducted a review of our remuneration framework, using Mercer, to ensure consistency across all our markets. We performed benchmark surveys on fair pay, helping managers gauge appropriate salary levels for new hires, as well as people moving between roles and countries.

In 2021, the number of internal promotions and lateral movements into new roles and/or teams were 82 – an increase from previous years, which is evidence that our international growth and focus on internal talent development is having a positive effect on career opportunities within Heimstaden.

### 2021 Human Growth Award finalists

Our People and Culture team was singled out as one of five finalists for the 2021 Human Growth Award in Sweden, which is a real honour considering the high quality of the other nominees. For the first time, Heimstaden has also entered the 'Karriärföretagen' list in Sweden as one of the 100 most attractive workplaces for Young Professionals.

### HeimMade – ideas that bring our vision to life!

HeimMade is a fund where our people apply for funding of pilots that enhance the Customer Experience. Already after a few months, many great ideas like removal services and inspirational waste room management that inspire and encourage our tenants to recycle more came to life. These are great examples on how everyone in Heimstaden participates in fulfilling our vision to simplify and enrich life through Friendly Homes.

## Achieving a Friendly Workplace through six focus areas<sup>1</sup>

### Total Temp<sup>2</sup>

2021 Outcome:

**8.0**

Index: 7.4

### Equal rights

2021 Outcome:

**9.1**

2023 Target: 9.2  
No Index

### Good leadership

2021 Outcome:

**8.3**

2023 Target: 9.2  
Index: 7.9

### Opportunity to grow

2021 Outcome:

**7.7**

2023 Target: 8.5  
Index: 6.7

### Happiness at work

2021 Outcome:

**7.9**

2023 Target: 8.5  
Index: 7.0

### Health and safety

Work-related injuries

2021 Outcome:

**37**

Target 2023: Work-related injuries 0

Sick leave

2021 Outcome:

**6.4%**<sup>3</sup>

Target 2023: Sick leave <5%

### Work/life flexibility

Personnel turnover

2021 Outcome:

**22%**<sup>4</sup>

2023 Target: <10%

Most employees are employed by Heimstaden AB. Employees in the Czech Republic and employees that followed in connection to the acquisition of the Akelius properties are employed by Heimstaden Bostad. For more information see [page 141](#). The above KPIs are collected from our employee engagement tool Winningtemp, from our HR system Workday and local payroll systems. Index is industry average. Where there is no index, the area was not covered in the standard survey but added by Heimstaden.

<sup>1</sup> For detailed information, read more in our Sustainability Report on [pages 111–146](#).

<sup>2</sup> Total Temperature is the average of all the areas surveyed monthly in Winningtemp (Leadership, Job satisfaction, Meaningfulness, Autonomy, Work situation, Participation, Personal development, Team spirit, Commitment, Safety, Equal treatment, Feedback).

<sup>3</sup> The increase in sick-leave is mainly Covid-related.

<sup>4</sup> The increase in turnover is due to our rapid growth, and high pace of change but also that the labour market opened up in the later half of 2021 providing personnel with external opportunities.



## Sustainable Mindset

# Raising the Bar in Sustainability Leadership

Sustainability is embedded in everything we do, ensuring a fair, trustworthy, and transparent company that strives to help preserve the planet for future generations and improve society and people's well-being.

In 2021, we reviewed our Environmental, Social, and Governance (ESG) objectives, with Heimstaden Bostad's board approving new climate targets along with our pathway budget of SEK 5 billion over the next nine years. The budget is for the current portfolio and will increase as Heimstaden grows.

This came shortly after the release of the Intergovernmental Panel on Climate Change's (IPCC) 6<sup>th</sup> Assessment Report announcing a Code Red for Humanity. It said the planet will continue to heat up until at least 2050 under all emissions scenarios, with drastic emission reductions necessary in the coming decades to limit further warming.

### Strong focus on emissions reduction

As one of Europe's largest residential real-estate owners, we want to lead by example and will submit our new climate targets to the Science Based Targets initiative (SBTi) for validation, to ensure alignment with the Paris Agreement.

Our target is to reduce energy-linked (Scopes 1 and 2) emissions by at least 46% by 2030 (from 2019 levels). This is also backed by a good business case. We calculate that our SEK

5 billion pathway investment will result in annual savings of SEK 290 million, generating a potential yield on investment of appr. 5.7%. Measures that cost the most generate the most emissions reduction potential, but we will work on smaller steps as well, as every effort counts. Our key Scope 3 target relates to supplier engagement, requiring our major contractors to set their own SBTs in line with the Paris Agreement by 2025.

In terms of climate change mitigation, we reduce emissions through sustainable solutions in our own energy generation and in purchased energy, and energy-efficiency measures. To meet our targets, we make fuel shifts in our properties through pursuing local heating and energy production, installing heat pumps or electric boilers, and switching to green electricity. In addition, we need to successfully engage energy providers to reduce use of fossil fuels. Energy-efficiency measures include insulation and ventilation improvements, sensor-controlled LED lighting, and smart control of heating and electrical systems to minimize losses. We also encourage tenants to reduce energy usage.

**Supporting change**

Although our targets apply to Heimstaden as a whole, there will be differences in the extent of measures in different markets and where they will take place.

The Czech Republic depends heavily on coal for heating. The market accounts for over 80% of our Scope 1 and 2 emissions and will require about 60% of our emissions-reduction investment.

In the Netherlands and Denmark, tenants typically have their own energy contracts outside our influence, while in Norway, despite a cold climate and high energy usage, there is a low emissions intensity due to the prevalence of relatively clean district heating and hydropower. We will further investigate relevant measures in Germany owing to tight regulations governing rent increases. In contrast, in the Netherlands rents may be adjusted based on a building's energy performance.

Energy performance certification (EPC) on properties is also applied differently in different countries – for example, a Danish EPC A (sustainable building) category would not be EPC A in Sweden.

See our [2021 Sustainability Report](#) for a detailed description of all ESG strategies that make up our sustainability pathway.

**Increased capacity**

To ensure consistent progress in all ESG areas, we increased the group sustainability team with two new members in 2021. To ensure implementation of our ESG strategy, and share best practice across all markets, we have assembled a Group Sustainability Council comprising one representative from each market that meets on regular basis.

## Climate Change Adaptation

The devastating wildfires in Southern Europe and extreme flooding in Germany and elsewhere during the summer underline the gravity of the IPCC's Sixth Assessment report in August. We are aware that extreme weather – flooding, drought, excessive rainfall, sea-level rise, heatwaves, and ecosystem collapse – will likely increase and are currently working on climate resilience (risk) analyses, as well as adaptive measures, for all our markets down to property level. Read more about our climate risks on [page 115](#) of this report.

We have also helped out on the ground. In the Czech Republic, we took direct action to help people affected by a tornado that hit parts of the country in June. Although none of our properties were affected, we assembled a team to help in the rescue and rebuilding effort.



## Ensuring Regulatory Compliance

We have expanded our group sustainability team to ensure that we are up to date with all EU and national regulations throughout our markets. This year, we have prioritised preparations for alignment with the EU Taxonomy, which introduces an EU-wide classification system providing businesses and investors with a common language to identify the degree to which economic activities can be considered environmentally sustainable. See [page 111–147](#) for our Sustainability Report.

The EU Commission has also announced that it will adopt a Directive on mandatory Human Rights Due Diligence encompassing companies' entire value chain and all proportionate and commensurate measures to prevent adverse impacts on human rights, governance, and the environment. We are consequently developing all necessary processes to comply with the Directive.

In 2021, the EU Commission also announced its 'Fit for 55' package linked to the European Green Deal. This encom-

passes a suite of legislative initiatives across various sectors including energy, transport, and buildings that are intended to overhaul the EU's climate policy framework and enable the EU to deliver on its 2030 climate targets. We are monitoring progress to see how this will impact us.

In December 2021, The EU Commission published its proposal of policy on energy performance in buildings, the Energy Performance of Buildings Directive (EPBD). The revised EPBD will facilitate and increase building renovation, modern-

isation, and decarbonisation of the EU's building stock. As of 2030, all new buildings must be zero-emission, residential buildings should be renovated from G to at least F by 2030, and to at least E by 2033. A Building 'Renovation passport' will facilitate planning and a step-by-step renovation towards zero-emission level. We closely monitor the development of the revised EPBD and its consequences for the company.



### The energy year 2021

Despite implementing many energy-efficiency measures in all the countries we operate in, 2021 proved to be an energy-intensive year that saw energy use and CO<sub>2</sub> emissions increase versus 2020. The main reasons for this were, firstly, that 2020 was a much warmer year (with less heating required), and, secondly, that our property portfolio grew significantly in 2021. In addition, we used more natural gas in 2021 after replacing coal-fired heating in many apartments in Czech Republic<sup>1</sup> with much more efficient central gas boilers. While data coverage in Germany and the Netherlands increased during the year, there is uncertainty as to the quality of data since a large proportion is collected manually. However, the intensity figures per square meter on energy (where the heat is normal year-adjusted) have improved in all countries, except Germany where we recently built an energy organization that will focus on energy improvements. We are constantly working to improve data quality through implementation of new digital solutions. Versus 2020, we also experienced a full 'pandemic effect' year in 2021, with increased energy consumption through households' increased use of hot water and heating. Looking forward, we have started implementation of our climate roadmap and will work intensively to reduce energy use and CO<sub>2</sub> emissions across our property portfolio. The effects of energy investments on the properties' heating systems can only be fully monitored when they have been in operation during the cold period of the year. Normally, trimmings and one calendar year of operation are required before these are fully effective. In addition to this operational phase, most energy investments require planning, and even in some cases, permission from authorities, which also means that project start can be delayed from several months up to one year after a decision on implementation.

<sup>1</sup> For our properties in the Czech Republic, the energy consumption from year 2021 is not yet available and therefore energy consumption figures from 2020 are used.

### Highlight KPIs

	2021	2020	2019
Tonnes CO <sub>2</sub> e /SEK Million rental revenue	23	25	5
kg CO <sub>2</sub> e/sqm	40	36	10
kWh/sqm	161	145	150

### Local community (company wide)

	Target	2021	2020
Percentage social lease contracts	At least 3% of apartments by 2023	1.6%	1.9%
Total number of social lease contracts		2,343	1,943
Share of regulated residential income		61%	53%
Number of young adult jobs (student employees, summertime workers or trainees)	100 young adult jobs each year	110	77

All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.

We currently have social contracts in Sweden, the Czech Republic, the Netherlands, Iceland and Germany. During 2021 continued the work on defining social leases for all countries and changed our method for calculating the target outcome. The denominator of the KPI consists of the total number of homes, including vacancies. The numerator consists of the total active and signed social lease contracts at the end of 2021. During 2021 the share of social leases decreased compared to 2020. However, the total number of social lease contracts increased. The decrease in percentage is due to new acquisitions during the year where we have not implemented social leases yet.

### Social sustainability

We contribute to creating a more sustainable society and proactively promote diversity, inclusion, and belonging.

Because of different regulations and social challenges in our markets, we initiated a project to clarify and fulfil our various social targets. We have set the target to have at least 3% social lease contracts by 2023. During 2021 we increased the number of social lease contracts with close to 400 new one. However, we have changed the calculation method to cover all apartments we own including newly acquired units and vacant units. With the new calculation method, the proportion of social lease contracts for 2021 is 1.5%, the corresponding figure for 2020 was 1.9%.

Among our other targets, at least 3–4% of our own employees on an annual basis should be apprentices by 2023, at least 100 jobs annually shall be filled by young people entering the job market, and, together with third parties, we will provide internships for people with socio-economic challenges.

### Human rights

To extend the scope and depth of our supply chain awareness, our sustainability and procurement functions have made a thorough GAP analysis to identify where Heimstaden stands compared to recommended best practices. We identified human rights issues in our solar panel supply chain, where certain components originate from areas in China associated with human rights violations, and we are looking at ways to address this.



## Sustainability Achievements in 2021



### Heimstaden Bostad climbs on CDP ladder

This year, CDP, which runs the global environmental disclosure system, granted Heimstaden’s subsidiary, Heimstaden Bostad, score B on its Climate Change index, a two-step climb from last year’s result. Among our recognised efforts, we significantly strengthened our sustainability governance and risk management, committed to the SBTi, and took action to increase value-chain oversight.



### Thermal insulation projects in the Czech Republic

Improving insulation of building facades and individual homes is a key measure to reduce heat loss. During 2021, we completed insulation projects on nearly 1,400 apartments, reducing CO<sub>2</sub> emissions by a total of 980 tonnes.



### Heimstaden wins prestigious award in the Czech Republic

We won the 2021 Governor’s Award for Social Responsibility in the Moravia-Silesia region because of our efforts to mitigate the effects of the pandemic, notably our ‘Hello, you are not alone!’ project.



### A Home for a Home – collaboration with SOS Children’s Villages

In Q3 this year, we launched A Home for a Home, a landmark partnership with SOS Children’s Villages. Annually, we donate EUR 100 for each home we own to SOS Children’s Villages, supporting many global and local co-created programmes around the world. Read more on the following [page 19–20](#).



## *A Home for a Home*

# Contributing to Those Who Need it Most

A Home for a Home was born out of our belief that businesses have an important role to play in shaping a better society. A safe childhood home is a key building block for success in life and supporting future generations with safe homes aligns with our work for diversity and equal opportunities.

### **A natural partner**

We chose SOS Children's Villages (SOS) because of our shared mission to provide safe and friendly homes, their political and religious independence, global reach, and the high percentage of their funds used directly towards aid.

### **Lasting impact is the name of the game**

The A Home for a Home initiative will set a new 'gold standard' for long-term NGO/corporate social partnerships, which we will achieve by engaging our assets and stakeholders to maximise impact beyond one-off donations.

We support SOS's ongoing activities around the world as well as co-created local programs in the countries where we operate. Our donation will grow as we grow. A steering committee comprising an equal number of representatives from both parties allocates funding on an annual basis, also for multi-year projects.

### **Synergies in action**

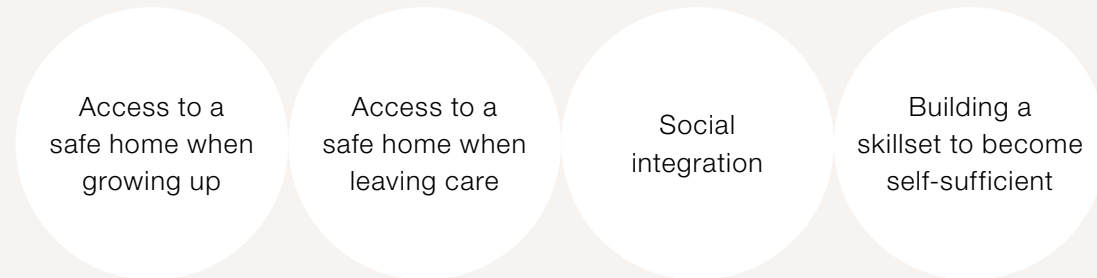
In addition to the direct funding of global and co-created local programs, we are sharing our expertise to create improvements on the ground. For example, we are supporting SOS's 'Village 2.0' project in Guinea Bissau with consultancy on village redesign and sustainable power generation, and we are advocating for adjustments to foster family policies in the Netherlands to help keep siblings together.

★ **July 2021** partnership launched

★ **EUR 100** annual donation per home owned

# A Home for a Home

## Four Focus Areas



## First Year Highlights

**20,000**

children helped

**22**

countries

**18**

global SOS programs

**12**

local co-created programs

“SOS Children’s Villages is delighted to be partnering with Heimstaden, which shares our passion and commitment to make a positive impact on the world. We look forward to working with them in the years to come to ensure that children grow up with the care, relationships, and support they need to become their strongest selves.”

**Ingrid Johansen**  
CEO, SOS Children’s Villages International





## Open-Ended Lease Agreements

In 2021, we were the first private residential real estate owner in Norway to introduce open-ended lease agreements to the Norwegian market, providing our customers with more predictable and stable living conditions. Hopefully, this will inspire peers from the change current market practice to 3-year terms in lease agreements.



## Investment Strategy and Transactions

# Responsible Growth Rooted in Deep Market Analysis

The residential property market in Europe has proven to be resilient throughout the pandemic, as it has been in previous crises. In 2021, the market continued to attract an increased number of institutional investors and capital previously earmarked for other real-estate types, as investors rebalance their portfolios and increase exposure to residential as a more stable and reliable income source.

To capitalise on the strong demand, owners have been motivated to sell, which has led to more competitive processes and put pressure on yields, but due to our fully integrated value chain, we are well placed to secure operational outperformance (i.e. attractive returns) in a buoyant market versus non-industrial investors who are dependent on outsourced management.

At the end of 2021, our investment function comprised six local transaction teams with a combined staff of around 35 people. We were minimally affected by Covid restrictions, but certain sales processes due to take place earlier in the year were postponed as a result of reduced potential for physical property inspections. However, volumes increased gradually throughout the year.

We have remained true to our investment strategy, growing in existing markets with favourable prospects and in new markets with similar characteristics where there is good potential

to reach scale. In 2021, we closed SEK 129 billion in acquisitions, including a SEK 92.5 billion acquisition of properties in Germany, Sweden, and Denmark, and our first acquisitions in Finland and the UK.

### Investment strategy – stability and quality are key

Heimstaden invests in European markets with promising macroeconomic fundamentals and stable residential trends. We carefully analyse each market and sub-market, including demographics, socio-economic situations, and political risk. We do not define growth targets in specific markets, but take an opportunity-driven investment approach.

We focus on affordable and entry-level homes where there is mass-market appeal. Affordable housing is important for two reasons. Firstly, it leads to lower churn rates and decreases affordability risk. Secondly, we believe that being able to afford your home is a key ingredient of well-being and promotes social sustainability.



Some rental markets are highly regulated, others with predominantly market rent. Our strategy is to strike a balance between regulated and unregulated assets across all our markets, thus ensuring a stable and attractive income stream where varying regulation characteristics can work to our benefit.

### Scale is crucial

Our operating model results in significant scale advantages as we grow our presence in existing markets, and we only enter new markets with the intention of building a large platform over time. Scale improves operational efficiency through, for example, the implementation of common digital platforms, group-wide operating models for facility management, asset management, letting, and increased operational insight through the utilisation of big data. However, we do not want to take undue risk in growth; we champion responsible, controlled growth. Scale is only advantageous if we continue to deliver consistently on our promise of Friendly Homes and are able to show strong commercial performance.

Acquisitions Closed in 2021  
SEK billion



Sweden	36.7
Denmark	22.4
Germany	64.7
Czech Republic	0.2
Iceland	3.8
Finland	0.9
United Kingdom	0.7

### Newbuild investments

In certain of our target markets newbuilds are the only viable investment opportunity. For example, in the UK and Poland, we chose this investment strategy as there was little existing rental stock in those markets that matched our strategic requirements.

We do not take on development risk, but partner with developers who retain all risks related to zoning, planning, and construction. To mitigate counterparty risk, we perform thorough due diligence and only partner with robust and experienced developers. The contracts are structured either as forward purchase contracts, in which we will only pay upon delivery, or as forward funding contracts, where we pay at certain construction milestones up to delivery.

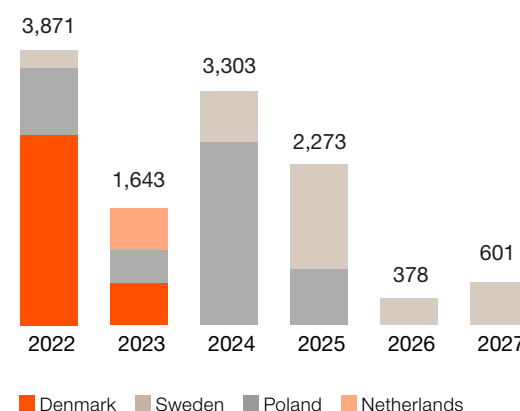
Heimstaden's policy is for forward or forward purchase funding commitments to make up no more than 10% of the fair value of investment properties at any time.

### Outlook

Heimstaden's primary growth over the coming years will come from the purchase of standing assets in existing markets. Forward purchase/funding commitments will remain within our 10% of fair value policy. Going forward, we expect institutional investors to continue to reposition to the residential market and, together with healthy yield spreads in a low interest-rate environment in Europe and an inflation-linked income stream providing cushion in case of interest rate increases, this should continue to support yield compression, in turn driving value growth.

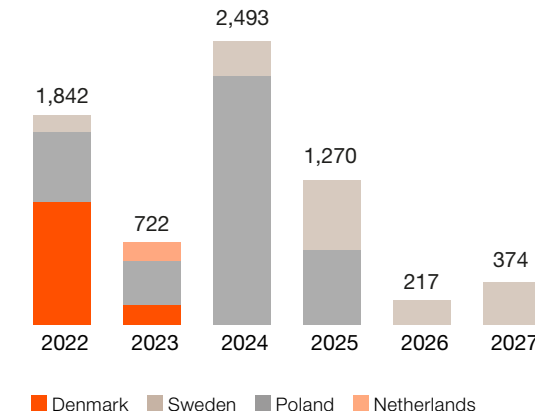
### Signed acquisitions

SEK million



### Signed acquisitions

Units



<sup>1</sup> Signed acquisitions include standing assets and newbuilds and amounted to SEK 12 billion as at 31 December 2021. For more details, see [Note 8.4](#).

## Significant Transactions in 2021

### Significant expansion in Denmark

Acquired HD Ejendomme, leading residential real-estate company in Denmark, with 152 properties and 6,237 homes. The transaction significantly broadened the geographical footprint and operational reach in Denmark.

### UK market entry

Acquired 411 homes in the Greater London Area and a new-build project in Birmingham comprising 752 homes. Both cities have favourable macroeconomic and demographic trends, including strong population growth and increasing disposable income.

### Geographical expansion in Poland

Newbuild projects with 2,496 homes across five of the largest cities in Poland. The projects will be completed in stages between the first half of 2023 and early 2025 and were acquired in a forward funding structure. Polish residential development company Budimex is the developer.

### Expansion in Linköping, Sweden

Acquired 21 properties with 1,118 homes in Linköping, significantly strengthening Heimstaden's presence in the region. Linköping is Sweden's fifth-largest city, known for its university and booming technology industry.

### Expansion in Northern and Eastern Germany

Acquired 65 properties with 1,732 homes in seven cities, marking the first significant expansion outside Berlin.

### Finnish market entry

Acquired 1,074 homes in 15 cities/municipalities, located in the capital region and in/or around major cities in Finland.

### Icelandic market entry

Acquired 1,637 homes, mostly located in the capital region.

### Continued growth in Denmark

Acquired 34 properties with 1,473 homes, where 18 proper-

ties are standing assets and 16 are under construction, acquired in a forward purchase structure with turnkey delivery within two years.

### Transformative growth throughout existing markets

Acquired Akelius' German, Swedish, and Danish portfolios comprising 599 properties with 28,776 homes centrally located in Berlin, Hamburg, Stockholm, Malmö, and Copenhagen. The locations and scale of the combined portfolio make the transaction truly transformative for Heimstaden, extracting operational scale effects.

## Property and Asset Management

# Evergreen Strategy Drives Value Creation

Property and Asset Management is key to delivering on Heimstaden's promise to create value for customers<sup>1</sup> and investors. Through hard work, efficient processes, and a strong culture, we endeavour to deliver high-quality service and product no matter where our customers live.

### Summary 2021

In 2021, we were focused on building a strong, centralised asset management team whose remit is to create tools for consistent best practice and cost efficiency across our markets. At the end of 2021, Operations in total employed 1,656 personnel in 72 offices across our markets, where the asset management team consists of 107 employees.

We continued our focus on apartment modernisations, value-added services, and ongoing maintenance, and invested heavily in streamlining our reporting and analysis to capture scale benefits and improve our agility. We also focused on improving the quality of and processes around newbuild developments so that we can proactively influence developers' standards and define requirements and rationale for a "Built for Heimstaden" product.

### Long-term horizon

Our philosophy is to build and scale Heimstaden as a profitable market leader that contributes positively to society. Our

evergreen perspective means we are more value-focused than most competitors. A low-cost approach to renovation and repairs leads to correspondingly low asset lifetime. Therefore, we are willing to spend more upfront to refurbish to a higher standard if we believe in the long-term value creation potential. We choose the most durable materials, which increase the lifetime value and yield higher returns long-term. Moreover, caretakers with in-depth knowledge of each building serve to strengthen long-term maintenance planning and development.

### Reducing our footprint

Sustainable asset management is key to optimising return on environmental investments. In 2021, we continued to build a strong energy function, embracing centralised competence and people on the ground working on optimisation and emissions reduction. This can involve anything from installing solar panels to selecting the best energy-saving windows when renovating facades. For our standing assets, we invest for long-term solutions that reduce water and electricity consumption. Where possible we try to influence developer part-

ners in terms of lifecycle emissions reduction, and encourage sustainable behaviours among our tenants by communicating advice on energy saving, water consumption, and eco-friendly gardening and cleaning. In terms of transport, we continue our investment in electric vehicles.

The market with the biggest potential for energy improvement is currently the Czech Republic, where we in 2021 added insulation in nearly 2,400 units, as well as reinsulated facades to mitigate energy loss and improve building aesthetics.

### High-quality data for high-level governance

High-quality reporting rooted in high-quality data reduces risk and provides knowledge to further develop our services and products. Consequently, we have been working to hone our reporting at a very granular level. In 2021, in pursuit of operational excellence, we introduced automated monthly KPI reporting across all our markets. On the asset management side, our focus has been on improving information flow. Activities included the introduction of digital dashboards to increase transparency through the lifetime of every project.

Crunching data also helps us spot trends, especially outliers that we can use to sharpen our performance. Tracking what rents well, and focusing on why, also informs our approach to apartment fitouts, layouts, and the flow of buildings generally.

## MyHome

Our new multifunctional customer portal, MyHome, was introduced this year, and is an ongoing in-house digital development project requiring significant investment at group level. It provides customers with all the relevant, personalised information they need, including documentation (lease agreement), payment records, inspirational content, and service request functionality.

The automated service request function guides customers to send repair and maintenance requests, and an interactive FAQ platform (Help center) offers help on common issues as well as instructional videos to help customers help themselves, especially when service personnel are not immediately available.

So far, the portal has been well received. In our first pilot project in Norway, we have already experienced a significant decrease in customer requests to service personnel, indicating that more customers are solving problems on their own. We launched our second pilot in Denmark in July and in Island in December, with testing and rollout to our remaining markets planned for 2022–2023.

<sup>1</sup> Heimstaden is the group, property, and facility manager of Heimstaden Bostad. Except for Iceland, the property companies are fully owned by Heimstaden Bostad. See [page 22](#).



# Investment Properties

Fair value of investment properties increased from SEK 145 billion at 31 December 2020 to SEK 306 billion at 31 December 2021, mainly through acquisitions of SEK 129 billion and fair value gain of SEK 22 billion. The portfolio includes 149,948 homes across nine markets. Residential units made up 92% of fair value and 61% of residential income comes from regulated units.

Valuation of the portfolio is performed by independent external valuers. For more details, see [Note 3.1](#) on [page 58](#) of this report.

2021 turned out to be a year of significant value appreciation for residential real estate. Persistent supply-demand imbalance combined with strong owner-occupier demand and significant sector rotation among institutional investors towards residential investment in the wake of the pandemic were key drivers. This resulted in double digit price growth in the majority of the owner-occupier markets, where we are present, while fierce competition among institutional investors gave rise to material yield compression.

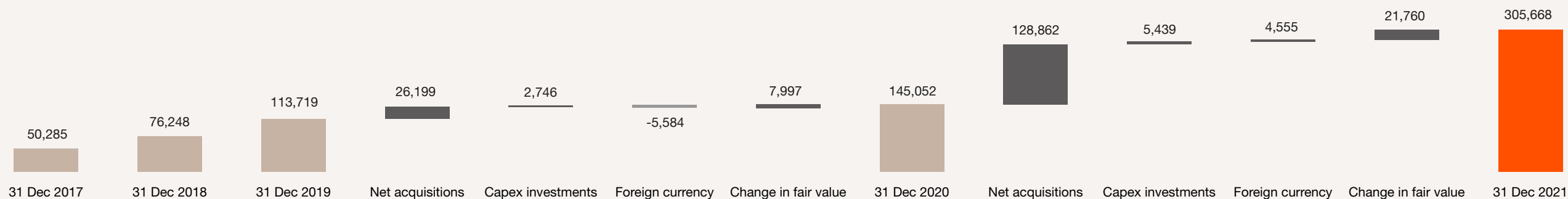
As affordability is becoming an increased topic across European residential markets, we are maintaining a disciplined approach to ensure that the growth of our portfolio offers a sustainable affordability profile. Accordingly, we continue to pursue a balance between regulated and unregulated markets.

In 2021, we entered the UK, Iceland, and Finland, which are three unregulated markets. We envisage to growing significantly in these markets in the coming years and aim to reach a scale that allows us to establish a full-service operational platform.

In addition to investing in growing the portfolio, significant investments have been made in the existing portfolio. This includes continuous upgrades of our properties to ensure long-term durability and improved energy efficiency to reach our high environmental ambitions, as well as modernisation of units to cater for tenant preferences.

## Fair Value of Investment Properties

SEK billion



## Portfolio Overview

Country	Fair Value, SEK million	Homes	Fair Value/sqm, SEK	Residential Area, %	Regulated Income <sup>1</sup> , %
Sweden	97,646	43,196	31,469	91.1	100.0
Germany	70,650	25,415	41,633	89.7	100.0
Denmark	66,636	18,247	36,819	95.1	12.0
Netherlands	27,324	13,315	25,989	98.1	67.2
Norway	18,952	4,412	87,324	85.3	0.0
Czech Republic	17,932	42,644	6,863	95.4	33.7
Iceland	4,494	1,653	29,800	100.0	0.0
Finland	1,014	1,006	18,674	98.2	0.0
UK	1,019	60	70,126	82.6	0.0
Poland <sup>2</sup>	–	–	–	–	–
<b>Total</b>	<b>305,668</b>	<b>149,948</b>	<b>28,571</b>	<b>92.4</b>	<b>60.8</b>

<sup>1</sup> Residential units.

<sup>2</sup> Investments in Poland are made through forward purchase contracts and are not recognised as investment properties until turnkey delivery. See [Note 3.1](#) for more details.

## Capital Structure

# Funding Overview

Owning, managing, and developing residential real estate require 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 that generate solid cash flows.

Heimstaden has a conservative financial policy that supports our long-term strategy and maintains a well-diversified financing structure with a robust balance sheet and strong credit metrics.

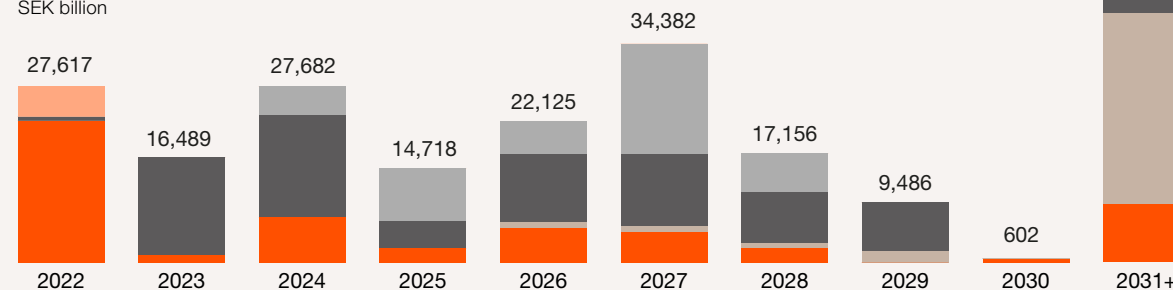
Credit metrics improved in 2021 with an increased Interest Coverage Ratio (ICR), and a reduced average interest rate. Fitch Ratings initiated coverage and assigned Heimstaden AB 'BB+' and our subsidiary, Heimstaden Bostad, a 'BBB' credit rating with stable outlook.

### Capital market activity

At the end of the year, Heimstaden had SEK 87,991 million in senior unsecured bonds and SEK 41,401 million in hybrid bonds outstanding. See [Note 6.3](#) on [page 75](#) for more information on exchange and debt issuances after the balance sheet date. For more detailed information, see [Heimstaden's debt instruments](#).

### Debt Maturity Profile

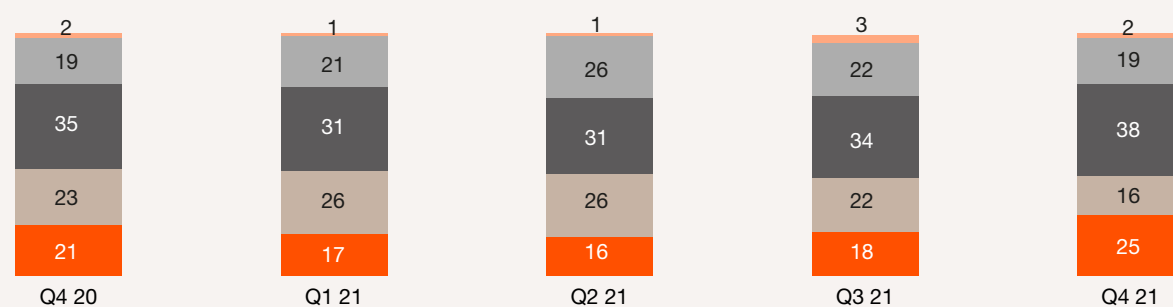
SEK billion



Bank debt Senior unsecured bonds Commercial paper Hybrid bonds Mortgage debt

### Funding Distribution

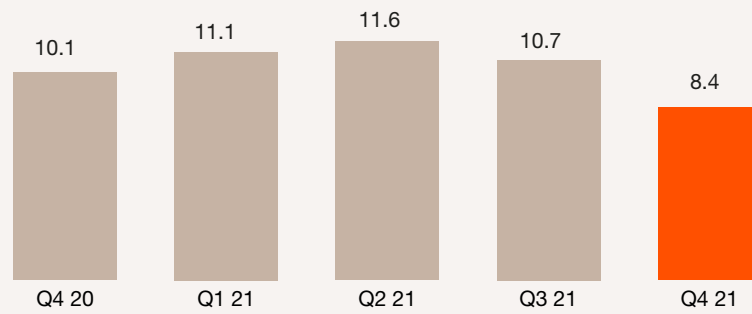
%



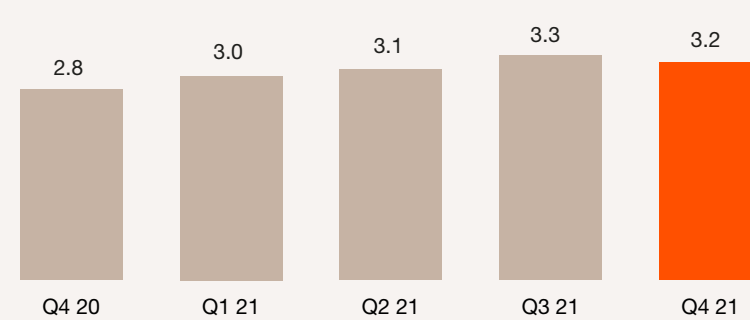
Bank debt Senior unsecured bonds Commercial paper Hybrid bonds Mortgage debt

## Credit Metrics

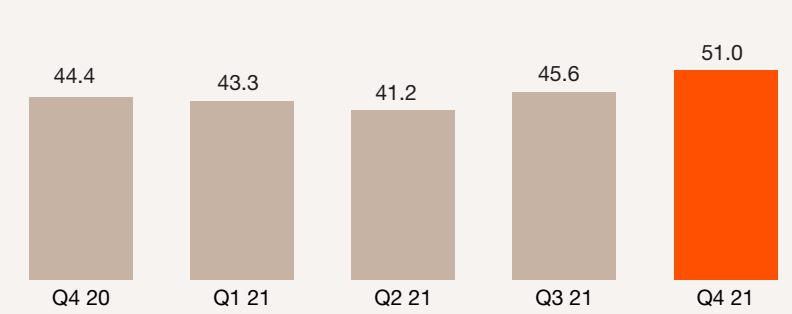
**Average Loan Tenor**  
years



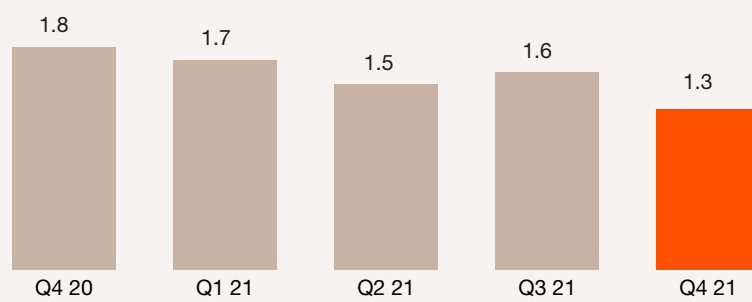
**ICR**  
multiple



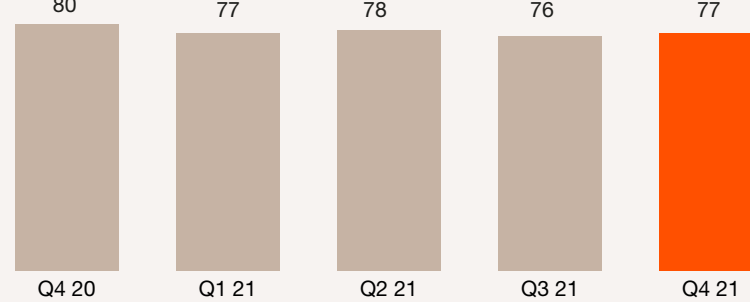
**Net Loan-to-Value (LTV)**  
%



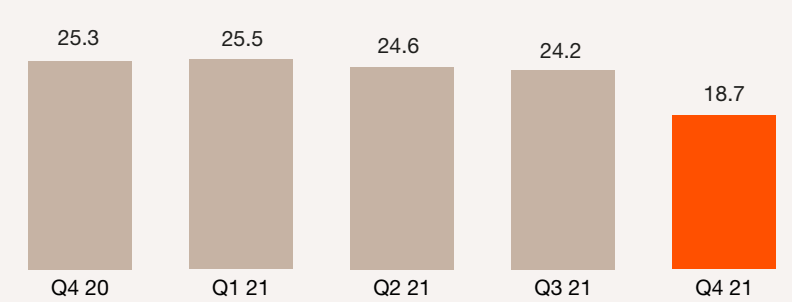
**Average Interest Rate**  
%



**Interest Rate Hedge Ratio**  
%



**Secured LTV**  
%





## A Tree for Every Friendly Home

Together with reforestation initiative PLANT-MY-TREE®, we plant a tree for every new customer in Germany. Every new customer receives a personal tree certificate and GPS coordinate, so they watch their tree grow.





**Heimstaden is an evergreen industrial investor and manager of Heimstaden Bostad committed to high standards of corporate governance, risk management, and operational compliance. We shall continue this work going forward ensuring long term trust from our stakeholders.”**

**Ivar Tollefsen**  
Chairman of the Board

# Governance Report

Good corporate governance is an important element in Heimstaden’s corporate culture and in enhancing our shareholders’, customers’, and employees’ trust in us, as well as that of the communities in which we operate. The corporate governance model is designed to support the Board and Management in their work to ensure the Company’s sustainable success through their day-to-day management efforts.

The general mandate from the shareholders is to provide a high and stable long-term return. Ensuring this requires good corporate governance with a clear separation of responsibilities between the shareholders, the Board, and the Management.

## Rules and regulations

As a Swedish public limited liability company with corporate and hybrid bonds listed on Nasdaq Stockholm and preference share listed on Nasdaq First North Growth Market, the Company is subject to numerous rules and regulations. The framework for corporate governance includes the following rules and regulations:

- the Swedish Companies Act
- the Swedish Annual Accounts Act
- the Company’s Articles of Association
- any directions given by the general meeting
- Nasdaq’s Rulebook for Issuers of Fixed Income Instruments
- Nasdaq First North Growth Market Rulebook
- Best practise on the securities market
- the Swedish Corporate Governance Code (the Code)
- other Swedish and foreign laws and regulations, as applicable.

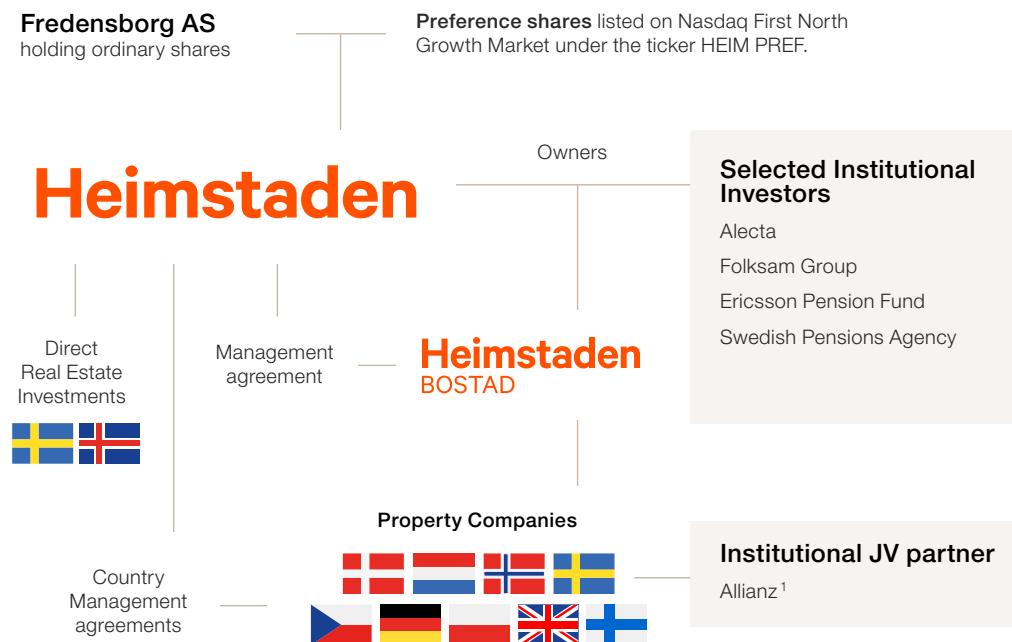
The Company is an industrial investor in Heimstaden Bostad and acts as manager for the Heimstaden Bostad portfolio under the following contractual framework:

- a Shareholders Agreement
- a Management Agreement
- a Country Management Agreement per country portfolio of Heimstaden Bostad.

In addition the Company holds the Icelandic portfolio and selected property investments directly.

Heimstaden has decided to follow those parts of the Code that the Board considers to be relevant for the Company in relation to its operations and the ownership structure. This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Code. Deviations from the Code can be seen on [page 34](#).

## Simplified Company Structure



Heimstaden is an industrial investor and owns Heimstaden Bostad together with long-term institutional investors who share Heimstaden’s philosophy for evergreen and sustainable investments. Heimstaden is also the Manager of Heimstaden Bostad, except for Czech Republic Country Manager and Akelius Country Managers which are owned by Heimstaden Bostad per year end. The property companies are fully owned by Heimstaden Bostad, except for Iceland, who is owned by Heimstaden.

<sup>1</sup> Heimstaden Bostad/Allianz joint venture owning part of the Swedish portfolio

### Share structure and owners

According to the Articles of Association, the share capital must be at least SEK 60,000,000 and at most SEK 240,000,000, divided between at least 60,000,000 shares and at most 240,000,000 shares. As of 31 December 2021, the share capital amounted to SEK 95,316,875 divided between 190,633,750 shares (whereof 132,040,000 ordinary shares and 58,593,750 preference shares) each with a quota value of SEK 0.5 per share. The ordinary shares entitles to 10 votes per share and the preference shares entitles to 1 vote per share at general meetings in the Company.

The Company’s preference shares are listed at Nasdaq First North Growth Market under the ticker HEIM PREF. All ordinary shares of the Company are owned by the Company’s largest shareholder, Fredensborg AS, which is in turn ultimately controlled by Ivar Tollefsen with approximately 98% of the shares and 100% of the votes. Ivar Tollefsen is thereby controlling approximately 71% of the share capital and 96% of the votes in the Company.

### 2021 share issuances

In June 2021, the Company raised SEK 1,125 billion in new equity through a rights issue of 11,718,750 preference shares to existing shareholders and a directed issue of 23,437,500 preference shares to the public in Sweden and Swedish and international institutional investors.

Key data	2021	2020	2019	2018	2017
<b>Data per share</b>					
Profit per ordinary share, SEK	125	109	322	139	116
Equity per ordinary share, SEK	242	1,614	1,508	1,182	609
Equity per preference share, SEK	38	380	380	380	380
Price per preference share (on the balance sheet date), SEK	33.3	357	381	329	336
Dividend paid per preference share (during the period), SEK/share	2	20	20	20	20
Dividend paid on preference shares (during the period), SEK million	82	47	47	47	47
Direct return per preference share (on the balance sheet date), %	6.01	5.60	5.25	6.08	5.95
<b>Shares outstanding</b>					
Number of ordinary shares outstanding at the end of the period	132,040,000	13,204,000	13,204,000	13,204,000	13,204,000
Number of preference shares outstanding at the end of the period	58,593,750	2,343,750	2,343,750	2,343,750	2,343,750
Average number of ordinary shares outstanding	95 575 255	13,204,000	13,204,000	13,204,000	13,204,000
Average number of preference shares outstanding	36 228 596	2,343,750	2,343,750	2,343,750	2,343,750

	Ordinary shares, units	Preference shares, units	Holding, %	Votes, %
Fredensborg AS	132,040,000	3,000,000	70.8	96.0
Försäkringsaktiebolaget, Avanza Pension	0	2,921,755	1.5	0.2
Nordea Livförsäkring Sverige AB	0	2,671,711	1.4	0.2
Familjen Kamprads Stiftelse	0	1,978,404	1.0	0.1
Futur Pension	0	1,847,667	1.0	0.1
Other shareholders	0	46,174,213	24.2	3.3
<b>Total</b>	<b>132,040,000</b>	<b>58,593,750</b>	<b>100.0</b>	<b>100.0</b>

### General Meetings

The General Meeting is the Company’s highest decision-making body. At the Annual General Meeting (AGM), shareholders exercise their voting rights on key matters, including approving the income statements and balance sheets, the disposition of the Company’s profits, granting discharge from liability for Board Members and the CEO, the election of Board Members and auditors and fees to Board Members and auditors. The AGM shall be held within six months of the end of each financial year. In addition to the AGM, Extraordinary General Meetings may be convened.

According to the Articles of Association, notice of the General Meeting shall be issued by means of an advertisement in Post- och Inrikes Tidningar (Swedish official gazette) and by keeping the notice available on the Company’s website. The Company shall also place an advertisement in Svenska Dagbladet (a Swedish national daily newspaper) stating that notice of the Meeting has been issued. Anyone wishing to participate at a General Meeting must be entered as a shareholder in a printout or other presentation of the entire share register pertaining to circumstances six banking days before the General Meeting, and must notify the Company of their intention to participate no later than on the date stated in the notice. Shareholders wishing to have a matter considered at General Meeting must request this of the Board of Directors in writing. The matter shall be considered at the AGM if the request has been received by the Board of Directors no later than one week prior to the earliest date on which, in accordance with the Swedish Companies Act, the notice may be issued, or after that date, albeit in sufficient time that the matter can be included in the notice. Notices, communiqués and minutes, as well as other materials associated with General Meeting are kept available on the Company’s website <https://corporate.heimstaden.com/>.

### 2021 Annual General Meeting

The 2021 Annual General Meeting took place at the Company’s premises on Östra Promenaden 7A, SE-211 28 Malmö, Sweden, on 8 April 2021. Shareholders representing 100% of the Company’s ordinary shares and 8.57% of the Company’s preference shares participated at the AGM, corresponding to 86.22% of the total share capital and 98.41% of the total votes.

Among other things, the 2021 AGM resolved:

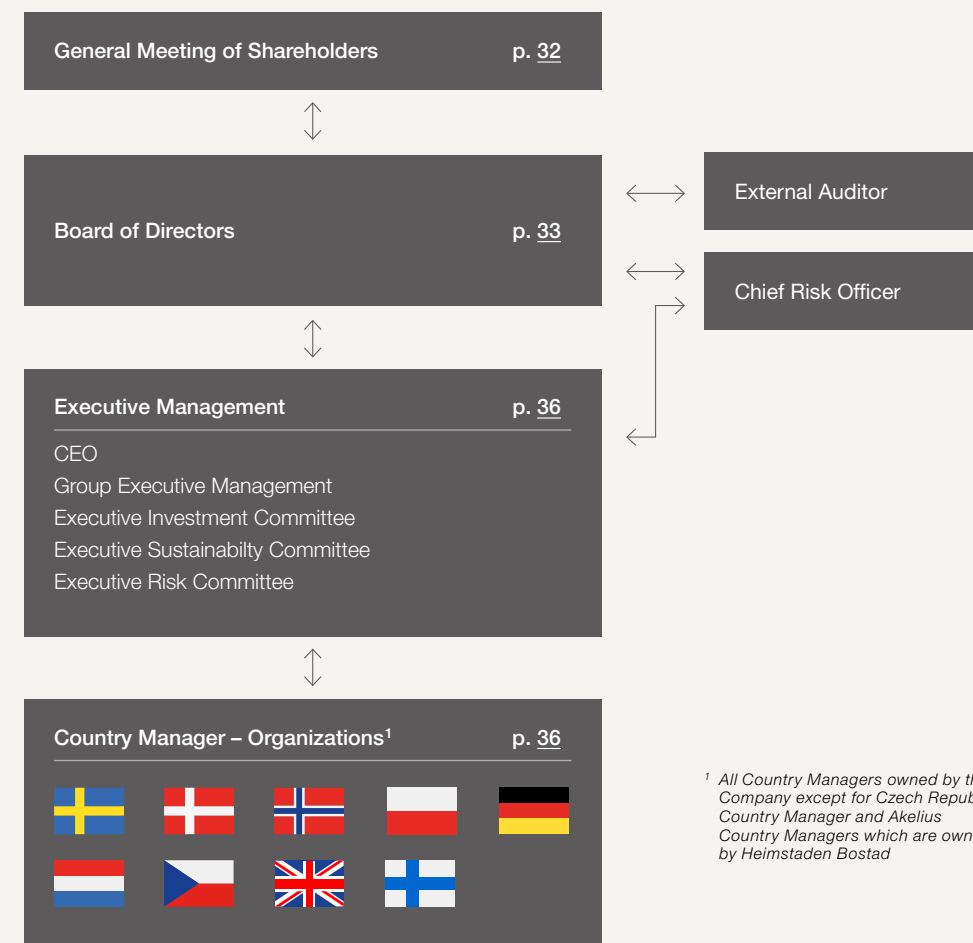
- To approve the income statement and balance sheet.
- To dispose of the Company’s profit in accordance with the proposal – that is, a maximum of SEK 1,126,875,000 will be distributed to the shareholders and SEK 17,175,145,985 will be carried forward to a new account.
- To discharge the Board and CEO from liability for the 2020 financial year.
- To re-elect Board members Ivar Tollefsen and John Giverholt.
- To newly elect Board members Vibeke Krag and Fredrik Reinfeldt.
- To re-elect EY and to newly elect Jonas Svensson at EY as auditors.
- That Board remuneration shall be paid to Board members Fredrik Reinfeldt and Vibeke Krag and that no Board remuneration will be paid to the other Board members.
- Auditors’ fee shall be paid on account as per approved invoice.
- To amend the Articles of Association to enable a share split 10:1 of all shares in the Company and to carry out the share split.
- To authorise the Board to issue preference shares.

### Nomination Committee

Board members are elected by the AGM for a period that lasts until the end of the next AGM. Given that all ordinary

## Corporate Governance Structure

Heimstaden business operations are managed, controlled and followed up in accordance with the instructions established by the Board.



<sup>1</sup> All Country Managers owned by the Company except for Czech Republic Country Manager and Akelius Country Managers which are owned by Heimstaden Bostad



shares of the Company are owned by the Company's largest shareholder, Fredensborg AS, the shareholders of Heimstaden have not established any Nomination Committee.

### Board of Directors

The Board of Directors is the second-highest decision-making body after the AGM. The Board's Rules of Procedure regulate the division of work within the Board.

The Board currently consists of four members, elected by the General Meeting for a period lasting until the end of the next AGM. There are no deputy Board members. The Board meets the requirements of the Code with respect to its members' independence, both from the Company and its main shareholders. The current gender distribution is 25% women and 75% men.

The Board has the overarching responsibility for managing Heimstaden's affairs in the interests of the Company and its shareholders. According to the Swedish Companies Act, the Board has overall responsibility for the Company's organisation and management, and for ensuring satisfactory control of the accounting records, management of funds and financial circumstances in general. The Board passes resolutions in matters regarding the Company's overall strategy and policies, and important issues.

Other duties that fall under the responsibilities of the Board include the following:

- Continuous follow-up and assessment of the financial position and business development.
- Continuous evaluation of the executive management, including the CEO.
- Ensuring that there is satisfactory control of compliance

with laws and regulations, and the continuous evaluation of internal control and risk management systems.

- Ensuring that external communications are characterised by openness, and that they are accurate, reliable and relevant.

In 2021, the Board held 23 meetings. The Board's work follows the rules of procedure adopted by the Board, which provide the framework for the Board's work and govern the duties of the Board and the executive management, including the CEO, and the allocation of duties between the Board and the CEO. The relevance and validity of the rules of procedure are reviewed each year.

The Board also evaluates the work of the executive management, including the CEO, without the person(s) in question being present, and approves material assignments carried out by the CEO outside the Company.

The Chairman leads the work of the Board and has regular contact with the CEO to follow the Company's operations and development on an ongoing basis.

The Chairman consults with the CEO on strategic matters and passes on the views of the shareholders to the Board.

### Evaluation of the Board

The Chairman of the Board is responsible for evaluating the Board's work, including the efforts of its individual members. This is achieved by means of an annual, structured evaluation.

### Remuneration to Board members and senior executives

The AGM sets the total fees for the directors of the Board and decides how the fees are to be distributed among the directors. The independent directors are remunerated as follows;

## Highlights on the Board's agenda in 2021<sup>1</sup>

### First quarter

- Approving Annual Report 2020
- Approving Q4 report
- Balance sheet, capital, and dividend matters
- Annual Sustainability Report 2020
- Meeting with external auditors
- Constitutive meeting with new board of directors
- Adopting new Governance model and BOD Rules of Procedure

### Second quarter

- Approval of Q1 report
- Review of updated forecast for FY 2021
- Onboarding program for new board of directors
- Strategy review and growth ambitions
- Approval of new financial policy
- Orientation on the contractual framework with Heimstaden Bostad

### Third quarter

- Approval of Q2 report
- Review of updated forecast for FY 2021
- Operational update
- Approval of purchase of Heimavellir
- Approval of heads of terms for the Akelius transaction, as well as related bridge facility
- Approval of participation in equity issue in Heimstaden Bostad related to Akelius transaction
- Resolving new Fitch rating

### Fourth quarter

- Approval of Q3 report
- Review of updated forecast for FY 2021
- Approval of 2022 budget

<sup>1</sup> In addition the Board of Directors resolved on numerous financial transactions.

Vibeke Krag SEK 400 000 and Fredrik Reinfeldt receives SEK 300 000 respectively.

### Composition and diversity

The Board of Heimstaden shall comprise a well-balanced mix of individuals holding required skills, expertise, background, gender, age as well as independence from Company and main shareholders ensuring the Company delivers on its strategic goals in a responsible and successful manner. Heimstaden is working to achieve a balanced diversity mix and in 2021, the Board comprised 25% women and 75% men, and professional board members Vibeke Krag and Fredrik Reinfeldt were appointed.

Further, the Board is ensuring focus on diversity in its operations and have implemented two policy documents, 'Equal rights and opportunities', and 'Discrimination and offensive treatment', asserting that diversity represents a strength for the Group.

### Board independence

Heimstaden complies with the Code regarding requirements that the majority of the members elected by the Annual General Meeting must be independent in relation to Heimstaden and its senior executives, and that at least two of these are also independent in relation to Heimstaden's main shareholders (i.e. shareholders holding more than 10% of the shares and votes in the Company).

### Deviations from the Code

Heimstaden complies with the rules set out in the Code, except as explained below.

The Company deviated from the rule set out in 1.1 in the Code since the minutes from the 2021 Annual General Meeting were not verified by a shareholder, or a proxy representative of a shareholder who is neither a member of the board nor an employee of the company. The reason for deviating from this rule is that due to Covid-19, there were no such shareholder present at the meeting that could verify the minutes in accordance with the Code.

The Company also deviated from the rule set out 1.4 in the Code since the Company had not publicly disclosed the Annual General Meeting date by the time of publication of the Company's Q3 report since by the time for the publication in accordance with the Code, the Company had not yet resolved to apply the Code.

The Company deviates from the rules set out in the second paragraph in 1.2, 1.3, 2.1–2.7, 4.6 and 8.1 in the Code since no nomination committee has been established. Due to Fredensborg AS controlling 96% of the votes in the Company and therefore can appoint all Board members of the Company, Heimstaden deems that a nomination committee is unnecessary and lack a practical function. Any responsibility normally vested in a nomination committee, which does not

pertain to nominating Board members and external auditor, is handled by the Board as a whole.

The Company deviates from the rules set out in 9.1–9.9 in the Code since no remuneration committee has been established and no formal remuneration guidelines is applied by the Company. Since all Board members are effectively appointed by Fredensborg AS, via its control of approximately 96% of the votes in the Company, Fredensborg AS thereby have an indirect control over the remuneration to senior executives in the Company, the Company deems that a remuneration committee is unnecessary.

The Board has made the assessment that, the Company currently do not need a formalised internal audit beyond the existing processes and functions for internal governance and control. Follow-up is performed by the Board and Executive Management, and the level of control is currently assessed to meet the Company's needs. An annual assessment is made as to whether an internal audit function is considered necessary to maintain good control within the Company.

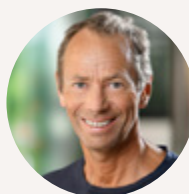
### External auditor

The Auditor is appointed by the AGM on the basis of a proposal from the board. At the 2021 AGM, audit firm EY with Authorised Public Accountant Peter von Knorring, as the auditor in charge, were elected for the period up to and including the 2022 AGM.

### Remuneration to auditors

SEK million	2021	2020
Audit engagement	26	15
Auditing activities beyond the audit engagement	7	2
Tax consultancy	0	1
Other assignments	0	0
Total	33	18

## Board of Directors



**Ivar Tollefsen**

Chairman of the Board

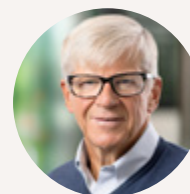
Year elected	2021
Born	1961
Nationality	Norwegian
Education	Entrepreneur since the age of 14.
Other assignments	Chairman of the Board of Fredensborg AS and Heimstaden AB.
Employment and work experience	Founder of Fredensborg AS.
Independent of Company	No. Dependent in relation to the Company' due to role as working chairman in Heimstaden AB.
Independent of Main Shareholder	No. Dependent in relation to the Company's main shareholders as the main shareholder in Heimstaden AB.
Own shareholdings and those of related parties in 2021	Indirect holdings of 132,040,000 ordinary shares and 3,000,000 preference shares.
Attendance at Board meetings	20 of 23



**Fredrik Reinfeldt**

Member

Year elected	2021
Born	1965
Nationality	Swedish
Education	MBA, Stockholm University.
Other assignments	Different positions as chairman of the Center for AMP and Extractive Industries Transparency Initiative.
Employment and work experience	Advisor to Nordic Capital and Bank of America Merrill Lynch. Former leader of the Moderate Party 2003-2015 and Prime Minister of Sweden 2006-2014.
Independent of Company	Yes.
Independent of Main Shareholder	Yes.
Own shareholdings and those of related parties in 2021	-
Attendance at Board meetings	22 of 23



**John Giverholt**

Member

Year elected	2019
Born	1952
Nationality	Norwegian
Education	BSc, University of Manchester and MSc Accounting and Auditing, NHH Norwegian School of Economics
Other assignments	Board member of Heimstaden AB, Fredensborg AS, and Gjensidige Forskning ASA.
Employment and work experience	Extensive experience of capital markets as CFO for DNB and CEO of Ferd. Former Board member of Telenor, Kongsberg Gruppen, Gjensidige Forsikring, and Scatec Solar as well as Board assignments in family-owned businesses.
Independent of Company	Yes.
Independent of Main Shareholder	No. Dependent in relation to the Company's main shareholders by relationship with ultimate principal shareholder of Heimstaden AB.
Own shareholdings and those of related parties in 2021	-
Attendance at Board meetings	23 of 23



**Vibeke Krag**

Member

Year elected	2021
Born	1962
Nationality	Danish
Education	Master in Law, University of Copenhagen
Other assignments	Board member of ATP, Gjensidige Forskning ASA, Nykredit A/S, and the Danish Competition and Consumer Authority.
Employment and work experience	Extensive experience of international leadership, portfolio management, law, and insurance from an operational career in financial services.
Independent of Company	Yes.
Independent of Main Shareholder	Yes.
Own shareholdings and those of related parties in 2021	-
Attendance at Board meetings	23 of 23

### Executive Management

Heimstaden's Executive Management comprises of 15 individuals, as illustrated on the right. The CEOs responsibilities are governed by a written instruction defining the division of responsibilities between the Board and the CEO.

The CEO reports to the Board and presents a special CEO report at each quarterly Board meeting, including information on how the operations are developing based on the decisions made by the Board, ensuring the Company's strategic and operational development and monitoring of performance.

The Company have organized its operation with an Executive Management to comply with its core activities, thus enabling the Company to deliver on its obligations and the scope of services under the Management agreement.

To ensure the continued success of the Company the Executive Management have organized its work with different Executive Committees, currently the following:

### Executive Investment Committee

This committee consists key Senior Executives of the Manager and is chaired by the Board Member John Giverholt. It is responsible for reviewing and deciding on all real estate transactions, supported by the relevant investment teams, and ensuring attractive deal structuring and solid underwriting. The committee decides on the following matters:

- discretionary approval of real estate transactions below 500 million SEK
- decisions to recommend transactions above 500 million SEK to the Board of Heimstaden Bostad
- decisions to recommend entries into new markets in line with the Shareholders' Agreement.

### Executive Sustainability Committee

The Chief Sustainability Officer chairs this committee and is responsible for developing the corporate sustainability strategy and ensuring implementation in all areas within the Company. The committee decides on the following matters in order to secure the best interest for the Company:

- matters that are to be presented to the Board
- matters of major importance or of importance as to principles
- matters of common concern to several departments
- sustainability-related policies and position statements
- KPIs and targets for the Company.

### Executive Risk Committee

This is a group-wide committee that addresses all types of risk, including financial, regulatory, and operational risks in order to evaluate our business from a comprehensive risk perspective. The committee is tasked to:

- evaluate risks inherent in the Company's activities
- support Management in embedding risk considerations into all major decision-making processes
- ensure that the risk management framework is implemented.

## Executive Management



**Patrik Hall**  
CEO



**Magnus Nordholm**  
Co-Deputy CEO



**Arve Regland**  
CFO



**Helge Krogsbøl**  
Co-Deputy CEO /  
Chief Operating Officer



**Katarina Skalare**  
Chief Sustainability  
Officer



**Suzanna Malmgren**  
Chief People  
& Culture Officer



**Christian Fladeland**  
Co-Chief Investment  
Officer



**Søren Vendelbo  
Jacobsen**  
Co-Chief  
Investment Officer



**Christian  
Vammervold Dreyer**  
Chief Corporate  
Communications Officer



**Karmen Mandic**  
Chief Marketing  
Communications Officer



**Roger Reksten  
Stølsnes**  
Chief Risk Officer



**Paul Spina**  
Chief Asset Management  
and Development Officer



**Rodin Lie**  
Chief Technology  
Officer



**Erik Glæsel  
Gullestad**  
Head of Business  
Development



**Anders Thorsson**  
Chief Procurement  
Officer

## Executive Management – Bio

	<b>Patrik Hall</b> CEO	<b>Magnus Nordholm</b> Co-Deputy CEO	<b>Arve Regland</b> CFO	<b>Helge Krogsbøl</b> Co-Deputy CEO / Chief Operating Officer	<b>Katarina Skalare</b> Chief Sustainability Officer
Employed	2001	2008	2019	2018	2018
Born	1965	1974	1972	1968	1963
Nationality	Swedish	Swedish	Norwegian	Norwegian	Swedish
Education	Swedish Military Academy, Skövde and Stockholm	MSc in Economics and Finance, Gothenburg School of Economics and Commercial Law	MSc in Business, BI Norwegian Business School and MBA/Authorized Public Accountant, NHH – Norwegian School of Economics	The Norwegian School of Marketing, Oslo	Bachelor of Social Science, Malmö University, Sweden
Work experience	Patrik has been CEO in the Company and Heimstaden Bostad AB since 2003. Patrik started out his career as an Officer in the military, followed by a position as Chief Negotiator with the Swedish National Tenants' Association.	Magnus has been with the Company since 2008. Previously, Magnus has held positions the Deputy Head of Nordic Real Estate Products & Head of Structured Real Estate Financing in HSH Nordbank AG and as Business Manager at HSH N Nordic Finance AB.	Arve has extensive experience within finance and real estate with a background as CEO and CFO at Entra ASA, Partner Corporate Finance at ABG Sundal Collier and Manager at EY.	Helge has extensive experience in executive positions as SVP in Pandox AB, GM at Benelux Thon Hotels, MP Room2Room and as CEO at First Hotels.	Katarina holds considerable experience within sustainability work, and in addition to an entrepreneurial background, has worked as Sustainability Strategist at Kraffringen, Manager of Sustainable Business Solutions at PwC, and Head of Corporate Responsibility at E.ON Nordic
	<b>Suzanna Malmgren</b> Chief People & Culture Officer	<b>Christian Fladeland</b> Co-Chief Investment Officer	<b>Søren Vendelbo Jacobsen</b> Co-Chief Investment Officer	<b>Christian Vammervold Dreyer</b> Chief Corporate Communications Officer	<b>Karmen Mandic</b> Chief Marketing Communications Officer
Employed	2017	2019	2020	2020	2015
Born	1971	1986	1980	1974	1971
Nationality	Swedish	Danish	Danish	Norwegian	Swedish
Education	MSc, Uppsala University	MSc Economics, University of Copenhagen	MSc Economics, University of Copenhagen	Economics and Property, BI Norwegian Business School, Norway	BSc Business Administration, Lund University, Sweden
Work experience	Suzanna has extensive experience from organisational development, HR, and talent acquisition from previous positions in management consulting and Partner at Alumni and Impact Executives.	Christian has extensive experience within real estate investment management from his position as Partner at Colliers International Denmark.	Søren has extensive experience within real estate investment management as Head of Real Estate and Infrastructure at Sampension.	Christian holds substantial experience in the real estate sector, he has previously been CEO for Real Estate Norway, CEO of Eie Eiendomsmedling, Chairman of the Board of the Norwegian Realtor Association, and Owner and CEO of In-Vest Eiendomsmedling AS.	Karmen has a substantial background in marketing with experience as 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
	<b>Roger Reksten Stølsnes</b> Chief Risk Officer	<b>Paul Spina</b> Chief Asset Management and Development Officer	<b>Rodin Lie</b> Chief Technology Officer	<b>Erik Glæsel Gullestad</b> Head of Business Development	<b>Anders Thorsson</b> Chief Procurement Officer
Employed	2021	2020	2020	2020	2019
Born	1974	1987	1974	1980	1967
Nationality	Norwegian	American	Norwegian	Norwegian	Swedish
Education	Doctoral degree in risk management, Stavanger University and Berkely. Master's degree in Offshore Technology, Stavanger University. Bachelor's degree in building and construction, Bergen University College.	BA Economics, Fordham University	Computer Science and Psychology, Bergen University and Officers' School, Norwegian Coastal Artillery	Master's degree in Finance, Norwegian School of Management	Master of Civil Engineering, Lund University
Work experience	Roger's background consists of several leadership positions in Telenor, Equinor, Realkapital Partners and Holte Consulting within the areas of risk-, investment - and project management.	Paul has his real estate experience from WeWork where he held the position as Head of Project Delivery at WeWork International as well as Development Director, Tri-State at WeWork.	Rodin brings with him a strong background in technology and innovation and has previously held the positions as CDO in Selmer, CDO in Innovation Norway and CTO in NOS Clearing.	Erik, previously Managing Director of Fredensborg's Investment Team has previous experience as a Management Consultant at Arkwright and the Corporate Finance M&A Department at Arctic Securities.	Anders has vast experience in procurement and has previously held the positions Strategic Sourcing Director and Commodity Manager Traded Goods at Lindab, Manager of NCC Supply and of NCC Purchasing Group Shanghai.

## Risk Management

Heimstaden's risk management objective is to maximise returns at acceptable risk levels without compromising its vision, values, or Code of Conduct.

Heimstaden is exposed to a range of risks that may affect the business, therefore it is of key importance to have a comprehensive risk management program to optimise the risk/return balance.

Heimstaden gives high priority to risk management and it is treated as a continuous process integrated into daily processes. In 2021, Heimstaden hired a Chief Risk Officer tasked with coordinating and developing Heimstaden's risk management framework together with the Risk Management function. Key aspects include embedding risk management, designating risk ownership, and implementing risk responses throughout the organisation.

The Risk Management function aggregates risks from our different countries of operation and analyses other risks across the Heimstaden portfolio in a Risk Forum. Identified risks and risk responses are presented to Management.

A new Risk Policy was adopted in 2021. This sets out key principles related to risk management to ensure that all foreseeable risks that may have an impact on Heimstaden's operations and ambitions are evaluated and measured. All managers are required to assume responsibility for risk management within their areas of responsibility and to ensure that risk management is embedded in day-to-day business processes. Risks identified and evaluated by local operations and business areas are continuously tracked and reported in a quarterly review process.

Each country is responsible for developing and maintaining its risk register on a regular basis. The countries provide quarterly updates, including reporting new risks that have emerged and the status of actions to address these risks. Each country is required to align risk management processes closely with their existing business and management operations.

### Financial Risks

#### Refinancing

Heimstaden uses various reliable funding sources with a diversified maturity structure to minimize refinancing risk. The Company's financial policy stipulates the level of key credit ratios, which include leverage thresholds, average tenor, and minimum metrics. To further manage financial risks, Heimstaden also maintains ample cash reserves and unutilised sources of liquidity.

#### Financial obligations

Heimstaden's debt agreements include financial covenants, the breach of which could lead to the termination of loans, immediate repayment requirements, or a claim on secured assets. Key credit ratios are monitored to ensure that no covenants are breached. Frequent internal review and external audit assure accurate reporting and information.

#### Credit

Failure of counterparties to meet their obligations towards Heimstaden would lead to reduced liquidity and financial losses, likewise if a substantial number of customers failed to pay rent. To counter this, Heimstaden regularly assesses the creditworthiness of its larger counterparties. Credit risk is further reduced due through our large and diversified base of tenants and that rent is paid in advance for the majority of our rental contracts.

#### Interest rates

Rising interest rates may increase financing costs for Heimstaden and negatively impact profitability. According to our financial policy, Heimstaden shall maintain at least 75% of its loan portfolio at fixed rates, which is managed with loans and bonds at fixed interest rates and interest-rate swaps.

### Currency

Heimstaden owns assets in other currencies than the reporting currency, which leads to a risk of negative impact on cash flows or asset values in the case of fluctuating currency exchange rates. Heimstaden utilises to a large extent match funding to match cash flows with asset and debt-value fluctuations.

#### Property value decline

Declining property values in isolation could impact Heimstaden's credit metrics, leading to pressure to decrease leverage from the capital markets and credit rating agencies. To manage this risk, the Company has a highly diversified portfolio across many countries and regional locations with strong economies and favourable demographics. The property portfolio is valued by reputable third-party suppliers each quarter.

Heimstaden continuously monitors market developments for early warning signs and maintains significant headroom towards its bond covenants for Net Debt/Total Assets and interest coverage ratio. In addition, we are in active dialogue with relevant credit rating agencies and actively manage our debt portfolio to ensure credit metrics in line with our financial policy and rating ambitions.

### Operational risks

#### People and organisation

The loss of individuals in management or in other key positions poses a risk to operations and profitability. To manage this risk, Heimstaden takes a structured approach to succession planning for key positions, interim or long-term, as well as continuous monitoring of employee satisfaction. We have an internal training and career development platform in place including a proprietary program for management training.

Heimstaden is an equal-opportunities employer with zero tolerance for discrimination and harassment, and we offer competitive compensation. To ensure consistency in remuneration, we benchmark fair pay in all markets to help managers gauge appropriate salary levels for all new hires, as well as people moving between roles and countries.

### Cyber security

Cyberattacks may lead to data breaches, operational disruption and ransomware incidents which may negatively impact Heimstaden's operations, financial performance, and reputation.

Heimstaden has implemented several levels of protections, such as two-factor authentication, external 24/7 security operation centre, firewalls, antivirus, and backup systems, and we are rolling out a unified platform for managing security on phones, computers, and other hardware. We are implementing a centralized cloud-based policy for data centres, cyber security, and IT infrastructure and during 2022 all local solutions will be turned off.

### Privacy/GDPR

There is a risk that we are not able to be compliant with the General Data Protection Regulation (GDPR) and existing requirements on data usage. Non-compliance could potentially lead to significant fines, reputational damage, and damage to customer and employee privacy. To manage this risk, Heimstaden has, among other measures, implemented modern system platforms like Workday, mandatory training for all employees on GDPR matters, and the relevant framework has been strengthened.

### Customer relationships

Availability is of key importance in an increasingly digital society. Poor customer service and property and facility management can potentially result in dissatisfied tenants, reduced occupancy, and/or increased churn. Proactive communication with customers and availability on site has never been more important than during the Covid-19 pandemic and, to remain relevant, it is important for Heimstaden to continue to personalize offers, services, and interactions.

To achieve this, the Company has a fully integrated operational platform with a customer-centric philosophy integrated in our strategy, values, and ambitions. We continuously monitor rental markets, maintain active dialogue with tenant unions, and conduct annual customer surveys in all our markets. We also invest in the continuous development of in-house digital customer-service platforms to engage tenants and ensure efficient communications. Read more about our customer-centric approach on [pages 11–12](#) of this report.

### Investment

New property acquisitions may introduce various risks associated with legal, financial, tax, and technical perspectives. Furthermore, M&A involving entire companies could result in additional company-specific risks after closing. Heimstaden has a strong investment team with local presence across all markets who have significant experience within M&A. All acquisitions are subject to customary due diligence (DD) from a legal, financial, tax, and technical perspective. DD processes are also continuously evolving to ensure that all relevant functional lines are informed, coordinated, and involved in the M&A process.

Third-party expertise is frequently utilized to advise on various aspects of transaction processes, including structuring, legal, tax, and technical factors, among others. When necessary and/or possible, a Warranty & Indemnity (W&I) insurance may also be included as part of an acquisition to reduce the risk of potential breaches in representations and warranties at a later stage.

### Regulatory changes

Regulatory changes can and will happen across all our markets as a result of political agendas, or as a natural evolution of residential markets. These changes can be related to a wide range of legislation, including housing laws, tax, and VAT, and may have both a positive and negative long-term impact on property values, operations, or financial performance. Before entering a new market, Heimstaden evaluates a wide range of aspects, including regulatory and political risks. Our local in-house operations contribute to in-depth knowledge of each of our markets and we continuously monitor changes in the respective regulatory environment. We maintain active dialogue with policy makers and other stakeholders.

### Corporate Responsibility

Failing to operate within the norms of corporate responsibility may cause significant damage to Heimstaden'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.

We apply high ethical standards and integrity throughout our operations with zero tolerance for any forms of corruption, fraud, bribery, or threats, and have developed a compliance management system involving a Code of Conduct, Goes Without Saying policy, Sanctions policy, Compliance Guide-

lines, and a Business Code of Conduct. We have also implemented a group-wide initiative for implementing culture and value workshops to highlight our guidelines pertaining to business ethics, human rights, and working conditions among employees.

### Environmental and climate issues

The increasingly complex risk picture related to ESG combined with increasing integration of sustainability into daily operations, makes responsible business challenging to monitor and maintain. Environmental risks also have a potentially wide area of impact, affecting people, properties, and operations, and inadequate management of environmental risks could negatively impact the Company's reputation and profits. Furthermore, an inability to deliver on investors' ESG criteria may reduce access to capital.

Among the greatest environmental risks are those related to climate change, including direct risks such as increased energy costs, fines, and other operational implications, and indirect risks such as supply chain interruptions and reputational impact. Longer term, there are also risks of damaged properties and/or emergency measures that may lead to decreased property values and higher property insurance prices, among other factors.

To manage these risks, Heimstaden has implemented a thorough ESG strategy focused on integrating sustainability into daily operations, and we have set ambitious sustainability targets aligned with the Paris Agreement 1.5°C ambition. ESG matters are followed up at Board level as a key part of Heimstaden's overall strategy. Read more about our climate risks on [page 115](#) of this report.

## Internal control

### Heimstaden will apply a two-layer internal control framework, by establishing a centralised Compliance function in 2022.

The planning, governance and control of operations follow the Company's organisational structure, with a clear delegation of responsibilities and authority. Policies, guidelines, and instructions provide our framework for internal control. We continue our commitment to strong internal control by establishing a new centralised Compliance function, in addition to strengthening our key policies and guidelines.

#### Internal control over the financial reporting

Regular monitoring, combined with a close collaboration with the Company's auditors, and the control and monitoring conducted through the annual audit and quarterly reviews ensure accurate reporting.

To ensure the quality of financial reporting, the Company applies several internal controls, such as a financial policy, attestation and authorisation procedures, and segregation of duties. Regarding financial reporting, the risks are primarily judged to derive from material errors being able to arise in the reporting of the Company's financial position and profit. The Board is responsible for identifying and managing significant financial risks and risks of errors in the financial reporting.

The Board reviews each interim report and discusses its contents with the senior executives and, where applicable, with the Company's Auditor.

The Board has established a pre-approval policy governing the engagement of Heimstaden's primary external auditors for audit and non-audit services to Heimstaden or any entity within the group. Under this pre-approval policy, the audit committee has defined and pre-approved subcategories of audit and non-audit services. The audit committee's preapproval policy includes annual monetary frames for each of the following categories of services:

- Audit
- Audit-related
- Tax
- Other – not related to financial audit and tax

Within the scope of the pre-approval policy, all services shall be pre-approved. The reported amounts for audit, audit related, tax and other non-audit-related services are within the monetary frames established by the audit committee.

Heimstaden has established a whistle-blower function that can be accessed anonymously.

#### Internal control over operations

Heimstaden performs several control activities to ensure internal control over our operations. Key policies and manuals are established to ensure operation in line with our values and are designed to manage significant risks related to our operations. Control activities exist both at the overall and detailed level within the Group. For example, monthly management reporting is prepared and reviewed by the business unit and function managers and controllers responsible.

The finance function has regular contact with business unit managers to discuss current issues, profit, and financial position and to verify that processes are followed and developed. The Board monitors the operations through regular reporting, in which the CEO comments on the development of the operations, profit and financial position. Necessary measures and activities are implemented with the aim of strengthening and streamlining the internal controls.

The internal controls over operations are regularly monitored. This mainly takes the form of reporting deviations in comparison with the budget/forecast, as well as monthly operational reporting and business reviews.

#### Information and Insider Policy

The Board has adopted an Information and Insider Policy that, among other things, contains guidelines for the handling and communication of insider information as well as other external information obligations. The communication shall be long-term and compatible with the brand, vision, business concept, strategies, targets and values of Heimstaden. In addition, the communication shall be open, factual, well-structured and well-planned. Heimstaden shall provide correct, relevant and clear information in accordance with applicable laws and regulations.

#### Internal control and governance activities 2022

In 2022, Heimstaden will continue to develop its internal governance and control processes.





## Neighbourhood Heroes

During the pandemic, countless heart-warming and inspiring stories came to our attention, of neighbours helping each other with basic needs. In the Netherlands, to make sure these special acts of kindness did not go unnoticed, we introduced the National Neighbourhood Hero of the Year Award, where hundreds of people from all over the country nominated their friendliest neighbour.

# Financial Five-Year Summary

SEK million	2021	2020	2019	2018	2017
<b>Comprehensive Income Statement</b>					
Rental income	9,027	6,600	4,863	3,393	2,013
Service income	658	392	–	–	–
Property expenses	-4,110	-3,125	-2,138	-1,582	-986
<b>Net operating income</b>	<b>5,575</b>	<b>3,867</b>	<b>2,725</b>	<b>1,811</b>	<b>1,027</b>
Corporate administrative expenses	-417	-229	-172	-107	-85
Other operating income and expenses	-2,006	55	-20	-32	19
<b>Profit before inventory properties and fair value adjustments</b>	<b>3,152</b>	<b>3,749</b>	<b>2,729</b>	<b>1,692</b>	<b>973</b>
Fair value adjustment of investment properties	21,903	7,977	6,517	2,744	2,202
Gains from sale of inventory properties	-2	188	–	–	–
<b>Operating profit</b>	<b>25,053</b>	<b>11,914</b>	<b>9,246</b>	<b>4,436</b>	<b>3,175</b>
Fair value adjustment of derivative financial instruments	819	-178	-107	11	24
Financial income	162	500	63	53	6
Financial expenses	-1,840	-1,595	-1,500	-806	-465
<b>Profit before tax</b>	<b>24,194</b>	<b>10,641</b>	<b>7,702</b>	<b>3,694</b>	<b>2,740</b>
Income tax expense	-501	-395	-259	-145	-76
Deferred tax	-4,691	-1,892	-1,443	-396	-601
<b>Profit for the year</b>	<b>19,003</b>	<b>8,353</b>	<b>6,001</b>	<b>3,153</b>	<b>2,064</b>
Other comprehensive income	3,640	-4,493	432	-255	99
<b>Total comprehensive income</b>	<b>22,643</b>	<b>3,860</b>	<b>6,433</b>	<b>2,949</b>	<b>2,163</b>
<b>Property-related key data</b>					
Lettable time-weighted area, sqm thousands	8,465	6,461	3,562	1,700	1,701
Net operating income, %	61.8	58.6	56.0	53.4	51.0

SEK million	2021	2020	2019	2018	2017
<b>Balance Sheet</b>					
Investment properties	305,668	145,053	113,719	76,249	50,285
Other non-current assets	26,110	1,560	1,914	450	402
Current assets	23,946	14,698	12,974	6,588	1,956
<b>Total assets</b>	<b>355,724</b>	<b>161,310</b>	<b>128,606</b>	<b>83,286</b>	<b>52,643</b>
Equity	147,093	76,166	59,942	33,936	18,807
Deferred tax liabilities	23,252	5,446	3,640	2,218	1,741
Interest-bearing liabilities	176,506	75,081	61,946	45,687	30,936
Derivative financial instruments	6	433	65	0	31
Non-interest-bearing liabilities	8,868	4,185	3,014	1,446	1,128
<b>Total liabilities</b>	<b>355,724</b>	<b>161,310</b>	<b>128,606</b>	<b>83,286</b>	<b>52,643</b>
<b>Financial key data</b>					
Cash flow	8,257	546	5,863	3,489	-219
Interest coverage ratio (ICR), multiple	3.2	2.8	2.4	2.5	2.6
Net loan-to-value ratio (LTV), %	51.0	44.4	45.1	53.7	58.8
Average interest rate, %	1.3	1.8	1.9	1.8	1.7
Average loan tenor, number of years	8.4	10.1	10.1	8.0	7.8
Net asset value as of the balance sheet date	170,345	81,611	63,582	36,154	20,548
<b>Data per share</b>					
Profit per ordinary share, SEK	125	109	322	139	116
Equity per ordinary share, SEK	242	1,614	1,508	1,182	609
Equity per preference share, SEK	38	380	380	380	380
Number of ordinary shares outstanding	132,040,000	13,204,000	13,204,000	13,204,000	13,204,000
Number of preference shares outstanding	58,593,750	2,343,750	2,343,750	2,343,750	2,343,750
Average number of ordinary shares outstanding	95,575,255	13,204,000	13,204,000	13,204,000	13,204,000
Average number of preference shares outstanding	36,228,596	2,343,750	2,343,750	2,343,750	2,343,750

# Financial Information

## Consolidated Financial Statements and Notes

<b>Consolidated Comprehensive Income Statement</b>	44	3.4 Investments in associated companies and joint ventures	64
<b>Consolidated Balance Sheet</b>	45	3.5 Other non-current financial receivables	67
<b>Consolidated Statement of Changes in Equity</b>	46	<b>4. Current assets</b>	68
<b>Consolidated Cash Flow Statement</b>	47	4.1 Inventory properties	68
<b>Notes to the Consolidated Financial Statements</b>	48	4.2 Rent and trade receivables	68
1. Corporate information and general accounting policies	48	4.3 Other current receivables	69
1.1 Corporate information	48	4.4 Cash and cash equivalents	69
1.2 General accounting policies	48	4.5 Other adjustments in Cash Flow Statement	69
1.3 New accounting standards	50	<b>5. Equity</b>	70
<b>2. Income and expenses</b>	51	<b>6. Capital structure and financial items</b>	72
2.1 Segment reporting	51	6.1 Financial instruments	72
2.2 Rental income and service income	53	6.2 Financial risks	74
2.3 Property expenses	54	6.3 Interest-bearing loans and borrowings	75
2.4 Other operating expenses	54	6.4 Capital management	77
2.5 Audit fee	54	<b>7. Other liabilities</b>	78
2.6 Employee benefit expenses and senior executive compensation	55	7.1 Leases	78
2.7 Fair Value adjustment of investment properties	56	7.2 Deferred tax	79
2.8 Fair Value adjustment of derivative financial instruments	56	7.3 Other current liabilities	80
2.9 Financial income and expenses	56	<b>8. Other disclosures</b>	81
2.10 Income tax expenses	57	8.1 Related-party disclosures	81
2.11 Earnings per share	57	8.2 Business combinations	81
<b>3. Non-current assets</b>	58	8.3 Pledged assets	82
3.1 Investment properties	58	8.4 Contingencies and commitments	82
3.2 Intangible assets	62	8.5 Events after the reporting period	83
3.3 Machinery and equipment	63		

## Parent Company Financial Statements and Notes

<b>Income Statement</b>	84
<b>Comprehensive Income Statement</b>	84
<b>Balance Sheet</b>	85
<b>Statement of Changes in Equity</b>	86
<b>Cash Flow Statement</b>	87
<b>Notes to the Parent Company Financial Statements</b>	88
1. Accounting policies	88
2. Income and expenses	89
3. Assets	91
4. Equity	92
5. Capital structure and financial items	93
6. Other liabilities	94
7. Other disclosures	95
<b>Proposed appropriation of accumulated profit</b>	97
<b>Signatures</b>	98
<b>Auditor's Report</b>	99
<b>Alternative Performance Measurements</b>	102
<b>Heimstaden AB Standalone</b>	104
<b>Quarterly financial information</b>	107

## Consolidated Comprehensive Income Statement

SEK million	Note	2021	2020
Rental income	<a href="#">2.1</a> , <a href="#">2.2</a>	9,027	6,600
Service income	<a href="#">2.1</a> , <a href="#">2.2</a>	658	392
Property expenses	<a href="#">2.1</a> , <a href="#">2.3</a> , <a href="#">2.6</a>	-4,110	-3,125
<b>Net operating income</b>		<b>5,575</b>	<b>3,867</b>
Corporate administrative expenses	<a href="#">2.5</a> , <a href="#">2.6</a>	-417	-229
Other operating income		11	57
Other operating expenses	<a href="#">2.4</a>	-2,343	-2
Share of net profits of associates and joint ventures	<a href="#">3.4</a>	326	56
<b>Profit before inventory properties and fair value adjustments</b>		<b>3,152</b>	<b>3,749</b>
Fair value adjustment of investment properties	<a href="#">2.1</a> , <a href="#">2.7</a> , <a href="#">3.1</a>	21,903	7,977
Gains from sale of inventory properties	<a href="#">2.1</a> , <a href="#">4.1</a>	-2	188
<b>Operating profit</b>		<b>25,053</b>	<b>11,914</b>
Interest income	<a href="#">2.9</a>	162	99
Interest expenses on interest-bearing liabilities	<a href="#">2.9</a>	-1,725	-1,371
Net currency translation gains/losses	<a href="#">2.9</a>	-63	400
Fair value adjustment of derivative financial instruments	<a href="#">2.8</a>	819	-178
Other financial items		-52	-224
<b>Profit before tax</b>		<b>24,194</b>	<b>10,640</b>
Income tax expense	<a href="#">2.10</a>	-500	-395
Deferred tax expense	<a href="#">2.10</a>	-4,691	-1,892
<b>Profit for the period</b>		<b>19,003</b>	<b>8,353</b>
Other comprehensive income that may be reclassified to profit or loss in subsequent periods	<a href="#">5</a>	3,640	-4,493
<b>Total comprehensive income</b>		<b>22,643</b>	<b>3,860</b>
<b>Profit for the period attributable to:</b>			
The Parent Company's shareholders		10,208	4,431
Non-controlling interests		8,795	3,922
<b>Total Comprehensive income attributable to :</b>			
The parent Company's shareholders		12,367	1,716
Non-controlling interests		10,276	2,144
Earnings per ordinary share (basic and diluted)	<a href="#">2.11</a>	125	109

## Consolidated Balance Sheet

SEK million	Note	31 December 2021	31 December 2020
<b>ASSETS</b>			
Investment properties	<a href="#">2.1</a> , <a href="#">3.1</a>	305,668	145,053
Goodwill	<a href="#">3.2</a>	16,562	66
Intangible assets	<a href="#">3.2</a>	42	9
Machinery and equipment	<a href="#">3.3</a> , <a href="#">7.1</a>	228	184
Investments in associated companies and joint ventures	<a href="#">3.4</a>	760	370
Quoted equity investments	<a href="#">6.1</a>	5,765	–
Derivative financial instruments	<a href="#">6.1</a>	440	–
Other non-current financial assets	<a href="#">3.5</a>	2,313	931
<b>Total non-current assets</b>		<b>331,778</b>	<b>146,613</b>
Inventory properties	<a href="#">4.1</a>	846	1,292
Rent and trade receivables	<a href="#">4.2</a>	207	86
Other current financial assets	<a href="#">4.3</a>	1,681	2,106
Prepayments	<a href="#">4.3</a>	724	307
Cash and cash equivalents	<a href="#">4.4</a>	20,488	10,906
<b>Total current assets</b>		<b>23,946</b>	<b>14,697</b>
<b>TOTAL ASSETS</b>		<b>355,724</b>	<b>161,310</b>

SEK million	Note	31 December 2021	31 December 2020
<b>EQUITY AND LIABILITIES</b>			
Share capital		95	78
Other capital contributions		7,540	6,466
Hybrid bonds		7,374	3,867
Currency translation reserve		-221	-2,380
Retained earnings		27,013	18,166
<b>Total equity attributable to Parent Company shareholders</b>	<a href="#">5</a>	<b>41,801</b>	<b>26,197</b>
Non-controlling interests	<a href="#">5</a>	105,292	49,969
<b>Total equity</b>	<a href="#">5</a>	<b>147,093</b>	<b>76,166</b>
Interest-bearing liabilities	<a href="#">6.1</a> , <a href="#">6.2</a> , <a href="#">6.3</a>	148,193	67,116
Lease liabilities	<a href="#">7.1</a>	853	717
Derivative financial instruments	<a href="#">6.1</a>	–	433
Deferred tax liabilities	<a href="#">7.2</a>	23,252	5,446
Other non-current financial liabilities		878	903
<b>Total non-current liabilities</b>		<b>173,176</b>	<b>74,615</b>
Interest-bearing liabilities	<a href="#">6.3</a>	28,313	7,965
Lease liabilities	<a href="#">7.1</a>	38	31
Trade payables		691	477
Other current liabilities	<a href="#">7.3</a>	4,078	917
Derivative financial instruments	<a href="#">6.1</a>	6	14
Accrued expenses		2,329	1,125
<b>Total current liabilities</b>		<b>35,455</b>	<b>10,529</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>355,724</b>	<b>161,310</b>

## Consolidated Statement of Changes in Equity

SEK million	Share capital	Other capital contributions	Hybrid bonds	Currency translation reserve	Retained earnings	Attributable to Parent Company shareholders	Non-controlling interests	Total equity
<b>Opening balance, 1 January 2020</b>	<b>78</b>	<b>6,466</b>	<b>2,975</b>	<b>326</b>	<b>13,963</b>	<b>23,808</b>	<b>36,133</b>	<b>59,943</b>
Profit for the period	–	–	222	–	4,200	4,422	3,931	8,353
Other comprehensive income	–	–	–	-2,706	0	-2,706	-1,787	-4,493
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>222</b>	<b>-2,706</b>	<b>4,200</b>	<b>1,716</b>	<b>2,144</b>	<b>3,860</b>
Contributions from non-controlling interests	–	–	–	–	–	–	7,610	7,610
Dividend to non-controlling interest	–	–	–	–	–	–	-963	-963
Issue of hybrid bonds	–	–	1,030	–	–	1,030	5,189	6,219
Premium, hybrid bonds	–	–	-30	–	30	0	0	0
Repurchase, hybrid bonds	–	–	-100	–	20	-80	0	-80
Costs of issuance	–	–	-8	–	–	-8	-146	-154
Dividends	–	–	-222	–	-47	-269	–	-269
<b>Total transactions with the company's shareholders</b>	<b>–</b>	<b>–</b>	<b>670</b>	<b>–</b>	<b>3</b>	<b>673</b>	<b>11,690</b>	<b>12,363</b>
<b>Equity, 31 December 2020</b>	<b>78</b>	<b>6,466</b>	<b>3,867</b>	<b>-2,380</b>	<b>18,166</b>	<b>26,197</b>	<b>49,969</b>	<b>76,166</b>
<b>Opening balance, 1 January 2021</b>	<b>78</b>	<b>6,466</b>	<b>3,867</b>	<b>-2,380</b>	<b>18,166</b>	<b>26,197</b>	<b>49,969</b>	<b>76,166</b>
Profit for the period	–	–	241	–	9,929	10,170	8,833	19,003
Other comprehensive income	–	–	–	2,159	–	2,159	1,482	3,640
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>241</b>	<b>2,159</b>	<b>9,929</b>	<b>12,329</b>	<b>10,315</b>	<b>22,643</b>
New share issue	18	1,107	–	–	–	1,125	27,479	28,604
Dividends	–	–	-241	–	-1,082	-1,323	-2,513	-3,836
Issue of hybrid bonds	–	–	3,579	–	–	3,579	20,235	23,814
Non-controlling interests	–	–	–	–	–	–	12	12
Costs of issuance	–	-34	-72	–	–	-105	-203	-309
<b>Total transactions with the company's shareholders</b>	<b>18</b>	<b>1,074</b>	<b>3,266</b>	<b>–</b>	<b>-1,082</b>	<b>3,276</b>	<b>45,010</b>	<b>48,285</b>
<b>Equity, 31 December 2021</b>	<b>95</b>	<b>7,540</b>	<b>7,374</b>	<b>-221</b>	<b>27,013</b>	<b>41,801</b>	<b>105,294</b>	<b>147,093</b>

## Consolidated Cash Flow Statement

SEK million	Note	2021	2020
<b>Operating activities</b>			
Profit before income tax		24,192	10,640
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Fair value adjustment of investment properties		-21,758	-8,165
Fair value adjustment of derivative financial instruments		-885	178
Finance expenses – net		2,330	1,460
Other adjustments	<a href="#">4.5</a>	-757	-370
<i>Working capital changes</i>			
Increase/decrease(+) in rent receivables		-488	-371
Increase/decrease(-) in trade and other payables		3,868	-191
<b>Cash generated from operations</b>		<b>6,502</b>	<b>3,181</b>
Interest paid		-2,517	-1,382
Interest received		43	99
Paid income tax		-553	-364
<b>Net cash flows from operating activities</b>		<b>3,475</b>	<b>1,534</b>

SEK million	Note	2021	2020
<b>Investing activities</b>			
Acquisitions of businesses, net of cash	<a href="#">8.2</a>	-79,449	–
Purchase of investment properties		-21,231	-12,894
Capital expenditure on completed investment properties		-5,511	-2,988
Disposals of investment properties		1,149	–
Deposits paid for signed acquisitions		-508	-1,025
Investments in associates and joint ventures		-313	-395
Settlement of derivative financial instruments		-65	113
Quoted equity investments		-5,188	–
Other cash flows from investing activities		-252	112
<b>Net cash flows from investing activities</b>		<b>-111,368</b>	<b>-17,077</b>
<b>Financing activities</b>			
Proceeds from interest-bearing liabilities		85,835	16,132
Repayment of interest-bearing liabilities		-17,907	-12,404
Dividends paid		-3,189	-1,235
Proceeds from share issuances		1,125	–
Proceeds from non-controlling interests		27,491	7,610
Proceeds from issuance of hybrid bonds		23,814	6,139
Repayments on hybrid capital		-647	–
Other cash flows from financing activities		-63	-153
Transaction costs on issue of shares and hybrid capital		-309	–
<b>Net cash flows from financing activities</b>		<b>116,150</b>	<b>16,089</b>
Net change in cash and cash equivalents		8,256	546
Cash and cash equivalents at the beginning of the period		10,906	10,687
Net currency exchange effect in cash and cash equivalents		1,325	-327
<b>Cash and cash equivalents at the end of the period</b>		<b>20,488</b>	<b>10,906</b>

# Notes to the Consolidated Financial Statements

## 1. Corporate information and general accounting policies

### 1.1 Corporate information

Heimstaden AB (publ), Corp. ID No. 556670-0455, is a Swedish limited liability company with its registered office in Malmö, at Östra promenaden 7A, SE-211 28. Heimstaden's operations consist of owning, developing, and managing residential properties

### 1.2 General accounting policies

#### Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in accordance with Swedish law by applying the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups. Significant accounting policies are reflected in respective note.

The Consolidated Financial Statements were approved by the Board of Directors on 28 February 2022 and will be laid before the Annual General Meeting for approval on 7 April 2022.

The Financial Statements are presented in SEK and rounded to the nearest million. Numbers and percentages presented in the financial statements may not add up precisely to the totals provided.

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 presents assets and liabilities in the balance sheet 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 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 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 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 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 classifies all other liabilities as non-current.

#### Consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to Heimstaden and deconsolidated from the date that control ceases. All Heimstaden's companies are set to have 31 December as their year-end. Newly acquired companies that have a different financial year-end are changed to 31 December at the earliest opportunity. Accounting policies of subsidiaries are changed where necessary to ensure consistency.

Inter-company transactions, balances, and unrealised gains or losses on transactions between Group companies are eliminated.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. 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 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 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 of the results and equity of subsidiaries are shown separately in the Consolidated Comprehensive Income Statement, Statement of Changes in Equity and Balance Sheet, respectively.

#### Service income

As the group continues to enter new markets and grow in existing markets where service charges constitute a larger part of the total invoicing to tenants, the service income has been separated from the rental income and presented on a separate line item in the Consolidated Comprehensive Income Statement in accordance with IFRS 15. The main purpose is to increase comparability and provide improved presentation disclosures of revenues earned.

Service income mainly comprises the invoicing of certain operating expenses, mainly utilities, without a margin. Service income is recognised in the period when the performance obligation in the contract with the tenant is satisfied. The performance obligation is generally satisfied over time when the service is performed by the company.

Rental income during 2021 decreased by SEK 658 million and service income correspondingly increased by SEK 658 million. Comparative numbers have been revised to conform to current presentation. As a result, during 2020, SEK 392 million was reclassified from rental income to service income. The revised presentation did not have any impact on the Group's profit for the year, the financial position, or equity.

#### Right of use assets

During 2021, the Company revised its classification of right of use assets related to land leases. These assets are classified as investment properties according to IAS 40. Comparative numbers have been revised to conform to the Group's current presentation. The revised presentation did not have any impact on the Group's profit for the year, the financial position, or equity. As a result, during 2020, SEK 626 million was reclassified from right of use to investment properties.

#### Forward purchase

Future purchase agreements of investment properties held in limited liability companies are accounted as a financial instrument under IFRS 9 at fair value through profit/loss. A fair value gain of 471 million relating to these derivatives has been included in the Consolidated Financial Statements for 2021, see [note 2.8](#).

#### Asset acquisitions, business combinations, and goodwill

Where properties are acquired, either through business combinations or otherwise, management considers the substance of the



assets and activities of the acquired entity in determining whether the acquisition represents a business combination or an asset acquisition. Companies may choose to perform a 'concentration test' and, should this prove that the acquisition is an asset acquisition, no further assessment is required. If the fair value of the gross assets acquired can substantially be attributed to an asset or a group of similar assets, the voluntary test shows the acquisition to constitute an asset acquisition. If the test is performed and it is not possible to determine acquisition to be an asset acquisition, further assessment must be made to determine whether or not the acquisition is a business combination.

### **Business combinations**

Heimstaden 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 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. If the acquisition lacks a labour force, it may nonetheless be the case that the acquired process is sufficiently unique or unusual, or costly, to replace to be able to generate returns, that the acquisition nonetheless constitutes a business.

When Heimstaden 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 more than the aggregate consideration transferred, Heimstaden reassesses whether it has correctly identified all the assets ac-

quired and all 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 impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Heimstaden'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.

### **Asset acquisitions**

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

The cost is allocated between the identifiable assets and liabilities of the entity based on their relative values at the acquisition date.

The group recognises only the identifiable assets and liabilities. Any deferred tax is subject to the initial recognition exemption in accordance with IAS 12.

### **Judgements and estimates**

Management makes judgements, estimates, and assumptions each reporting period that affect the Statement of Profit or Loss and Balance Sheet. These assumptions and assessments are based on historical experience and other factors that appear reasonable under the existing circumstances.

### **Estimation of fair value of investment properties and forward purchase contracts**

All investment properties and forward purchase contracts to buy investment properties held in limited liability companies are measured at Fair Value with reference to realised transaction prices, adjusted if necessary for any difference in nature, location, or condition of the specific asset.

Current economic developments and uncertainties influence the valuation of our investment properties and our forward purchase contracts to buy investment properties held in limited liability companies. The methods and material assumptions applied in determining the Fair Value of our investment properties are mainly based on realised transaction prices.

The fair values are based on valuations by independent external valuation experts. The valuation is based on a market value principle upon which assets can be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of the valuation.

The investment property portfolio is appraised on a quarterly basis by independent external appraisers. See [Note 3.1](#) for further information.

### **Impairment testing of goodwill**

Each year, the Group tests goodwill for impairment in accordance with the accounting policy described in [Note 3.2](#). Recoverable amounts for cash-generating units have been determined by calculating value in use. For these calculations certain estimates need to be made, see [Note 3.2](#).

### **Recognition of property acquisition and business combinations**

When determining whether the acquisition represent a business combination or an asset acquisition, management makes judgements with regards to the application of the optional concentration test and the substance of the assets and activities acquired.

If substantially all the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets) the transaction is treated as an asset acquisition.

To determine whether the acquisition is a business combination or an asset acquisition, management makes judgements regarding inputs, processes, and output of the acquired assets, this year's acquisition of Akelius has been assessed according to the criteria above and is considered to meet the criteria for business combinations, see [Note 8.2](#).

### **Purchase price allocation**

The Group prepares a purchase price allocation for accounting in accordance with the accounting policy described in [Note 8.2](#). Accounting for an acquisition involves a high degree of judgement and estimation, mainly with regard to the allocation of premiums and discounts to assets and liabilities (net assets) in the purchase price allocation, as well as adjusting entries for adaptation to the Group's accounting policies. Fair value adjustments and resultant goodwill are presented in [Note 3.2](#).

### **Foreign currencies**

The Group's Consolidated Financial Statements are presented in SEK, which is also the Parent Company's functional currency. For each entity, the Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method except when the transactions constitute net investments, in which gains and losses are recognised in other comprehensive income.

Transactions in foreign currencies are converted to the functional currency at the exchange rate prevailing on the transaction date.

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. Income and expenses in a foreign operation are translated into functional currency 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 under Net currency translation gains/losses. The currency effect on loans in foreign currency and the corresponding economic hedge is 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.

### Cash Flow Statement

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.

## 1.3 New accounting standards

### Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs that address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the Consolidated Financial Statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

### Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession in the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment is extended to 30 June 2022 and applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

### Amendments to IAS 1: Classification of Liabilities

IASB has issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Further, the amendments clarify that the classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. However, IASB published an exposure draft which included a proposal to defer the effective date to no earlier than 1 January 2024. Heimstaden Bostad is monitoring the developments and is assessing the impact the amendments will have on its current accounting policies.

### Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets

IASB has published an amendment to IAS 37, where it is clarified which costs are to be included in assessing whether a contract is onerous or loss-making. IASB has evaluated two options, “Incremental cost approach”, costs that would not occur if one did not have the contract, and “directly related cost approach” which includes both incremental costs and allocation of other costs for activities required to fulfill the contract. While IASB has chosen the latter, the amendment shall apply for financial years beginning on or after 1 January 2022, and is approved by the EU.

### Amendments to IFRS 3: Business Combinations – reference to the Conceptual Framework

IASB has implemented three amendments to IFRS 3 that have their basis in the updated “Conceptual Framework”. Furthermore, a supplement is introduced in IFRS 3, meaning that liabilities and contingent liabilities, which are covered by IAS 37 and IFRIC 21, shall be reported in accordance with IAS 37 and IFRIC 21 instead of the “Conceptual Framework”. IFRS 3 does not allow contingent assets to be recognised, which is stated in the Basis for Conclusion to IFRS 3. To avoid confusion related to the “Conceptual Framework”, IFRS 3 is supplemented so that the standard explicitly states that an acquirer is not to recognise contingent assets in a business combination. The changes shall apply for financial years beginning on 1 January 2022 or later, amendments are approved by the EU.

### Amendments to IAS 8: Definition of Accounting Estimate

IASB issued an amendment to IAS 8 that clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. IASB also clarifies use of measurement techniques and inputs to develop accounting estimates. The amendment shall apply for financial years beginning on or after 1 January 2023, with earlier adoption permitted. Heimstaden Bostad is currently assessing the impact the amendments will have on its current accounting policies.

### 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. In February 2021, IASB issued an amendment to IAS 1 that provides guidance to help companies understand what makes an accounting policy disclosure 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.

### Amendments to IFRS 9: Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

IASB issued an amendment to IFRS 9 and clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier adoption permitted. The Group must apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not adopted early and are not expected to have a material impact on Heimstaden Bostad.

## 2. Income and expenses

### 2.1 Segment reporting

#### Accounting policies

The Group organises and governs its activities based on geographical areas where the investment properties are located, and these geographical areas form the basis of the definition of segments. Senior management is the chief operating decision maker and 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. Additionally, management monitors the value of investment properties and interest-bearing liabilities in each segment. Other items are not distributed per segment in the segments' profits, assets, and liabilities. The segment statements include only directly attributable items and items that can be allocated to the segments in a reasonable and reliable manner. See also [Note 3.1](#) for fair value of investment properties per segment. Heimstaden identified eight reportable segments: Sweden, Germany, Denmark, Netherlands, Norway, Czech Republic and Iceland. Finland, Poland, and United Kingdom are included under Other.

#### 2021

SEK million	Sweden	Germany	Denmark	Netherlands	Norway	Czech Republic	Iceland	Other	Adjustments	Total
<b>COMPREHENSIVE INCOME STATEMENT</b>										
Rental income	2,834	550	2,553	1,137	682	1,127	119	17	8	9,027
Service income	43	176	2	0	18	419	0	0	1	658
Property expenses	-1,500	-346	-771	-441	-225	-773	-48	-12	6	-4,110
<b>Net operating income</b>	<b>1,376</b>	<b>379</b>	<b>1,784</b>	<b>696</b>	<b>475</b>	<b>773</b>	<b>71</b>	<b>5</b>	<b>15</b>	<b>5,575</b>
<b>Net operating margin %</b>	<b>48.6</b>	<b>69.0</b>	<b>69.9</b>	<b>61.3</b>	<b>69.6</b>	<b>68.6</b>	<b>59.9</b>			<b>61.8</b>
Corporate administrative expenses, unallocated	-	-	-	-	-	-	-	-	-	-417
Other income and expenses, unallocated	-	-	-	-	-	-	-	-	-	-2,006
<b>Profit before inventory properties and fair value adjustments</b>	<b>1,376</b>	<b>379</b>	<b>1,784</b>	<b>696</b>	<b>475</b>	<b>773</b>	<b>71</b>	<b>5</b>	<b>15</b>	<b>3,152</b>
Fair value adjustment of investment properties	8,024	1,754	6,033	2,831	408	2,182	585	87	-	21,903
Gains from sale of inventory properties	-	-	-	-	-2	-	-	-	-	-2
<b>Operating profit</b>	<b>9,400</b>	<b>2,133</b>	<b>7,817</b>	<b>3,527</b>	<b>882</b>	<b>2,955</b>	<b>656</b>	<b>92</b>	<b>15</b>	<b>25,053</b>
Financial income and expenses	-1,189	38	-479	-172	-246	392	-67	45	-	-1,678
Fair value adjustment of derivative financial instruments	582	0	112	47	78	0	-	0	-	819
<b>Profit before tax</b>	<b>8,793</b>	<b>2,171</b>	<b>7,450</b>	<b>3,402</b>	<b>713</b>	<b>3,348</b>	<b>589</b>	<b>137</b>	<b>15</b>	<b>24,194</b>
<b>BALANCE SHEET</b>										
Investment properties	97,645	70,651	66,636	27,324	18,951	17,932	4,494	2,033	-	305,668
Inventory properties	-	-	-	-	846	-	-	-	-	846
Assets, unallocated	-	-	-	-	-	-	-	-	-	49,210
<b>Total assets</b>	<b>97,645</b>	<b>70,651</b>	<b>66,636</b>	<b>27,324</b>	<b>19,797</b>	<b>17,932</b>	<b>4,494</b>	<b>2,033</b>	<b>-</b>	<b>355,724</b>
Equity, unallocated	-	-	-	-	-	-	-	-	-	147,093
Interest-bearing liabilities	118,628	16,660	31,766	6,766	508	-	2,177	-	-	176,506
Other liabilities, unallocated	-	-	-	-	-	-	-	-	-	32,125
<b>Total equity and liabilities</b>	<b>118,628</b>	<b>16,660</b>	<b>31,766</b>	<b>6,766</b>	<b>508</b>	<b>-</b>	<b>2,177</b>	<b>-</b>	<b>-</b>	<b>355,724</b>
Capital expenditures in investment properties	2,539	188	917	644	315	502	72	261	-	5,439

## 2020

SEK million	Sweden	Germany	Denmark	Netherlands	Norway	Czech Republic	Iceland	Other	Adjustments	Total
<b>COMPREHENSIVE INCOME STATEMENT</b>										
Rental income	2,486	74	1,485	1,029	652	875	–	–	–	6,600
Service income	16	27	–	0	16	333	–	–	–	392
Property expenses	-1,278	-69	-530	-471	-213	-563	–	–	–	-3,125
<b>Net operating income</b>	<b>1,224</b>	<b>32</b>	<b>955</b>	<b>557</b>	<b>455</b>	<b>645</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,867</b>
<b>Net operating margin %</b>	<b>49.2</b>	<b>43.1</b>	<b>64.3</b>	<b>54.2</b>	<b>69.8</b>	<b>73.6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>58.6</b>
Corporate administrative expenses, unallocated	–	–	–	–	–	–	–	–	–	-229
Other income and expenses, unallocated	–	–	–	–	–	–	–	–	–	111
<b>Profit before inventory properties and fair value adjustments</b>	<b>1,224</b>	<b>32</b>	<b>955</b>	<b>557</b>	<b>455</b>	<b>645</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,749</b>
Fair value adjustment of investment properties	2,410	265	1,092	1,044	1,299	1,866	–	–	–	7,977
Gains from sale of inventory properties	–	–	–	–	188	–	–	–	–	188
<b>Operating profit</b>	<b>3,634</b>	<b>297</b>	<b>2,047</b>	<b>1,601</b>	<b>1,942</b>	<b>2,510</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11,914</b>
Financial income and expenses	793	-129	-390	-342	-254	-773	–	–	–	-1,095
Fair value adjustment of derivative financial instruments	-74	–	21	-44	-81	–	–	–	–	-178
<b>Profit before tax</b>	<b>4,353</b>	<b>169</b>	<b>1,678</b>	<b>1,215</b>	<b>1,607</b>	<b>1,737</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10,642</b>
<b>BALANCE SHEET</b>										
Investment properties	50,379	3,716	36,227	23,366	17,538	13,827	–	–	–	145,053
Goodwill, unallocated	–	–	–	–	–	–	–	–	–	74
Inventory properties	–	–	–	–	1,164	–	–	–	127	1,292
Assets, unallocated	–	–	–	–	–	–	–	–	–	14,891
<b>Total assets</b>	<b>50,311</b>	<b>3,716</b>	<b>36,200</b>	<b>23,366</b>	<b>18,171</b>	<b>13,827</b>	<b>–</b>	<b>–</b>	<b>127</b>	<b>161,310</b>
Equity, unallocated	–	–	–	–	–	–	–	–	–	76,166
Interest-bearing liabilities	38,770	580	19,015	16,237	479	–	–	–	–	75,080
Other liabilities, unallocated	–	–	–	–	–	–	–	–	–	10,064
<b>Total equity and liabilities</b>	<b>38,770</b>	<b>580</b>	<b>19,015</b>	<b>16,237</b>	<b>479</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>161,310</b>
Capital expenditures in investment properties	1,654	27	538	199	20	309	–	–	–	2,747

## 2.2 Rental income and service income

### Accounting policies

Heimstaden leases out its investment properties to third parties with contracted non-cancellable lease terms and a normal term of notice for the customer of three months. The Group classifies these leases as operating because they do not transfer substantially all the risks and rewards, or control, incidental to ownership of the properties to the counterparties. For investment property leases the rental income is largely fixed under the contracts, however, it is subject to an annual index adjustment. To mitigate any risks regarding the leased properties, Heimstaden assesses the creditworthiness of its counterparties, receives rent deposits, and receives guaranties from its lessees.

The rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the Statement of Profit and Loss due to its operating nature, except for contingent rental income, which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, ten-

ant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The initial direct costs and tenant lease incentives are presented as current assets in the line item 'Prepayments' in the Balance Sheet. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Statement of Profit and Loss when the right to receive them arises.

Service charges to tenants mainly comprise utility cost and other operating costs that can be recharged. The services charged are separately invoiced to tenants and include fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred. The Group arranges for third parties to provide certain of these services to its tenants. The Group acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

No single customer accounts for more than 1% of total revenues. For rental income and service income by geographic market, see [Note 2.1](#).

### Rental income and service income

SEK million	2021	2020
Rental income	9,092	6,631
Straight-lining of lease	-65	-31
<b>Rental income</b>	<b>9,027</b>	<b>6,600</b>
Services to tenants	658	392
<b>Service income</b>	<b>658</b>	<b>392</b>
<b>Total rental revenues</b>	<b>9,685</b>	<b>6,992</b>

### Rental income distributed by property category

SEK million	2021	2020
Residential	8,256	6,201
Commercial premises	664	324
Garages and parking spaces	107	75
<b>Total rental income</b>	<b>9,027</b>	<b>6,600</b>

### Service income distributed by property category

SEK million	2021	2020
Residential	612	370
Commercial premises	46	22
<b>Total service income</b>	<b>658</b>	<b>392</b>

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

### 2021 Maturity on lease contracts

SEK million	Residential	Commercial premises	Garages and parking spaces
Within one year	5,604	400	94
1-5 years	25	31	0
> 5 years	2,627	232	12
<b>Total lease contracts</b>	<b>8,256</b>	<b>664</b>	<b>107</b>

### 2020 Maturity on lease contracts

SEK million	Residential	Commercial premises	Garages and parking spaces
Within one year	3,961	324	75
1-5 years	656	-	-
> 5 years	1,584	-	-
<b>Total lease contracts</b>	<b>6,201</b>	<b>324</b>	<b>75</b>

## 2.3 Property expenses

### Accounting policies

Property expenses include costs for electricity, heating, water, property management, cleaning, and insurance. Maintenance costs consist of both periodic and ongoing measures to maintain the properties' standard. Property management refers to rental costs, financial services, and certain overarching property management services. 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. The Group has no operating expenses that do not generate rental income.

### Property expenses

SEK million	2021	2020
Utilities	1,164	799
Repairs and maintenance	770	586
Property tax	376	291
Property and Facility management	1,262	1,029
Other	539	420
<b>Total property expenses</b>	<b>4,110</b>	<b>3,125</b>

## 2.4 Other operating expenses

Other operating expenses include SEK 2,202 million in Real Estate Transfer Tax (RETT) in Germany from the acquisition of the Akelius' property portfolio.

During 2021, SEK 52.5 million were expensed as donations to SOS Children's Villages. See [page 19](#) for more information regarding the partnership A Home for a Home.

## 2.5 Audit fee

The audit engagement refers to the audit of the Consolidated Financial Statements, the annual financial statements for the Group companies. Other assurance services provided by the auditors include services related to review procedures on interim reports and other attestation services. The fees are summarised in the table below:

### EY

SEK million	2021	2020
Audit assignment	23	13
Other assurance services	7	2
Tax advisory services	–	1
Other services	–	0
<b>Total</b>	<b>30</b>	<b>16</b>

### Moore

SEK million	2021	2020
Audit assignment	3	2
Other assurance services	0	0
Tax advisory services	–	0
Other services	–	0
<b>Total</b>	<b>3</b>	<b>2</b>

### Total

SEK million	2021	2020
Audit assignment	26	15
Other assurance services	7	2
Tax advisory services	–	1
Other services	–	0
<b>Total</b>	<b>33</b>	<b>18</b>

## 2.6 Employee benefit expenses and senior executive compensation

### Accounting policies

Employee benefits in the form of salaries, paid vacation, paid absence due to illness, etc. are recognised 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 Heimstaden'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 are expensed in profit or loss as they are incurred.

Average number of employees	2021			2020		
	Women	Men	Total	Women	Men	Total
Sweden	196	263	459	158	233	391
Germany	57	75	132	10	13	23
Denmark	82	162	244	48	72	120
Netherlands	46	72	118	40	64	104
Norway	50	97	147	42	73	115
Czech Republic	332	383	715	277	299	576
United Kingdom	3	–	3	–	–	–
Iceland	7	14	21	–	–	–
Poland	3	6	9	–	–	–
<b>Total</b>	<b>775</b>	<b>1,072</b>	<b>1,848</b>	<b>575</b>	<b>754</b>	<b>1,329</b>

### Remunerations

Between the company and the CEO, a mutual notice period of six months applies. In the event of termination by the company, severance pay corresponding to 18 months salary is to be paid. Between the company and Board Members, a mutual notice period of three months applies. The CEO and Board Members were paid variable remuneration of SEK 0 million (0). For senior executives and other employees, the customary pension commitments within the framework of general pension plans apply. In addition to the customary pension, the company has taken out pension insurance for the CEO with annual premiums corresponding to 10% of gross salary.

The Board of Directors and company management are presented on [page 35–38](#).

Board Member remunerations	2021	2020
	Board fees	Board fees
SEK		
Ivar Tollefsen	–	–
Vibeke Krag	400,000	–
John Giverholt	–	–
Fredrik Reinfeldt	300,000	–
<b>Total Board remunerations</b>	<b>700,000</b>	<b>–</b>

### Salaries, remuneration, social security, and pension costs

#### 2021

Position	CEO	Deputy CEO	Other senior executives	Board members	Other employees	Total
Name	Patrik Hall	Magnus Nordholm				
SEK million						
Base salary	3	3	25	0	557	588
Benefits	0	0	1	0	16	17
Social security costs	1	1	7	0	102	111
Pension costs	2	1	2	0	29	33
Board fees	0	0	0	1	–	1
<b>Total salaries, remuneration, social security, and pension costs</b>	<b>6</b>	<b>4</b>	<b>35</b>	<b>1</b>	<b>703</b>	<b>749</b>
Women in %	0	0	23	25	43	43

#### 2020

Position	CEO	Deputy CEO	Other senior executives	Board members	Other employees	Total
Name	Patrik Hall	Magnus Nordholm				
SEK million						
Base salary	2	2	13	–	396	413
Benefits	0	0	1	–	10	11
Social security costs	0	0	0	–	117	117
Pension costs	1	1	1	–	26	29
<b>Total salaries, remuneration, social security, and pension costs</b>	<b>3</b>	<b>3</b>	<b>15</b>	<b>–</b>	<b>549</b>	<b>570</b>
Women in %	0	0	23	–	43	43

## 2.7 Fair Value adjustment of investment properties

Investment properties is measured at Fair Value. Gains and losses arising from changes in the fair value of the investment property are included in comprehensive income statement in the period in which they arise. The corresponding tax effect is included in the gain(s) or loss(es). For more information regarding Fair Value assessments see [Note 3.1](#).

### Fair Value adjustment of investment properties

	2021		2020	
	%	SEK million	%	SEK million
Sweden	8.9	7,994	4.8	2,410
Germany	2.5	1,754	7,1	265
Denmark	10.0	6,033	3,0	1,092
Netherlands	11.6	2,831	4,5	1,044
Norway	2.3	437	7,6	1,299
Czech Republic	13.9	2,182	13,5	1,866
Island	15.0	585	–	–
Finland	7.6	72	–	–
United Kingdom	1.5	15	–	–
<b>Total / Average in %</b>	<b>7.7</b>	<b>21,903</b>	<b>5.5</b>	<b>7,977</b>

## 2.8 Fair Value adjustment of derivative financial instruments

Derivative financial instrument includes interest rate derivatives and forward purchase contracts and are measured at Fair Value. Gains and losses arising from changes in the Fair Value of the derivative financial instrument are included in Comprehensive Income Statement in the period in which they arise. The corresponding tax effect is included in the gain(s) or loss(es). For more information regarding Fair Value assessments see [Note 6.1](#).

### Fair Value adjustment of derivative financial instruments

SEK million	2021	2020
Unrealised value change	885	-391
Realised value change	-65	113
Currency translation	–	100
<b>Total Fair Value adjustment of derivative financial instruments</b>	<b>820</b>	<b>-178</b>

## 2.9 Financial income and expenses

### Accounting policies

Interest income on bank balances, and interest and other borrowing costs, are recognised as income and expenses, respectively. Payments in accordance with interest rate derivative agreements are included in this item and are expensed in the period to which they relate. Changes in the Fair Value of interest rate derivatives

are presented in a separate line in the Statement of Profit and Loss. Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalised to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period they incur.

### Financial income and expenses reported in Comprehensive Income Statement

SEK million	2021	2020
<i>Assets and liabilities measured at amortised cost:</i>		
Interest income, promissory notes	98	27
Interest income, associated companies	49	62
Interest income, other financial assets	16	10
<b>Total interest income in accordance with the effective interest method</b>	<b>162</b>	<b>99</b>
Interest expenses, loans	-1,725	-1,371
<b>Total interest expenses in accordance with the effective interest method</b>	<b>-1,725</b>	<b>-1,371</b>
Finance expenses capitalised within investment property	52	26
<b>Total finance cost capitalised</b>	<b>52</b>	<b>26</b>
Currency translation losses	-1,508	–
Currency translation gain	1,444	400
<b>Total currency gains/losses</b>	<b>-64</b>	<b>400</b>
<b>Net financial items</b>	<b>-1,575</b>	<b>-846</b>



## 2.10 Income tax expenses

### Accounting policies

Tax is recognised in profit or loss except where the underlying transaction is recognised directly in equity, upon which the associated tax effect is recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the date of the Consolidated Balance Sheet in the countries where Heimstaden 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 based on amounts expected to be paid to the tax authorities

### Comprehensive Income Statement

SEK million	2021	2020
Income tax expense	-501	-395
Deferred tax	-4,691	-1,892
<b>Income tax expenses reported in the Comprehensive Income Statement</b>	<b>-5,191</b>	<b>-2,287</b>

### Reconciliation of effective tax rate

SEK million	2021	2020
Reported profit before tax	24,194	10,640
Tax according to current rate	-5,507	-2,240
Tax effect of:		
Non-taxable income	25	27
Non-deductible costs	-21	-78
Non-taxable profit on disposal of participations	-11	-
Non-deductible interest net	-485	-305
Tax effect of hybrid bonds	203	-79
Transactions in Other Comprehensive Income	-	417
Tax on share in earnings from associated companies	-153	7
Negative value change in properties acquired during the year	142	-
Revaluations, deferred tax	294	-
Tax attributable to previous years	74	-44
Other	248	8
<b>Income tax expenses reported in the Comprehensive Income Statement</b>	<b>-5,191</b>	<b>-2,287</b>

## 2.11 Earnings per share

Basic and diluted earnings per share are calculated by dividing earnings attributable to shareholders of the Parent Company by an average number of outstanding ordinary shares during the period.

SEK million	2021	2020
<b>Profit for the period attributable to:</b>		
The Parent Company's shareholders	10,208	4,431
Non-controlling interests	8,795	3,922
<b>Comprehensive income for the period attributable to:</b>		
Parent Company's ordinary shareholders	12,267	1,669
Parent Company's preference shareholders	100	47
Non-controlling interests	10,276	2,144
Average number of ordinary shares outstanding	132,040,000	13,204,000
Average number of preference shares outstanding	58,593,750	2,343,750
Earnings per ordinary share (basic and diluted)	125	109

## 3. Non-current assets

### 3.1 Investment properties

#### Total property value per segment

The total property value, measured at Fair Value, was SEK 305,668 million (145,053). This value included value increase for 2021 of SEK 21,760 million (7,977). In percentage, the increase in value was 7.8% (5.8) of the total property value before changes in value. The total property value per operating segment is shown below.

#### Valuation gain or loss investment properties

SEK million	Total	Sweden	Germany	Denmark	Netherlands	Norway	Czech Republic	Finland	Iceland	United Kingdom
<b>Fair value of investment properties, 31 December 2019</b>	<b>113,719</b>	<b>41,630</b>	<b>2,292</b>	<b>34,645</b>	<b>17,781</b>	<b>17,372</b>	–	–	–	–
Acquisitions during the period	25,634	4,618	1,272	1,278	5,480	–	12,985	–	–	–
Disposals	-65	–	–	–	-65	–	–	–	–	–
Land leases	626	68	–	27	–	559	–	–	–	–
Capital expenditure on completed investment properties	1,659	938	27	256	199	20	219	–	–	–
Capital expenditure on investment properties under construction	1,088	716	–	282	–	–	90	–	–	–
Currency translation	-5,584	–	-140	-1,354	-1,073	-1,684	-1,333	–	–	–
<b>Fair value after transactions</b>	<b>137,076</b>	<b>47,969</b>	<b>3,451</b>	<b>35,135</b>	<b>22,322</b>	<b>16,267</b>	<b>11,961</b>	–	–	–
Value change	7,977	2,410	265	1,092	1,044	1,299	1,866	–	–	–
<b>Fair value of investment properties, 31 December 2020</b>	<b>145,053</b>	<b>50,379</b>	<b>3,716</b>	<b>36,227</b>	<b>23,366</b>	<b>17,566</b>	<b>13,827</b>	–	–	–
Acquisitions during the period	39,876	3,523	12,473	18,272	–	–	213	918	3,757	721
Business combinations	89,534	33,139	52,232	4,163	–	–	–	–	–	–
Disposals	-685	–	-114	-63	-55	-451	–	–	-2	–
Land leases	137	71	4	–	–	15	–	–	46	–
Capital expenditure on completed investment properties	2,918	892	146	563	644	295	296	10	72	0
Capital expenditure on investment properties under construction	2,520	1,647	42	354	0	20	207	0	0	251
Currency translation	4,555	–	399	1,113	539	1,211	1,208	15	37	33
<b>Fair value after transactions</b>	<b>283,908</b>	<b>89,650</b>	<b>68,898</b>	<b>60,603</b>	<b>24,494</b>	<b>18,657</b>	<b>15,750</b>	<b>942</b>	<b>3,910</b>	<b>1,005</b>
Value change <sup>1</sup>	21,760	7,994	1,754	6,033	2,831	294	2,182	72	585	15
<b>Fair value of investment properties, 31 December 2021</b>	<b>305,668</b>	<b>97,645</b>	<b>70,651</b>	<b>66,636</b>	<b>27,324</b>	<b>18,951</b>	<b>17,932</b>	<b>1,014</b>	<b>4,494</b>	<b>1,019</b>

<sup>1</sup> Fair value adjustment of investment properties in the income statement also includes realised change and is not reflected in the table above, see [note 2.1](#) and [note 2.7](#).

### Breakdown by category, 31 December 2021

SEK million	Total	Sweden	Germany	Denmark	Netherlands	Norway	Czech Republic	Finland	Iceland	United Kingdom
Completed investment properties	297,708	92,374	70,647	65,600	27,324	18,378	17,750	1,014	4,448	172
Investment properties under construction	6,848	5,106	0	895	0	0	0	0	0	847
Land and building rights	351	29	0	141	0	0	181	0	0	0
Land leases	761	137	4	0	0	574	0	0	46	0
<b>Total</b>	<b>305,668</b>	<b>97,645</b>	<b>70,651</b>	<b>66,636</b>	<b>27,324</b>	<b>18,951</b>	<b>17,932</b>	<b>1,014</b>	<b>4,494</b>	<b>1,019</b>

The Company's contracts in Poland are structured as forward purchases (contracts under the condition precedent of the completion of the works) and the transfer of ownership occurs only after provisional acceptance. A parallel financing agreement has been entered with the developers. The outstanding balances, SEK 1,776 million, with the developers are recognised as other non-current financial assets.

### Breakdown by category, 31 December 2020

SEK million	Total	Sweden	Germany	Denmark	Netherlands	Norway	Czech Republic	Finland	Iceland	United Kingdom
Completed investment properties	141,538	47,854	3,716	35,938	23,366	17,007	13,658	–	–	–
Investment properties under construction	2,680	2,457	–	223	–	–	–	–	–	–
Land and building rights	209	–	–	40	–	–	169	–	–	–
Land leases	626	68	–	27	–	531	–	–	–	–
<b>Total</b>	<b>145,053</b>	<b>50,379</b>	<b>3,716</b>	<b>36,227</b>	<b>23,366</b>	<b>17,538</b>	<b>13,827</b>	<b>–</b>	<b>–</b>	<b>–</b>

The Company's contracts in Poland summarises to SEK 127 million.

#### Accounting policies

Investment properties comprise completed properties, properties under construction, and land and building rights that are held, or to be held, to earn rentals or for capital appreciation or both. A property held under a lease is classified as investment property when it is held to earn rental income or for capital appreciation, or both, and land leases. Contracts related to land leases are accounted for as perpetual contracts.

Investment properties are 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 take a substantial period of time to get ready for their intended use are capitalised.

Subsequent recognitions are at Fair Value, which reflects market conditions at the reporting date. Gains or losses are recognised in profit or loss in the period in which they arise, including the corresponding tax effect. Subsequent expenditure is capitalised 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 reliably determinable. Investment properties under construction for which the Fair Value cannot be determined reliably, but for which the Company expects the Fair Value to be reliably determinable when construction is completed, are measured at cost less impairment until the Fair Value becomes reliably determinable or construction is completed.

Management considers the following factors when evaluating whether the Fair Value of property under construction can be measured reliably:

- Provisions of the construction contract
- Stage of construction
- Custom or standard project/property
- Reliability of cash inflows after completion
- Risks specific to the property
- Experience with similar construction
- Status of construction permits

Management has determined that investment properties under construction are eligible for Fair Value measurements once all three following criteria are fulfilled:

- Administrative authorisations are obtained
- Ongoing construction and costs are committed toward the constructor
- Uncertainty in future rental income has been assumed low

Transfers are made to (or from) investment property 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.

An 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 or use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

### External valuation

All investment properties are valued quarterly by external acknowledged real-estate advisory companies, whose employees are professionally qualified, and have the appropriate competence to carry out the valuation in accordance with the required international valuation standards. The Company has a dedicated in-house valuation team ensuring quality assurance of all external valuations.

Country	Valuer
Sweden	CBRE
Germany	CBRE
Denmark	CBRE
Netherlands	Cushman Wakefield
Norway	Cushman Wakefield, Nyverdi, Eie, Aktiv
Czech Republic	JLL
Finland	CBRE
United Kingdom	Savills
Poland	CBRE
Iceland	Arcur

### Valuation assumptions

The valuation methodology follows market practice in each respective country and is in general based on ‘highest-and-best use’ meaning both a reletting and a divestment scenario. The market value in the two scenarios is based on cash flow generated by:

- Reletting scenario: Reletting the units at market rent upon tenant fluctuation.
- Divestment scenario: Successively divesting the units as owner-occupied units upon tenant fluctuation.
- There were no material changes to the valuation techniques during the year.

In most markets, properties are valued according to the discounted cash flow (DCF) method using operating and market inputs.

- Estimated rental income based on the location, type, and quality of the properties and supported by any existing leases, other contracts or external evidence such as current market rents for similar units;
- Estimated sales prices of vacant units (only divestment scenario): income based on sales prices supported by external evidence such as sales prices for similar units;
- Estimated vacancy rates based on current and expected future market conditions after expiry of any current leases;
- Property costs and capital expenditures including maintenance and necessary investments to maintain functionality of the property for expected useful life as well as fixed cost like property taxes, insurance etc.;
- Capitalisation rates based on location 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 on a stabilised basis.

For Norwegian residential assets with a total carrying amount of 18,378 (17,007), the valuation is determined using the sales comparison approach by consider similar comparable properties adjusted for differences in key attributes such as unit size and quality of interior fittings.

For properties under construction or re-development, the DCF model also take into account cost to complete including developers margin and completion date based on internal forecasts and management’s experience and knowledge of market conditions. Additionally, properties under construction require approval or permits from regulatory bodies at various points in the develop-

ment process. Based on management’s experience with similar developments, all relevant permits and approvals are expected to be obtained.

### Valuation hierarchy

The majority of the property portfolio is deemed to be at Level 3 in the Fair Value hierarchy according to IFRS 13 Fair Value Measurement, with the exception of the Norwegian residential assets which are based on Level 2. For Level 3, the estimated future cash flows are based on existing rental income and operating and maintenance costs, adjusted for expected changes herein. The Fair Value of the properties is the sum of the discounted cash flows during the calculation period and the terminal value.

### Valuation process

Valuations are based on appraisals from independent external valuers.

The policies and procedures for property valuations are assessed by the Company’s in-house valuation team which has aligned methods with the external valuers. The valuation team holds relevant professional qualifications and are experienced in valuing the types of property in the applicable locations.

At each reporting date, the valuation team analyses the development in property value including verifying major inputs applied and agreeing the information in the valuation computation to rent rolls, market reports, and other relevant documents. The internal team also compares each property’s change in fair value with relevant external benchmarks to determine whether the change in fair value is reasonable. 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. The sensitivity analysis has been prepared in accordance with the present value method.

Property valuations are estimates that build on accepted policies and assumptions. The actual fair value of a property can only be determined when it is sold. Accordingly, the valuation, uncertainty intervals, and sensitivity analysis, include unobservable inputs and a degree of uncertainty in the inputs and assumptions made. However, uncertainty related to the valuation and its assumptions are reduced by obtaining external assurance from independent third parties in addition to management’s internal review, which amongst other includes evaluating values to recent comparable transactions in the market.

The table on the next page presents the following information for investment properties in each of our markets:

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.

2021																					
Markets	Valuation	Valuation technique	Fair Value hierarchy level	Net operating income	Of which regulated, %	Running yield, %	Sensitivity	Lower impact	Higher impact	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	97,645	DCF	Level 3	2,822	100	2.89	-	-	-	-20,119	-14,402	-7,774	9,247	20,428	34,221	-1,953	-1,465	-976	976	1,465	1,953
Germany	70,651	DCF	Level 3	1,877	100	2.66	-	-	-	-15,554	-11,191	-6,077	7,339	16,379	27,790	-1,413	-1,060	-707	707	1,060	1,413
Denmark	66,636	DCF	Level 3	2,326	12	3.49	-	-	-	-11,787	-8,350	-4,454	5,141	11,143	18,239	-1,333	-1,000	-666	666	1,000	1,333
Netherlands	27,324	DCF	Level 3	789	67	2.89	-	-	-	-5,633	-4,032	-2,177	2,589	5,721	9,585	-546	-410	-273	273	410	546
Norway	18,951	Sale comparison	Level 2	537	-	2.84	Sales price pr. sqm +/- 10%	-1,895	1,895	-3,964	-2,841	-1,535	1,832	4,057	6,814	-379	-284	-190	190	284	379
Czech Republic	17,932	DCF	Level 3	871	34	4.86	-	-	-	-2,397	-1,673	-877	972	2,056	3,272	-359	-269	-179	179	269	359
Finland	1,014	DCF	Level 3	59	0	5.80	-	-	-	-116	-80	-42	46	96	150	-20	-15	-10	10	15	20
Iceland	1,019	DCF	Level 3	46	0	4.48	-	-	-	-146	-102	-54	60	128	205	-20	-15	-10	10	15	20
United Kingdom	4,494	DCF	Level 3	192	0	4.27	-	-	-	-671	-471	-248	279	596	957	-90	-67	-45	45	67	90
	<b>305,668</b>			<b>9,519</b>	<b>61</b>	<b>3.09</b>															

2020																					
Markets	Valuation	Valuation technique	Fair Value hierarchy level	Net operating income	Of which regulated, %	Running yield, %	Sensitivity	Lower impact	Higher impact	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	50,379	DCF	Level 3	1,786	100	3.59	-	-	-	-8,579	-6,068	-3,231	3,715	8,029	13,103	-994	-745	-497	497	745	994
Germany	3,716	DCF	Level 3	70	100	1.90	-	-	-	-1,053	-775	-433	564	1,331	2,431	-74	-56	-37	37	56	74
Denmark	36,227	DCF	Level 3	1,317	16	3.64	-	-	-	-6,185	-4,373	-2,327	2,670	5,765	9,396	-724	-543	-362	362	543	724
Netherlands	23,366	DCF	Level 3	831	60	3.56	-	-	-	-4,070	-2,881	-1,535	1,767	3,823	6,246	-467	-350	-234	234	350	467
Norway	17,538	Sale comparison	Level 2	517	0	3.04	Sales price pr. sqm +/-10%	-1,701	1,701	-	-	-	-	-	-	-	-	-	-	-	-
Czech Republic	13,827	DCF	Level 3	731	38	5.29	-	-	-	-1,718	-1,195	-624	686	1,444	2,286	-277	-207	-138	138	207	277
	<b>145,053</b>			<b>5,252</b>	<b>54</b>	<b>3.65</b>															

### Acquisitions after the Balance Sheet date

Heimstaden AB's subsidiary, Heimstaden Bostad AB, has agreed to acquire properties with closing dates after the Balance Sheet date.

### Segments

SEK million	Anticipated date of acquisition	Agreed purchase price
Sweden	Q1 2022	1,743
Germany	Q1 2022	784
Denmark	Q1 2022	197
Netherlands	Q2 2022	176
<b>Total</b>		<b>2,900</b>

### 3.2 Intangible assets

Goodwill is mainly derived from the business combination of Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS (DK) and Akelius GmbH (DE) which was completed in December 2021.

SEK million	Goodwill	Licences	Software	Total
<b>Opening balance, 1 January 2020</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>72</b>
Investments for the year	-	41	-	41
Changes in value from foreign currency	-6	-2	-	-8
<b>Closing balance, 31 December 2020</b>	<b>66</b>	<b>39</b>	<b>-</b>	<b>105</b>
<b>Opening balance accumulated depreciation, 1 January 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation for the year	-	-32	-	-32
Disposals	-	1	-	1
<b>Closing balance accumulated depreciation, 31 December 2020</b>	<b>-</b>	<b>-30</b>	<b>-</b>	<b>-30</b>
<b>Carrying amount, 31 December 2020</b>	<b>66</b>	<b>9</b>	<b>-</b>	<b>75</b>
<b>Opening balance, 1 January 2021</b>	<b>66</b>	<b>39</b>	<b>-</b>	<b>105</b>
Business combinations	16,466	-	-	16,466
Investments for the year	-	0	34	34
Changes in value from foreign currency	23	3	-	26
<b>Closing balance, 31 December 2021</b>	<b>16,555</b>	<b>41</b>	<b>34</b>	<b>16,631</b>
<b>Opening balance accumulated depreciation, 1 January 2021</b>	<b>-</b>	<b>-30</b>	<b>-</b>	<b>-30</b>
Depreciation for the year	-	6	0	6
Disposals	-	-2	-	-2
<b>Closing balance accumulated depreciation, 31 December 2021</b>	<b>-</b>	<b>-27</b>	<b>-</b>	<b>-27</b>
<b>Carrying amount, 31 December 2021</b>	<b>16,555</b>	<b>15</b>	<b>34</b>	<b>16,604</b>

## Accounting policies

### Goodwill

Goodwill acquired in a business combination is recognised at fair value at the acquisition date. Goodwill has an infinite useful life and is subsequently carried at cost less accumulated impairment.

### Software and licenses

Separately acquired licences and software are recognised at historical cost, while those acquired in a business combination are recognised at fair value at the acquisition date. Heimstaden's licences have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Heimstaden amortises its intangible assets, licenses, and software with a limited useful life using the straight-line method over 3–5 years.

### Impairment

Goodwill identified in a business combination is allocated to the groups cash generating units (CGU's) and tested for impairment. Heimstaden's operating segments are expected to benefit from the synergies derived by combining the Akelius and Heimstaden asset base. The operating segments is the lowest level where cash flows are identified and is therefore identified as the group's CGU's. To identify the CGU's recoverable amount, the management calculated the CGU's "value in use" by discounting the estimated future cash flows of the operating segment. The economic benefits derived from the combined asset base is higher than the operating segments carrying amount. This means that no impairment is necessary.

## Assumptions

The value in use was calculated based on discounted cash flows, which are based on assumptions regarding sales growth and the cost trend. Cash flows have been determined using a growth rate corresponding to 2%. This growth is based on reasonable prudence and does not exceed long-term growth for the industry. An average discount rate of 4.3% before tax was applied when calculating the value in use of our CGU's. With the assumptions described above, recoverable amount exceeds the carrying amount for all CGU's.

## Sensitivity analysis

In connection with the impairment test, sensitivity analyses have been performed on changes in growth and discount rates. The sensitivity analyses indicated that an increase in the average discount rate before tax of 0.5% or a decrease in the growth rate of 0.5% would lead to an impairment of the core goodwill.

## 3.3 Machinery and equipment

### Accounting policies

Machinery and equipment mainly comprises machinery, and office and computer equipment. 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 capitalised 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 profit or loss. The residual value of the assets and their useful life is reviewed every closing and adjusted when necessary

SEK million	Equipment
<b>Opening balance, 1 January 2020</b>	<b>56</b>
Investments for the year	64
Changes in value from foreign currency	-4
<b>Closing balance, 31 December 2020</b>	<b>116</b>
<b>Opening balance accumulated depreciation, 1 January 2020</b>	<b>-26</b>
Depreciation for the year	-32
Changes in value from foreign currency	2
<b>Closing balance accumulated depreciation, 31 December 2020</b>	<b>-56</b>
<b>Carrying amount, 31 December 2020</b>	<b>60</b>
<b>Opening balance, 1 January 2021</b>	<b>116</b>
Business combinations	54
Investments for the year	35
Changes in value from foreign currency	6
<b>Closing balance, 31 December 2021</b>	<b>211</b>
<b>Opening balance accumulated depreciation, 1 January 2021</b>	<b>-56</b>
Business combinations	-38
Depreciation for the year	-18
Disposals	1
<b>Closing balance accumulated depreciation, 31 December 2021</b>	<b>-111</b>
<b>Carrying amount, 31 December 2021</b>	<b>100</b>

### 3.4 Investments in associated companies and joint ventures

#### Accounting policies

Associated companies and joint ventures are all entities over which Heimstaden has significant influence but not control or joint control. This is generally the case where Heimstaden 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. The carrying amount of the investment is adjusted to recognise changes in Heimstaden's share of net assets of the joint venture since the acquisition date. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

The Statement of Profit and Loss reflects Heimstaden'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's OCI. In addition, when there has been a change recognised directly in the equity of the joint ventures, Heimstaden recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between Heimstaden and the joint ventures are eliminated to the extent of the interest in the joint ventures.

Where Heimstaden'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 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 and its associates and joint ventures are eliminated to the extent of Heimstaden's interest in these entities.

At each reporting date, Heimstaden determines whether there is objective evidence that the investment in each joint venture and associated companies is impaired. If there is such evidence, Heimstaden 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 and Loss.

When Heimstaden ceases equity accounting for an investment because of a loss of 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 a financial asset.

#### Investments in associated companies

SEK million	31 December 2021	31 December 2020
Opening balance	370	333
Investment for the year	63	1
Dividend for the year	0	-20
Share of profit	327	56
<b>Closing balance</b>	<b>760</b>	<b>370</b>

Investments are reported in accordance with the equity method.



**Specifications of the Group's investments in associated companies**

Company	Corp. ID No	Reg. office	No. of shares	Share in %	Share of equity
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	279
Byggrätt Norr AB	559207-4859	Skellefteå	94	19	0
<b>Total</b>					<b>279</b>

**Specifications of the Group's investments in joint ventures**

Company	Corp. ID No	Reg. office	No. of shares	Share in %	Share of equity
A Place To A/S	39754134	Charlottenlund	5,000	50	0
KCP Utviklingsselskabet af 31. oktober A/S	39104369	Herning	5,000	50	3
Atriet A/S	41938927	Herning	5,000	50	1
Høje Tåstrup A21 ApS	42465704	Aarup	20,000	50	-1
A21 Taastrup ApS	41142014	Aarup	40,000	50	-1
Gamlebro AB	556791-3990	Norrköping	500	50	13
Upplands Bro Brogårds Etapp 2 AB	559175-4915	Stockholm	500	50	117
Magnolia Projekt 5222 AB	559175-4907	Stockholm	500	50	236
Kiinteistö Oy Hiihtomäentie 14	0819867-2	Helsingfors	13,327	53	43
<b>Total</b>					<b>366</b>

## 2021 Comprehensive Income Statement

SEK million	A Place To A/S	KCP Utviklingselskabet af 31. oktober A/S	Atriet A/S	Høje Tåstrup A21 ApS	A21 Taastrup ApS	Gamlebro AB	Upplands Bro Brogårds Ettapp 2 AB	Magnolia Projekt 5222 AB	Kiinteistö Oy Hii- htomäentie 14	Rosengård Fastighets AB	Byggrätt Norr AB
Rental income	7	–	–	–	–	17	–	–	3	150	–
Property expenses	-7	–	–	-1	-2	-16	-1	–	-1	-108	–
<b>Net operating income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-1</b>	<b>-2</b>	<b>–</b>	<b>-1</b>	<b>–</b>	<b>1</b>	<b>43</b>	<b>–</b>
Financial items, net	-2	–	–	-1	0	-5	-25	–	–	-10	–
Unrealised value change	–	–	–	0	0	–	44	471	23	385	–
Tax expenses	–	–	–	0	0	–	-8	–	-6	-87	–
<b>Profit for the year</b>	<b>-1</b>	<b>–</b>	<b>–</b>	<b>-2</b>	<b>-2</b>	<b>-4</b>	<b>10</b>	<b>471</b>	<b>19</b>	<b>330</b>	<b>–</b>
<b>Group's share of profit</b>	<b>-1</b>	<b>–</b>	<b>–</b>	<b>-1</b>	<b>-1</b>	<b>-2</b>	<b>5</b>	<b>236</b>	<b>9</b>	<b>83</b>	<b>–</b>
<b>Balance Sheet</b>											
Investment properties	–	–	–	–	–	470	748	471	99	2,086	–
Assets except investment properties	819	6	80	97	122	63	106	–	–	44	–
Equity	-1	6	1	-2	-2	25	234	471	86	1,117	–
Liabilities	819	–	79	97	122	507	620	–	13	1,012	–
<b>Carrying amount of the investment, 31 December 2021</b>	<b>–</b>	<b>3</b>	<b>1</b>	<b>-1</b>	<b>-1</b>	<b>13</b>	<b>117</b>	<b>236</b>	<b>46</b>	<b>279</b>	<b>–</b>

## 2020 Comprehensive Income Statement

SEK million	A Place To A/S	KCP Utviklingselskabet af 31. oktober A/S	Atriet A/S	Høje Tåstrup A21 ApS	A21 Taastrup ApS	Gamlebro AB	Upplands Bro Brogårds Ettapp 2 AB	Magnolia Projekt 5222 AB	Kiinteistö Oy Hii- htomäentie 14	Rosengård Fastighets AB	Byggrätt Norr AB
Rental income	0	0	–	–	–	16	0	–	–	147	–
Property expenses	0	0	–	–	–	-6	0	–	–	-78	–
<b>Net operating income</b>	<b>0</b>	<b>0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>0</b>	<b>–</b>	<b>–</b>	<b>69</b>	<b>–</b>
Corporate administrative expenses	-1	-1	–	–	–	-9	-2	–	–	-20	–
Financial items, net	-1	-1	–	–	–	-5	-22	–	–	-11	–
Unrealised value change	0	38	–	–	–	0	25	–	–	148	–
Tax expenses	0	-1	–	–	–	-1	-5	–	–	-40	–
<b>Profit for the year</b>	<b>-2</b>	<b>35</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-5</b>	<b>-4</b>	<b>–</b>	<b>–</b>	<b>146</b>	<b>–</b>
<b>Group's share of profit</b>	<b>-1</b>	<b>25</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-3</b>	<b>-2</b>	<b>–</b>	<b>–</b>	<b>37</b>	<b>–</b>
<b>Balance Sheet</b>											
Investment properties	–	–	–	–	–	396	563	–	–	1,639	–
Assets except investment properties	347	347	–	–	–	130	43	–	–	49	–
Equity	116	9	–	–	–	30	194	–	–	780	–
Liabilities	231	338	–	–	–	226	412	–	–	908	–
<b>Carrying amount of the investment, 31 December 2020</b>	<b>58</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>15</b>	<b>97</b>	<b>–</b>	<b>–</b>	<b>195</b>	<b>–</b>

### 3.5 Other non-current financial receivables

SEK million	31 December 2021	31 December 2020
Opening balance	932	584
Loans granted	1,200	–
Loans granted to associated companies and joint ventures	181	360
Repayment on loans	–	-12
<b>Closing balance</b>	<b>2,313</b>	<b>932</b>

The balance mainly relates to loans in connection with new production.

## 4. Current assets

### 4.1 Inventory properties

#### Accounting policies

Property acquired or being constructed or re-developed for sale, rather than to be held for rental or capital appreciation, is held as inventory property and measured at the lower of cost and net realisable value. Principally, this is residential property that Heimstaden develops and intends to sell before, or on completion of, development. Inventory property is stated at the lower of cost and net realisable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date, and is determined by the Group based on

comparable transactions identified by the Group for property in the same geographical market serving the same segment. NRV in respect of inventory property under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, considering the time value of money, if material. Inventory properties are primarily related to certain projects in Oslo, Norway.

SEK million	31 December 2021	31 December 2020
Opening balance	1,292	865
Capital expenditures	62	325
Currency translation	85	-86
Reclassification to non-current assets	-127	-
Disposals of inventory properties	-464	-
Reversed impairment / Impairment	-2	188
<b>Closing balance</b>	<b>846</b>	<b>1,292</b>

### 4.2 Rent and trade receivables

#### Accounting policies

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

Heimstaden 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 makes provisions for expected credit losses based on historical credit losses and forward-looking information. Heimstaden'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 writes off a receivable when there is no longer any expectation of receiving payment and when active measures to obtain payment have been discontinued.

SEK million	31 December 2021	31 December 2020
Rent receivables	207	86
<b>Total rent and trade receivables</b>	<b>207</b>	<b>86</b>

#### Age distribution of rent and trade receivables

SEK million	31 December 2021	31 December 2020
-30 days	121	61
31-60 days	14	13
61-90 days	5	29
91 days +	115	0
<b>Total</b>	<b>255</b>	<b>103</b>
Credit loss provision	-48	-17
<b>Rent and trade receivables, net</b>	<b>207</b>	<b>86</b>

### 4.3 Other current receivables

SEK million	31 December 2021	31 December 2020
Prepaid tax	134	23
Deposits related to acquisitions	317	1,830
Prepaid insurance premium	50	42
Prepaid interest	311	–
Other receivables	1,593	519
<b>Total</b>	<b>2,405</b>	<b>2,414</b>

### 4.4 Cash and cash equivalents

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 unutilized credit commitments of SEK 25,474 million (14,627), which are not included in cash and cash equivalents.

### 4.5 Other adjustments in Cash Flow Statement

SEK million	2021	2020
Depreciation	45	57
Rental losses	39	27
Exchange rate difference	63	-398
Share of profit of an associate and a joint venture	-904	-56
<b>Total</b>	<b>-757</b>	<b>-370</b>

## 5. Equity

At the end of the financial year there were 132,040,000 (13,204,000) ordinary shares and 58,593,750 (2,343,750) preference shares with a quota value of SEK 0.5 (5) per share. Each preference share holds one vote each, while each ordinary share has ten votes.

All shares are fully paid.

There are no restrictions regarding dividend or other types of repayment.

Event	Type	Date of registration	Change in number of shares	Total number of shares	Change in share capital	Total share capital	Par value
<b>Opening balance, 1 January 2020</b>				<b>15,547,750</b>		<b>78</b>	<b>5</b>
<b>Closing balance, 31 December 2020</b>				<b>15,547,750</b>		<b>78</b>	<b>5</b>
<b>Opening balance, 1 January 2021</b>				<b>15,547,750</b>		<b>78</b>	<b>5</b>
Split 1:10	Ordinary, Pref	26/04/2021	139,929,750	155,477,500	–	78	0.5
New share issue	Pref	07/06/2021	11,718,750	167,196,250	6	84	0.5
New share issue	Pref	07/06/2021	23,437,500	190,633,750	12	95	0.5
<b>Closing balance, 31 December 2021</b>				<b>190,633,750</b>		<b>95</b>	<b>0.5</b>

### 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 has issued hybrid bonds amounting to SEK 7.3 (3.8) billion. These 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 5-7 years from the issue date.

At the first reporting date, the hybrid bonds are classified as an equity instrument. The classification is based on the fact 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 assets. Heimstaden 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 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.

Loans to subsidiaries that comply with IAS 21 paragraphs 15 and 32 for increased net investment in foreign subsidiaries, the translation effect for lending in foreign currencies has affected other comprehensive income by SEK 1,328 million as December 31, 2021.

### Retained earnings

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

### Non-controlling interests

Non-controlling interests consist of external ownership interests in subsidiaries and their subsidiaries.

### Non-controlling interests' share of

SEK million	2021	2020
Profit for the period	8,833	3,922
Comprehensive income for the period	10,315	2,144

### Breakdown of non-controlling interests

SEK million	2021	2020
Minority	70,849	36,021
Hybrid bonds	34,445	13,948
<b>Total non-controlling interests</b>	<b>105,294</b>	<b>49,969</b>

**Capital Share in Heimstaden Bostad AB as of 31 December<sup>1</sup>**

%	2021	2020
Heimstaden AB	44.99	44.7
Alecta	38.07	45.9
Folksam Group	12.63	6.3
Ericsson Pension Fund	1.39	2.2
Sandvik Pension Fund	0.49	0.8
Pensionsmyndigheten	1.43	–
Försäkringsbranschen pensionskassa	0.39	–
Migros pensionskasse	0.58	–
Heimstaden AB management	0.04	0.1
<b>Total non-controlling interests</b>	<b>100</b>	<b>100</b>

<sup>1</sup> Capital share percentage differs from voting rights as investors hold share classes with different voting rights.

**Specification of Other Comprehensive Income**

Other Comprehensive Income are related to foreign currency translation differences that may be reclassified to profit or loss in subsequent periods.

SEK million	Country	Currency code	2021	2020
	Czech Republic	CZK	1,179	-1,343
	Denmark	DKK	507	-596
	Netherlands, Germany and Finland	EUR	662	-796
	Norway	NOK	1,253	-1,751
	Poland	PLN	5	-6
	United Kingdom	GBP	14	–
	Iceland	ISK	21	–
	<b>Total</b>		<b>3,640</b>	<b>-4,493</b>

## 6. Capital structure and financial items

### 6.1 Financial instruments

#### Accounting policies

##### Financial assets

The Group's financial assets include trade receivables, other receivables, publicly traded shares, derivative financial instruments, and cash and cash equivalents.

Classification at initial recognition depends on the financial asset's contractual cash flow characteristics and Heimstaden's business model for managing them. Except for trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value.

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 a 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 do not qualify as SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Heimstaden's business model for managing financial assets refers to how it manages its financial assets 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 to collect contractual cash flows.

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

- Financial assets at fair value through profit or loss (derivative financial instruments, publicly traded shares etc.)
- Financial assets at amortised cost (rent and other trade receivables, other receivables, 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 and Loss. This category includes publicly quoted shares and derivative instruments, which are further described below.

For purposes of subsequent measurement, Heimstaden 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 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, except for financial assets that do not contain a significant financing component, 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. Rent and other trade receivables, other receivables, cash, and short-term deposits, meet these conditions and 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 has transferred its rights to receive cash flows from the asset and either transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

##### Impairment of financial assets

Heimstaden recognises an allowance for expected credit losses for all debt instruments 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 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 the simplified method (see [Note 4.2](#) Rent and 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 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, considering historical, current, and forward-looking data. The assessment of whether there is a significant increase in credit risk at the balance sheet 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 as well. The valuation of expected credit losses considers any collateral and other credit enhancements in the form of guarantees.

Heimstaden considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Heimstaden may also consider a financial asset to be in default when internal or external information indicates that Heimstaden is

unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by Heimstaden. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### Financial liabilities

Heimstaden's financial liabilities comprise interest-bearing loans and borrowings, corporate bonds, lease liabilities, derivative financial instruments, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. All financial liabilities are recognised initially at fair value and, except for 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 considering 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 and Loss.

A financial liability is derecognised when the obligation under the liability is discharged, 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 and Loss.

##### Derivative financial instruments

Heimstaden 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 swaps, forward foreign exchange contracts for economic hedging purposes, and forward purchase contracts for investment properties held in limited liability companies. Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered. 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 valuation gain or loss financial instruments at fair value through profit and loss. When forward contracts for investment properties held in limited liability compa-

nies are settled and the Company takes control of the new subsidiary, the fair value of the forward contract is transferred to the fair value of the investment property.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated balance sheet 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.

#### Fair Value Measurements of Financial Instruments

Below is a comparison of the carrying amounts and fair values of financial assets and financial liabilities:

SEK million	31 December 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Derivative financial instruments	440	440	–	–
Quoted equity investments	5,765	5,765	–	–
Other financial non-current assets	2,313	2,313	932	932
Trade receivables	207	207	86	86
Other financial receivables	1,681	1,681	2,106	2,106
Cash and cash equivalents	20,488	20,488	10,906	10,906
<b>Total</b>	<b>30,453</b>	<b>30,453</b>	<b>14,401</b>	<b>14,401</b>
<b>Financial liabilities</b>				
Derivative financial instruments	6	6	447	447
Long-term interest-bearing liabilities	148,193	148,611	67,116	68,453
Current interest-bearing liabilities	28,313	28,313	7,965	7,965
Lease liabilities	891	891	748	748
Trade payables	691	691	477	477
Other liabilities	4,078	4,078	917	917
<b>Total</b>	<b>182,612</b>	<b>182,568</b>	<b>77,670</b>	<b>79,007</b>

The following tables provide the fair value measurement hierarchy of the Group's financial assets and financial liabilities:

#### As at 31 December 2021

SEK million	Total	Fair value measurement using:		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value:</b>	<b>6,401</b>	<b>5,765</b>	<b>165</b>	<b>471</b>
Derivative financial assets				
Cross currency swaps – NOK	165	–	165	–
Forward purchase contracts	471	–	–	471
Quoted equity investments	5,765	5,765	–	–
<b>Financial liabilities measured at fair value:</b>	<b>-202</b>	<b>–</b>	<b>-202</b>	<b>–</b>
Derivative financial liabilities				
Cross currency swaps – SEK	-173	–	-173	–
Interest rate swaps	-28	–	-28	–

There were no changes in the Group's valuation processes, valuation techniques, or types of inputs used in the fair value measurements during the period. Derivative financial instruments are classified net in the balance sheet and under current liabilities if they are due to be settled within 12 months after the reporting period. All other liabilities are classified as non-current. There were no transfers between Level 1 and Level 2 fair value measurements during 2021, and no transfers into or out of Level 3 fair value measurements during 2021.

#### As at 31 December 2020

SEK million	Total	Fair value measurement using:		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value:</b>	<b>261</b>	<b>–</b>	<b>261</b>	<b>–</b>
Derivative financial assets				
Cross currency swaps – NOK	261	–	261	–
<b>Financial liabilities measured at fair value:</b>	<b>-708</b>	<b>–</b>	<b>-708</b>	<b>–</b>
Derivative financial liabilities				
Cross currency swaps – SEK	-328	–	-328	–
Interest rate swaps	-380	–	-380	–

### Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest-level input that is significant to the fair value measurement as a whole, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period. For more information regarding fair value hierarchy see [Note 3.1](#).

### Maturity, interest rate derivatives

SEK million	Type	31 December 2021			31 December 2020		
		Nominal amount	Share, %	Average interest, % <sup>1</sup>	Nominal amount	Share, %	Average interest, % <sup>1</sup>
<b>Maturity, year</b>							
Within 1 year of the Balance Sheet date	Paying fixed	5,314	15	0.15	5,733	16	0.10
Within 1–5 years of the Balance Sheet date	Paying fixed	28,845	81	0.12	24,934	71	0.18
Later than 5 years from the Balance Sheet date	Paying fixed	1,542	4	0.10	4,646	13	0.22
<b>Total interest rate derivatives</b>		<b>35,701</b>	<b>100</b>	<b>0.12</b>	<b>35,313</b>	<b>100</b>	<b>0.17</b>

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

### Maturity, cross currency swaps

SEK million	Type	31 December 2021			31 December 2020		
		Nominal amount	Share, %	Average interest, % <sup>1</sup>	Nominal amount	Share, %	Average interest, % <sup>1</sup>
Within 1 year of the Balance Sheet date	Receives variable	–	–	–	5,167	51	1.90
Within 1–5 years of the Balance Sheet date	Receives variable	5,624	100	2.36	5,017	49	2.13
Later than 5 years from the Balance Sheet date	Receives variable	–	–	–	–	–	–
<b>Total cross currency swaps</b>		<b>5,624</b>	<b>100</b>	<b>2.36</b>	<b>10,184</b>	<b>100</b>	<b>2.01</b>

<sup>1</sup> The interest rate indicates the variable agreed interest rate on the balance sheet date.

## 6.2 Financial risks

### Refinancing risk

To minimise refinancing risk, the Company uses various reliable funding sources with a diversified maturity structure. The Company's financial policy stipulates the level of key credit ratios, as well as a minimum average loan tenor in the debt portfolio of 8.39 years. To mitigate refinancing risk, the Company also maintains ample liquidity reserves and unutilized sources of credit.

### Liquidity risk

Liquidity risk is the risk that Heimstaden cannot fulfil its financial or operational obligations due to surplus liquidity, or that the Group cannot pay for acquisitions, capital expenditures, or other signed obligations. To mitigate this risk, Heimstaden has unutilised credit facilities of 25,474 SEK million, a financial policy stating that there can never be more than 25% of debt maturing in a single year, as well as a policy stipulating that the estimated liquidity ratio always has to exceed 125%.

Maturity 31 December, 2021, SEK million

	0–1 years	1–5 years	>5 years
Long-term interest-bearing liabilities	27,598	62,224	87,443
Leasing liabilities	97	176	530
Financial derivative instruments	5,314	28,845	1,542
Trade payables	691	–	–
Other liabilities	6,407	–	–
<b>Total</b>	<b>40,107</b>	<b>91,245</b>	<b>89,514</b>

See [Note 8.5](#) for repayment of the Heimstaden Bostad bridge facility in January 17, 2022.

Of the 27,598 million SEK maturing in 2022, 4,000 million SEK is directly associated with the Heimstaden AB bridge financing facility as part of the Akelius transaction. The terms of the bridge facility include a 12+6+6 (month) maturity schedule with the first maturity period in December 2022. Heimstaden AB has the optionality to extend the maturity to 2023 per the bridge agreement.

Maturity 31 December, 2020, SEK million

	0–1 years	1–5 years	>5 years
Long-term interest-bearing liabilities	7,571	27,313	40,485
Leasing liabilities	50	117	438
Financial derivative instruments	5,733	24,934	4,646
Trade payables	477	–	–
Other liabilities	1,584	–	–
<b>Total</b>	<b>15,415</b>	<b>52,364</b>	<b>45,569</b>

### Financial obligations

The Company's debt agreements include financial covenants, the breach of which could lead to the termination of loans, immediate repayment requirements, or a claim on secured assets. The Company's financial policy stipulates levels of key credit ratios to ensure that no covenants are breached. Continuous internal and external auditing assures accurate reporting and information.

### Credit risk

If counterparties cannot meet their obligations towards the Company or if a substantial number of customers fail to pay rent, it would lead to reduced liquidity and losses. To counter this, the Company regularly assesses the creditworthiness of its counterparties. For the majority of rental contracts rent is paid in advance and risk is further reduced through a large and diversified customer base.

**Interest rate risk**

Rising interest rates may increase the financing cost for the Company and negatively impact profitability. According to the financial policy, the Company shall maintain at least 75% of its loan portfolio at a fixed rate, which is managed with loans and bonds with fixed interest rate and interest rates swaps.

**Currency risk**

The Company owns assets in other currencies than the reporting currency, which leads to a risk of negative impact on cash flows or asset values in the case of fluctuating currency exchange rates.

The Company to a large extent utilises match funding to match cash flows with asset and debt value fluctuations.

**Changes in values of derivatives**

The value of currency derivatives may be affected by changes in base rates or foreign currency exchange rates. The Company's financial policy dictates which derivative instruments may be used for hedging strategies, stating that only marketable instruments for which prices can be obtained may be utilised. The Company also continuously monitors market movements and obtains external and internal derivative valuations.

**Interest rate sensitivity**

The following table includes the sensitivity of a change in interest rates on loans and borrowings possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

2021	Increase/decrease in basis points	Effect on profit before tax (+)	Effect on profit before tax (-)
Interest expenses	1%	479	-579
2020	Increase/decrease in basis points	Effect on profit before tax (+)	Effect on profit before tax (-)
Interest expenses	1%	70	-191

**Sensitivity analysis for exchange rate fluctuation**

2021		Effect on net assets of a 10% stronger SEK	Effect on net assets of a 10% weaker SEK
SEK million	Net assets		
CZK	17 407	-1 741	1 741
DKK	32 364	-3 236	3 236
EUR	23 600	-2 360	2 360
NOK	19 410	-1 941	1 941
GBP	1 090	-109	109
PLN	2 112	-211	211
ISK	1 970	-197	197
<b>Total</b>	<b>97 952</b>	<b>-9 795</b>	<b>9 795</b>
10%	-9 795		
-10%	9 795		

2020		Effect on net assets of a 10% stronger SEK	Effect on net assets of a 10% weaker SEK
SEK million	Net assets		
CZK	9,131	-913	913
DKK	5,622	-562	562
EUR	10,951	-1,095	1,095
NOK	7,555	-756	756
<b>Total</b>	<b>33,259</b>	<b>-3,326</b>	<b>3,326</b>
10%	-3,326		
-10%	3,326		

**6.3 Interest-bearing loans and borrowings**

SEK million	2021				2020			
	Interest-bearing liabilities	Secured loans, %	Share, %	Unutilised credit commitment	Interest-bearing liabilities	Secured loans, %	Share, %	Unutilised credit commitment
Corporate bonds	87,991	0	50	-	34,670	0	46	-
Mortgages	34,599	100	20	-	21,103	100	28	-
Bank loans	54,675	59	30	25,474	19,596	100	26	14,627
<b>Total</b>	<b>177,264</b>	<b>38</b>	<b>100</b>	<b>25,474</b>	<b>75,369</b>	<b>57</b>	<b>100</b>	<b>14,627</b>
Deferred charges	-758				-288			
<b>Total incl. deferred charges</b>	<b>176,506</b>				<b>75,081</b>			

**Interest-bearing liabilities per currency**

Currency	2021		2020	
	SEK million	Local currencies	SEK million	Local currencies
SEK	30,609	-	21,355	-
NOK	3,694	3,600	1,725	1,800
EUR	108,941	10,628	33,274	3,316
DKK	31,842	23,103	19,015	14,101
CZK	2,177	31,326	-	-
<b>Total</b>	<b>177,264</b>		<b>75,369</b>	
Deferred charges	-758		-288	
<b>Total incl. deferred charges</b>	<b>176,506</b>		<b>75,081</b>	

## Quoted bonds

Nominal value (millions)	Currency	Fair value <sup>2</sup>	Maturity	Rating	Annual coupon	Identification number	Exchange
<b>Interest-bearing liabilities</b>							
1,750	SEK	1,760	2023-05-31	N/A	FLOATING 3,161%	SE0012622249	OMX STOCKHOLM
1,200	SEK	1,202	2024-01-15	N/A	FLOATING 3,211%	SE0014991345	OMX STOCKHOLM
1,200	SEK	1,197	2025-10-15	N/A	FLOATING 3,911%	SE0014991352	OMX STOCKHOLM
350	EUR	354	2026-03-09	N/A	FIXED 4,25%	SE0015657903	OMX STOCKHOLM
400	EUR	403	2027-03-06	N/A	FIXED 4,375%	SE0016589105	OMX STOCKHOLM
1,000	SEK	313	2022-09-07	BBB	FLOATING 1,902%	XS1918010833	Euronext Dublin
500	NOK	520	2024-06-07	BBB	FLOATING 3,190%	NO0010838899	Oslo börs
700	EUR	465	2023-09-05	BBB	FIXED 2,125%	XS1958655745	Euronext Dublin
500	EUR	510	2026-01-21	BBB	FIXED 1,125%	XS2105772201	Euronext Dublin
50	EUR	56	2035-05-04	BBB	FIXED 2,800%	XS2168047087	Euronext Dublin
50	EUR	59	2035-05-04	N/A	FIXED 2,800%	XS2161838276	Euronext Dublin
500	SEK	310	2022-12-29	N/A	FLOATING 1,207%	XS2194280736	Euronext Dublin
700	EUR	718	2027-03-03	BBB	FIXED 1,375%	XS2225207468	Euronext Dublin
800	SEK	812	2025-02-25	N/A	FLOATING 1,180%	XS2259800121	Euronext Dublin
400	SEK	401	2025-02-25	N/A	FIXED 1,368%	XS2259781230	Euronext Dublin
400	NOK	394	2025-02-25	N/A	FIXED 2,019%	NO0010906951	Oslo börs
400	NOK	406	2025-02-25	N/A	FLOATING 0%	NO0010906944	Oslo börs
500	EUR	501	2023-01-12	N/A	FLOATING 0,052%	XS2284258345	Euronext Dublin
750	SEK	750	2025-04-07	N/A	FLOATING 0,764%	XS2327990649	Euronext Dublin
500	SEK	500	2024-04-08	N/A	FLOATING 0,640%	XS2327839580	Euronext Dublin
200	NOK	200	2024-04-22	N/A	FLOATING 1,490%	NO0010976319	Oslo börs
1,250	NOK	1,247	2026-04-22	N/A	FLOATING 1,690%	NO0010976327	Oslo börs
350	NOK	349	2028-04-24	N/A	FLOATING 1,880%	NO0010976335	Oslo börs
750	EUR	718	2029-09-06	BBB	FIXED 0,750%	XS2384269366	Euronext Dublin
1,250	EUR	1,253	2024-10-13	BBB	FIXED 0,250%	XS2397239000	Euronext Dublin
750	EUR	747	2028-04-13	BBB	FIXED 0,750%	XS2397252102	Euronext Dublin
750	EUR	752	2031-10-13	BBB	FIXED 1,625%	XS2397252011	Euronext Dublin
1,050	SEK	1,050	2023-11-23	N/A	FLOATING 0,495%	XS2412109105	Euronext Dublin
2,800	SEK	2,803	2023-11-23	N/A	FIXED 0,933%	XS2412106002	Euronext Dublin
650	SEK	651	2026-11-23	N/A	FLOATING 0,995%	XS2412106853	Euronext Dublin
850	SEK	849	2024-01-22	N/A	FIXED 0,875%	XS2420346517	Euronext Dublin

Nominal value (millions)	Currency	Fair value <sup>2</sup>	Maturity	Rating	Annual coupon	Identification number	Exchange
<b>Hybrid bonds<sup>1</sup></b>							
300	EUR	308	2027-01-15	BB-	VARIABLE 6,75%	SE0016278352	OMX STOCKHOLM
4,500	SEK	4,545	2024-10-11	BB-	FLOATING 5,837%	SE0012455111	OMX STOCKHOLM
800	EUR	807	2025-02-19	BB+	VARIABLE 3,248%	XS2010037765	Euronext Dublin
500	EUR	499	2026-04-15	BB+	VARIABLE 3,375%	XS2125121769	Euronext Dublin
800	EUR	760	2027-05-01	BB+	VARIABLE 2,625%	XS2294155739	Euronext Dublin
600	EUR	577	2028-01-29	BB+	VARIABLE 3,000%	XS2357357768	Euronext Dublin
600	EUR	600	2027-01-13	BB+	VARIABLE 3,265%	XS2397251807	Euronext Dublin

<sup>1</sup> Hybrid bonds are classified as equity in the statement of balance sheet.

<sup>2</sup> Based on quoted market prices as of the balance sheet date.

## Maturity structure interest-bearing liabilities

SEK million	Average loan tenor 31 December 2021					
	Loans and borrowings, secured	Corporate bonds, unsecured	Total loans and borrowings	Share, %	Lines of credit	Share, %
<b>Loan maturity</b>						
Within 1 year of the Balance Sheet date	957	26,641	27,598	16	1,400	5
Within 1–5 years of the Balance Sheet date	15,850	46,374	62,224	35	23,971	94
Later than 5 years from the Balance Sheet date	49,888	37,555	87,443	49	102	0
<b>Total</b>	<b>66,695</b>	<b>110,569</b>	<b>177,264</b>	<b>100</b>	<b>25,474</b>	<b>100</b>

## Average loan tenor 31 December 2020

SEK million	Loans and borrowings, secured	Corporate bonds, unsecured	Total loans and borrowings	Share, %	Lines of credit	Share, %
<b>Loan maturity</b>						
Within 1 year of the Balance Sheet date	1,218	6,354	7,572	10	0	0
Within 1–5 years of the Balance Sheet date	12,393	14,919	27,312	36	14,627	100
Later than 5 years from the Balance Sheet date	27,441	13,044	40,485	54	0	0
<b>Total</b>	<b>41,052</b>	<b>34,317</b>	<b>75,369</b>	<b>100</b>	<b>14,627</b>	<b>100</b>

## Fixed interest rates 31 December 2021

SEK million	Secured borrowing	Unsecured borrowing	Total borrowing	Average interest rate, % incl. margin	Share, %
<b>Interest maturity</b>					
Within 1 year of the Balance Sheet date	44,416	71,987	116,403	1.22	66
Within 1–5 years of the Balance Sheet date	11,877	18,575	30,452	0.94	17
Later than 5 years from the Balance Sheet date	10,401	20,008	30,409	1.65	17
<b>Total</b>	<b>66,695</b>	<b>110,569</b>	<b>177,264</b>	<b>1.24</b>	<b>100</b>

## Fixed interest rates 31 December 2020

SEK million	Secured borrowing	Unsecured borrowing	Total borrowing	Average interest rate, % incl. margin	Share, %
<b>Interest maturity</b>					
Within 1 year of the Balance Sheet date	35,507	18,985	54,492	1.37	72
Within 1–5 years of the Balance Sheet date	3,367	7,807	11,174	2.25	15
Later than 5 years from the Balance Sheet date	2,178	7,525	9,703	1.49	13
<b>Total</b>	<b>41,052</b>	<b>34,317</b>	<b>75,369</b>	<b>1.52</b>	<b>100</b>

The average remaining term of fixed interest in the loan portfolio as of 2021-12-31 was: 1.90 years (1.63)

The average remaining term of fixed interest in the loan portfolio, including derivatives, as of 2021-12-31 was: 2.23 years (2.89)

The average remaining loan tenor as of 2021-12-31 was: 8.39 years (10.07)

## Reconciliation of liabilities attributable to financing activities

SEK million	Corporate bonds	Mortgages/bank loans	Deferred charges	Lease liabilities	Total
<b>Opening balance, 1 January 2020</b>	<b>21,066</b>	<b>40,880</b>	<b>-288</b>	<b>896</b>	<b>62,554</b>
Loan repayments	–	–	–	–	–
New borrowings/assumed debt in connection with acquisitions	14,374	1,363	–	-33	15,704
Currency exchange effect on loans	-1,123	-1,191	–	-60	-2,374
Other changes	–	–	–	-55	-55
<b>Closing balance, 31 December 2020</b>	<b>34,317</b>	<b>41,052</b>	<b>-288</b>	<b>748</b>	<b>75,829</b>
<b>Opening balance 1 January 2021</b>	<b>34,317</b>	<b>41,052</b>	<b>-288</b>	<b>748</b>	<b>75,829</b>
Loan repayments	-9,320	-8,587	–	–	-17,907
New borrowings/assumed debt in connection with acquisitions	61,896	55,688	–	135	117,720
Currency exchange effect on loans	1,097	1,120	–	49	2,267
Capitalisation of debt issuance cost, net of amortisation	–	–	-470	–	-470
Other changes	–	–	–	-41	–
<b>Closing balance, 31 December 2021</b>	<b>87,991</b>	<b>89,274</b>	<b>-758</b>	<b>891</b>	<b>177,438</b>

## 6.4 Capital management

The access to long term capital is important for us to acquire, develop and manage our property portfolio. Changes in the capital structure affect the operations' financial risk and earnings capacity and we are monitoring the capital structure to ensure it is aligned with our financial policy.

## Standalone Financial Policy

	Policy	2021	2020
Net loan-to-value	% ≤ 30	26.4	3.4
Interest coverage ratio	Multiple ≥ 2.0	7.1	8.7
Interest coverage ratio including hybrid bonds	Multiple ≥ 1.5	4.3	2.9

## 7. Other liabilities

### 7.1 Leases

#### Accounting policies

Heimstaden has a lease commitment for leasehold rights, premises, and vehicles. The commitment is classified as a lease liability in the Balance Sheet and the right to use the underlying asset during the leasing period is classified as an asset. Amortisation of the asset is reported in profit or loss. Lease payments are reported partly as payment of interest and partly as amortisation of the lease liability. 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. Premises and vehicles are reported at discounted values in the Balance Sheet as a right-of-use asset and a lease liability. In profit and loss, 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 profit and loss.

The table below shows the rights of use per category:

SEK million	Premises	Vehicles	Other	Total
<b>Opening balance, 1 January 2020</b>	<b>239</b>	<b>26</b>	<b>1</b>	<b>266</b>
New contracts	28	24	–	52
Acquisitions	17	2	–	19
Ended contracts	–	-1	–	-1
Reclassifications	-169	-2	–	-171
Depreciation	-20	-15	-1	-36
Currency translation	-4	-1	–	-5
<b>Closing balance, 31 December 2020</b>	<b>91</b>	<b>33</b>	<b>–</b>	<b>124</b>
Changes to contracts	21	19	–	40
Reclassifications	–	–	–	–
Depreciation	-23	-17	–	-40
Currency translation	4	1	–	5
<b>Closing balance, 31 December 2021</b>	<b>92</b>	<b>36</b>	<b>–</b>	<b>128</b>

Below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

SEK million	2021	2020
<b>As at 1 January</b>	<b>748</b>	<b>896</b>
Additions	61	128
Ended contracts	-19	-26
Accretions of interest	26	7
Payments	-67	-40
Reclassification	28	-173
Acquisitions	65	16
Currency translation	49	-60
<b>As 31 December</b>	<b>891</b>	<b>748</b>
Current	38	31
Non-current	853	717

The following amounts are recognised in profit or loss:

SEK million	2021	2020
Depreciation expense of right-of-use assets	-40	-36
Interest expense on lease liabilities	-26	-67
Expense relating to short-term leases (included in cost of sales)	-2	–
Expense relating to leases of low-value assets (included in administrative expenses)	-3	–
Variable lease payments (included in cost of sales)	0	–
<b>Total amount recognised in profit or loss</b>	<b>-71</b>	<b>-103</b>

Breakdown of undiscounted lease debt:

SEK million	2021	2020
Within one year	97	50
1-5 years	176	117
> 5 years	530	438
<b>Total</b>	<b>803</b>	<b>605</b>

The Group's lease income from operating leases is presented in rental income in profit or loss. For more information see [Note 2.2](#).

## 7.2 Deferred tax

### Accounting policies

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 that have been enacted or substantively enacted by the date of the Consolidated Balance Sheet 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 utilized. The carrying value of Heimstaden's investment property is assumed to be realised by sale at the end of use.

The capital gains tax rate is based on the applicable rate of a direct sale of the property recorded in the Balance Sheet regardless of whether Heimstaden 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 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 the same taxable entity.

### Deferred tax

SEK million	2021		2020	
	Basis	Tax	Basis	Tax
<b>Deferred tax asset loss carryforwards</b>				
Opening balance	-667	-147	-1,429	-308
Change for the year	-418	-89	762	161
<b>Closing balance</b>	<b>-1,085</b>	<b>-236</b>	<b>-667</b>	<b>-147</b>
<b>Deferred tax liabilities investment properties</b>				
Opening balance	26,770	5,686	18,732	3,962
Business combinations	48,916	12,877	–	–
Depreciation for the year	190	39	136	31
Value change for investment properties	21,755	4,671	8,165	1,722
Reversal for the year due to sale	-79	-17	–	–
Changed tax rate	–	–	-263	-29
<b>Closing balance</b>	<b>97,552</b>	<b>23,256</b>	<b>26,770</b>	<b>5,744</b>
<b>Derivative financial instruments</b>				
Opening balance	-447	-95	-65	-15
Change for the year	881	186	-382	-80
<b>Closing balance</b>	<b>434</b>	<b>91</b>	<b>-447</b>	<b>-95</b>
<b>Temporary differences</b>				
	644	172	–	–
<b>Net deferred tax</b>				
Opening balance	26,656	5,446	17,238	3,640
Business combinations	48,916	12,877	–	–
Revaluation, deferred tax	–	–	-263	-28
Changed tax rate	–	-31	–	-58
Change for the year	22,973	4,961	8,681	1,892
<b>Closing balance</b>	<b>97,545</b>	<b>23,252</b>	<b>25,656</b>	<b>5,446</b>

Capitalised tax loss carryforward relates to tax loss of SEK 1,085 million (667).

### 7.3 Other current liabilities

SEK million	31 December 2021	31 December 2020
Current tax liabilities	508	–
Real-estate transfer tax	2,414	48
Liabilities related to real-estate transactions	645	524
VAT construction projects	–	105
Personnel costs	140	45
Other liabilities	372	197
<b>Total</b>	<b>4,078</b>	<b>917</b>



## 8. Other disclosures

### 8.1 Related-party disclosures

Transactions with related parties carried out at arm's length terms.

The following are defined as related parties:

- All companies within the Heimstaden 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% of the shares or votes in the Company

#### Summary of transactions with 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 7](#).

In 2021, Heimstaden acquired administrative services from Heimstaden Bostad AB and its subsidiaries for 1,437 million (964).

#### Transactions with investments in associated companies and joint ventures

SEK million	2021	2020
Interest revenue from investments in associated companies and joint ventures	49	63
Receivables from investments in associated companies and joint ventures	247	82
Liabilities to investments in associated companies and joint ventures	–	284
Capital contributions to investments in associated companies and joint ventures	–	25

In addition see also [Note 3.4](#), Associated companies and joint ventures.

In 2021, Heimstaden AB acquired properties from Group companies for SEK 0 million (0).

In July 2021, Heimstaden AB acquired 100% of the shares in Icelandic residential company Heimstaden ehf. from Fredensborg ICE ehf. for SEK 1.7 billion.

In 2021, Ivar Tollefsen and his family received SEK 15 million in total fees for ground rent (SEK 13 million).

#### Transactions with key individuals in leading positions

The Company's Chairman of the Board and companies he owns control 98.4% (98.4) of the votes in Heimstaden AB. The CEO and Deputy CEO hold shares in the subsidiary Heimstaden Bostad AB, and accordingly received dividends in 2021 and 2020 and participated in the new share issue. Board member Stefan Attefall received compensation for consulting fees of SEK 1 million (1) during the year.

### 8.2 Business combinations

On 1 December 2021, Heimstaden Bostad acquired 100% of the voting shares in Akelius Lägenheter Aktiebolag, Akelius Bolig Holding ApS, and Akelius GmbH for SEK 92.5 billion. The portfolio comprised 28,776 homes across Sweden, Germany, and Denmark.

As a result of the business combination and the preliminary analysis of the purchase price allocation, SEK 16,466 million in goodwill was recognised. The goodwill arose from the purchase price exceeding the fair value of acquired net assets. The goodwill amount is related to deferred tax liabilities of SEK 12,949 million and SEK 3,518 million from synergies attributable to economies of scale (core goodwill). The acquisition has been analysed in accordance with IFRS3 and is deemed to meet criteria for business combinations, see also [Note 3.2](#) for additional information.

The acquired businesses have from the date of acquisition to 31 December 2021 contributed to the Group's revenues and profit before taxes with SEK 244 million. If the acquisition had occurred at the beginning of 2021, revenues and profit before taxes for 2021 would have increased by SEK 2,442 million and SEK 16,413 million, respectively.

## Acquisition of Akelius properties in Germany, Sweden, and Denmark

### Balance Sheet 1 December 2021

SEK million	Fair value recognised on acquisition
<b>NET ASSETS</b>	
Investment properties	80,069
Machinery and equipment	10
Other non-current financial assets	68
Inventory properties	467
Other current assets	246
Cash and cash equivalents	288
Long-term interest-bearing liabilities	-13,067
Non-current liabilities, financial leasing	-68
Deferred tax liability	-12,949
Other long-term liabilities	-70
Other current assets	-723
<b>Net identifiable assets at fair value</b>	<b>63,271</b>
Goodwill	16,466
<b>Total net assets</b>	<b>79,737</b>
<b>CASH FLOW EFFECT</b>	
Consideration paid	79,737
- cash and cash equivalents in acquired companies	288
<b>Total cash flow effect</b>	<b>79,449</b>

## 8.3 Pledged assets

SEK million	31 December 2021	31 December 2020
Mortgages <sup>1</sup>	64,726	52,386
Pledged shares in subsidiaries <sup>1</sup>	50,897	35,161
<b>Total</b>	<b>115,623</b>	<b>87,547</b>

<sup>1</sup> The collateral has been pledged with regard to interest-bearing loans from credit institutions.

## 8.4 Contingencies and commitments

### Pre-emptive rights

In 2018, Heimstaden received a guarantee from its Parent Company, Fredensborg AS, for any losses related to the municipality's potential use of pre-emptive right to buy 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. Subsequently, the parties entered into a settlement agreement, and the five properties were sold to the municipality on 31 December 2021. Fredensborg AS has guaranteed for the difference of sales price and fair value of the properties as of the date of the sale. Therefore no losses were recognised from the sale.

### Investment obligations

Heimstaden AB's subsidiary Heimstaden Bostad has entered into contracts with sellers of investment property placed in a corporate wrapper. The corporate wrapper holds an existing investment property and rental agreements with tenants. Heimstaden Bostad will acquire 100% of the outstanding shares in the corporate wrapper at a future date. The contract is either for a fixed price or at a variable price based on the equity in the corporate wrapper, where the investment property is measured at fair value. The arrangements are recognized as financial instruments under IFRS 9 at fair value through profit/loss. For more information see [Note 6.1](#).

Heimstaden AB's subsidiary, Heimstaden Bostad AB, has signed agreements to buy turnkey investment properties under construction after the Balance Sheet date. As at 31 December 2021, Heimstaden Bostad had total investment obligations of SEK12,069 billion between 2022 and 2027, see table below.

### 2021

SEK million	2022	2023	2024	2025	2026	2027	2028	Total
Investment obligations	3,871	1,643	3,303	2,273	378	601	-	12,069

### 2020

SEK million	2021	2022	2023	2024	2025	2026	2027	Total
Investment obligations	26,968	392	4,783	5,604	758	319	872	39,696

### Capital expenditures

As at 31 December, Heimstaden AB's subsidiary, Heimstaden Bostad AB, had agreed forward funding contracts with third parties and is consequently committed to future capital expenditure in respect of investment properties under construction of SEK 5,040 million.

### Disputes

As of the balance sheet date, Heimstaden Bostad is not a part in any ongoing process which is expected to have a significant impact on the financial statement.

## 8.5 Events after the reporting period

**On January 19 2022**, Allianz Real Estate, on behalf of Allianz companies, invested SEK 7.9 billion in Heimstaden Bostad's portfolio in Sweden with properties recently bought from Akelius, forming a joint venture (JV) on the SEK 30.4 billion portfolio centrally located in Malmö and Stockholm. The 99 properties are part of the portfolio acquired by Heimstaden Bostad from Akelius with 3,377 homes in Malmö and 5,932 in Stockholm, making the JV one of the largest private residential owners in the Swedish capital. The JV was funded with equity, including Allianz' SEK 7.9 billion investment, as well as a debt facility from Heimstaden Bostad. The shareholders hold a combination of preference and common shares with different rights to dividends and voting. Heimstaden Bostad holds a higher ratio of common shares, and the joint venture will be fully consolidated into Heimstaden Bostad.

**On 5 January 2022**, Heimstaden Bostad priced EUR 500 million floating rate notes under its EMTN program. The notes have a maturity of two years with a call option at par after appr. one year and carry a floating rate to maturity of 3 months EURIBOR plus 55 bps. The issuance was completed through a club deal with European money market funds. The proceeds are used to refinance the EUR 500 million floating rate notes due January 2023 which were redeemed on 21 January 2022 in accordance with the notice given by Heimstaden Bostad on 21 December 2021.

**On 17 January 2022**, Heimstaden Bostad priced EUR 1,200 million senior unsecured fixed rate notes with 3.5- and 6.5- year tenors under its EMTN programme. The EUR 700 million 3.5 years note, and EUR 500 million 6.5 years note carries an annual coupon of 0.625% and 1.375%, respectively. The notes were rated 'BBB' by S&P. The net proceeds, together with cash at hand, was used to repay the entirety of the loan outstanding under Heimstaden Bostad's bridge financing facility related to the acquisition of Akelius's portfolios in Sweden, Denmark, and Germany, and for general corporate purposes.

**On the 25 January 2022**, Heimstaden Bostad priced EUR 200 million in a tap issue of our existing floating rate note issued on the 5 of January 2022. Bringing the total outstanding amount of the floating rate note to EUR 700 million. The tap issue was done at the same exact terms as the original trade, carrying a floating rate coupon of 3 months Euribor plus 55 bps to maturity and the same call option date.

**On 22 February 2022**, Heimstaden Bostad strengthened its presence in Sweden through the SEK 1.7 billion acquisition of Vätterbygdens Byggnads AB. The portfolio consists of 806 residential units, and 21 new attic apartments under construction, mainly located in attractive micro locations in the central parts of Jönköping.

The financial statements form part of the Annual Report and were approved by the Board of Directors and the CEO on 28 February 2022.

# Parent Company Financial Statements and Notes

## Income Statement

SEK million	Note	YTD 2021	YTD 2020
Management service revenues		430	262
Administrative expenses	<a href="#">2.1</a> , <a href="#">2.2</a>	-312	-218
<b>Operating profit/loss</b>		<b>118</b>	<b>44</b>
Dividends from shares in subsidiaries	<a href="#">2.3</a>	-	34
Interest income	<a href="#">2.4</a>	5	23
Interest expenses	<a href="#">2.4</a>	-361	-113
Other financial items	<a href="#">2.4</a>	-211	-265
<b>Profit/loss after financial items</b>		<b>-449</b>	<b>-278</b>
Appropriations		-	0
<b>Profit/loss before tax</b>		<b>-449</b>	<b>-278</b>
Income tax expense	<a href="#">2.5</a>	0	0
<b>Profit for the period</b>		<b>-449</b>	<b>-278</b>

## Comprehensive Income Statement

SEK million	Note	YTD 2021	YTD 2020
Profit for the year according to the Income Statement		-449	-278
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>-449</b>	<b>-278</b>

## Balance Sheet

SEK million	Note	31 December 2021	31 December 2020
<b>ASSETS</b>			
Shares and participations	<a href="#">7.4</a>	20,352	18,565
Non-current receivables, subsidiaries	<a href="#">3.1, 7.2</a>	199	323
<b>Total non-current assets</b>		<b>20,551</b>	<b>18,888</b>
Current receivables, subsidiaries	<a href="#">3.2, 7.2</a>	16,267	1,456
Other financial assets		206	102
Cash and cash equivalents	<a href="#">3.3</a>	483	3,002
<b>Total current assets</b>		<b>16,956</b>	<b>4,561</b>
<b>TOTAL ASSETS</b>		<b>37,507</b>	<b>23,449</b>

SEK million	Note	31 December 2021	31 December 2020
<b>EQUITY AND LIABILITIES</b>			
Share capital	<a href="#">4.1</a>	95	78
<b>Restricted equity</b>		<b>95</b>	<b>78</b>
Share premium reserve	<a href="#">4.1</a>	1,802	729
Hybrid bonds	<a href="#">4.1</a>	7,374	3,867
Retained earnings	<a href="#">4.1</a>	11,934	13,706
<b>Unrestricted equity</b>		<b>21,111</b>	<b>18,302</b>
<b>Total equity</b>		<b>21,206</b>	<b>18,380</b>
Interest-bearing liabilities	<a href="#">5.1</a>	15,830	4,304
Non-current liabilities, subsidiaries	<a href="#">6.1, 7.2</a>	175	714
<b>Total non-current liabilities</b>		<b>16,005</b>	<b>5,018</b>
Trade and other payables		–	7
Accrued expenses and prepaid income	<a href="#">6.2</a>	296	44
<b>Total current liabilities</b>		<b>296</b>	<b>51</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37,507</b>	<b>23,449</b>

## Statement of Changes in Equity

SEK million	Share capital	Share premium reserve	Hybrid bonds	Retained earnings	Total equity
<b>Equity, 31 December 2019</b>	<b>78</b>	<b>729</b>	<b>2,975</b>	<b>14,202</b>	<b>17,984</b>
Profit for the period	–	–	222	-499	-278
<b>Total profit</b>	<b>–</b>	<b>–</b>	<b>222</b>	<b>-499</b>	<b>-278</b>
Dividends	–	–	-222	-47	-269
Hybrid bonds issue	–	–	1,030	–	1,030
Premium, hybrid bonds	–	–	-30	30	0
Repurchase, hybrid bond	–	–	-100	20	-80
Costs of issuance	–	–	-8	–	-8
<b>Total transactions with the Company's shareholders</b>	<b>–</b>	<b>–</b>	<b>670</b>	<b>3</b>	<b>674</b>
<b>Equity, 31 December 2020</b>	<b>78</b>	<b>729</b>	<b>3,867</b>	<b>13,706</b>	<b>18,380</b>
<b>Opening balance, 1 January 2021</b>	<b>78</b>	<b>729</b>	<b>3,867</b>	<b>13,706</b>	<b>18,380</b>
Profit for the period	–	–	241	-690	-449
<b>Total profit</b>	<b>0</b>	<b>0</b>	<b>241</b>	<b>-690</b>	<b>-449</b>
Share issue	18	1,107	–	–	1,125
Dividends	–	–	-241	-1,082	-1,323
Hybrid bonds issue	–	–	3,579	–	3,579
Costs of issuance	–	-34	-72	–	-105
<b>Total transactions with the Company's shareholders</b>	<b>18</b>	<b>1,074</b>	<b>3,266</b>	<b>-1,082</b>	<b>3,276</b>
<b>Equity, 31 December 2021</b>	<b>95</b>	<b>1,802</b>	<b>7,374</b>	<b>11,934</b>	<b>21,206</b>

## Cash Flow Statement

SEK million	Note	2021	2020
<b>Cash flows from operating activities</b>			
Profit before income tax		-449	-311
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Finance expenses – net	<a href="#">7.3</a>	426	90
Other adjustments		140	222
<i>Working capital changes</i>			
Increase/decrease(+) in short-term receivables		-106	–
Increase/decrease(-) in trade and other payables		26	-40
<b>Cash generated from operations</b>		<b>37</b>	<b>-39</b>
Interest paid		-300	-113
Interest received		2	23
<b>Net cash generated from operating activities</b>		<b>-261</b>	<b>-129</b>

SEK million	Note	2021	2020
<b>Cash flows from investing activities</b>			
Other cash flows from investing activities		-1,726	–
<b>Net cash used in investing activities</b>		<b>-1,726</b>	<b>–</b>
<b>Cash flows from financing activities</b>			
Proceeds from loan and borrowings		12,713	1,107
Repayment of loan and borrowings		-1,252	-2
Dividends paid to preference shares		-1,082	-47
Proceeds from share issuances		1,125	–
Proceeds to subsidiaries		-15,202	-4,521
Proceeds from issuance of hybrid bonds		3,579	1,000
Repayments on hybrid bonds		-241	-230
Transaction costs on issue of shares and hybrid bonds		-105	-50
<b>Net cash used in financing activities</b>		<b>-465</b>	<b>-2,743</b>
Cash and cash equivalents at the beginning of the period		3,002	-2,872
Net change in cash and cash equivalents		-2,452	6,124
Change rate adjustments of cash and cash equivalents		-66	-250
<b>Cash and cash equivalents at the end of the period</b>		<b>484</b>	<b>3,002</b>

# Notes to the Parent Company Financial Statements

## 1. Accounting policies

### 1.1 Accounting policies

The Parent Company applies the same accounting policies as the Group (see [Note 1.2](#), Significant accounting policies), with the following differences:

#### Investments in subsidiaries

Investments in subsidiaries are recognised at historical cost less deductions for any impairments. Acquisition-related costs and any contingent consideration are capitalised if there are indications that participations in Group companies have decreased in value. The recoverable amount is calculated and if this is lower than the carrying amount, the investment is impaired. Impairment is recognised under the item 'Impairment of investments in subsidiaries'.

#### Financial instruments

The guidance for financial instruments under IFRS 9 is not applied by the Parent Company. The Parent Company applies the lower of cost or market method in accordance with the Swedish Annual Accounts Act. Accordingly, financial non-current assets

are valued at cost and financial current assets at the lower of cost or market. The Parent Company applies the expected credit loss method under IFRS 9 for assets that are debt instruments. For other financial assets, impairment is based on market value.

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

#### Impairment of financial assets

The Parent Company applies the same impairment method as the Group for expected credit losses. The Parent Company considers the subsidiaries to have similar risk profiles and assessments are performed on a collective basis for similar transactions. At the Balance Sheet date, no material increase in credit risk has been deemed to prevail for any intra-Group receivables. The Parent Company's receivables from its subsidiaries are subordinated

external lenders' claims. 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, it is estimated that expected loan losses will not be significant and no provision has been reported.

#### Group contributions and shareholder contributions

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

#### Credit risk

The Parent Company's maximum credit risk is the net amount of the the financial assets. The Parent Company does not have any collateral for its net financial assets.

Based on our assessment there has been no significant increase in credit risk of the Parent Company's financial assets.

#### Leases as a lessee

When the Parent Company is the lessee, lease payments are expensed on a straight-line basis over the term of the lease. The cost of leases attributable to leaseholds and the cost for other leases are recognised in operating profit. The right-of-use asset and the lease liability are therefore not recognised in the Balance Sheet.

#### Presentation

For the Parent Company, the Income Statement and Other Comprehensive Income are presented in two reports. For the Parent Company, the Statement of Comprehensive Income and Balance Sheet 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.



## 2. Income and expenses

### 2.1 Audit fee

The audit engagement refers to the audit of the financial statements. Other assurance services provided by the auditors include services related to review procedures on interim reports and other attestation services. The fees are summarised in the table below:

#### EY

SEK million	2021	2020
Audit assignment	2	2
Other assurance services	0	–
Tax advisory services	1	1
Other services	0	0
<b>Total</b>	<b>3</b>	<b>3</b>

### 2.2 Personnel and senior executives

#### Accounting policies

Employee benefits in the form of salaries, paid vacation, paid absence due to illness, etc. are recognised 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 Heimstaden'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 profit or loss as they are incurred.

	2021			2020		
	Women	Men	Total	Women	Men	Total
Average number of employees	33	35	68	21	25	46

#### Remunerations

Between the company and the CEO, a mutual notice period of six months applies. In the event of termination by the company, severance pay corresponding to 18 months salary is to be paid. Between the company and Board Members, a mutual notice period of three months applies. The CEO and Board Members were paid variable remuneration of SEK 0 million (0). For senior executives and other employees, the customary pension commitments within the framework of general pension plans apply. In addition to the customary pension, the company has taken out pension insurance for the CEO with annual premiums corresponding to 10% of gross salary.

#### Salaries, remuneration, social security and pension costs have been paid

##### 2021

Position	CEO	Deputy CEO	Other senior executives	Other employees	Total
Name	Patrik Hall	Magnus Nordholm			
SEK million					
Base salary	3	3	5	56	67
Benefits	0	0	0	2	2
Social security costs	1	1	2	21	24
Pension costs	2	1	1	10	13
Board fees	–	–	–	–	0
<b>Total salaries, remuneration, social security and pension costs</b>	<b>6</b>	<b>4</b>	<b>8</b>	<b>89</b>	<b>107</b>
Women in %	0	0	75	49	49

##### 2020

Position	CEO	Deputy CEO	Other senior executives	Other employees	Total
Name	Patrik Hall	Magnus Nordholm			
SEK million					
Base salary	2	2	4	37	45
Benefits	0	0	0	0	0
Social security costs	0	0	0	16	16
Pension costs	1	1	1	4	7
Board fees	–	–	–	–	0
<b>Total salaries, remuneration, social security and pension costs</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>57</b>	<b>68</b>
Women in %	0	0	75	45	46

## 2.3 Profit from investments in Group companies

SEK million	2021	2020
Dividends	–	34
<b>Total</b>	<b>–</b>	<b>34</b>

## 2.4 Financial income and expenses

SEK million	2021	2020
<b>Assets and liabilities measured at amortised cost:</b>		
Interest income, subsidiaries	3	–
Interest income, other financial assets	2	23
<b>Total interest income in accordance with the effective interest method</b>	<b>5</b>	<b>23</b>
Interest costs, loans	-361	-113
Interest costs, other financial liabilities	–	-10
<b>Total interest costs in accordance with the effective interest method</b>	<b>-361</b>	<b>-123</b>
<b>Other financial items, net</b>	<b>2021</b>	<b>2020</b>
Foregin currency, financial items	-140	-255
Other financial expenses	-71	–
<b>Total</b>	<b>-211</b>	<b>-255</b>

## 2.5 Income tax expense

SEK million	2021	2020
Income tax expense	–	–
Deferred tax	–	–
<b>Total income tax expense reported in Comprehensive Income Statement</b>	<b>–</b>	<b>–</b>
Reported profit before tax	-449	-278
Tax according to current rate	92	59
Tax effect of:		
Non-taxable income	-9	7
Non-deductible interest, net	-183	-109
Tax effects hybrid bonds	63	43
Tax attributable to previous years	37	–
<b>Total from Comprehensive Income Statement</b>	<b>–</b>	<b>–</b>

## 3. Assets

### 3.1 Non-current receivables, subsidiaries

SEK million	31 December 2021	31 December 2020
Opening balance	323	200
Change for the year	-124	123
<b>Closing balance</b>	<b>199</b>	<b>323</b>

Loans are subject to market terms and are without collateral.

### 3.2 Current receivables, subsidiaries

SEK million	31 December 2021	31 December 2020
Opening balance	1,456	636
Change for the year	14,811	820
<b>Closing balance</b>	<b>16,267</b>	<b>1,456</b>

### 3.3 Cash and cash equivalents

Cash and cash equivalents mainly include bank deposits. The change in cash and cash equivalents is shown in the Consolidated Statement of Cash Flows.

## 4. Equity

### 4.1 Equity

Event	Type	Date of registration	Change in number of shares	Total number of shares	Change in share capital	Total share capital	Quota value
<b>Opening balance at 1 January 2020</b>					<b>15,547,750</b>	<b>78</b>	<b>5</b>
<b>Closing balance at 31 December 2020</b>					<b>15,547,750</b>	<b>78</b>	<b>5</b>
<b>Opening balance at 1 January 2021</b>					<b>15,547,750</b>	<b>78</b>	<b>5</b>
Split 1:10	Ordinary, Pref	26/04/2021	139,929,750	155,477,500	0	78	0.5
New share issue	Pref	07/06/2021	11,718,750	167,196,250	6	84	0.5
New share issue	Pref	07/06/2021	23,437,500	190,633,750	12	95	0.5
<b>Closing balance at 31 December 2021</b>					<b>190,633,750</b>	<b>95</b>	<b>0.5</b>

At 31 December 2021, there were 132,040,000 (13,204,000) ordinary shares, 58,593,750 (2,343,750) preference shares, with a quota value of SEK 0.5 (5) per share. Each preference share holds one vote each, while each ordinary share has ten votes.

#### Proposed appropriation of accumulated profit, SEK

Share premium reserve	1,802,321,685	Dividend to shareholders	117,187,500
Hybrid bond	7,374,342,664	Share premium reserve	1,802,321,685
Retained earnings	12,383,516,044	Hybrid bonds	7,374,342,664
Profit/loss for the year	-449,139,593	Retained earnings	11,817,188,951
<b>Total</b>	<b>21,111,040,800</b>	<b>Total</b>	<b>21,111,040,800</b>

It is proposed that the funds at the disposal of the Annual General Meeting, SEK 21,111,040,800, be appropriated such that dividends are to be paid in accordance with the Articles of Association, SEK 2.00 per preference share, totalling SEK 117,187,500. The remaining amount, SEK 20,993,853,300, is to be carried forward to a new account. Dividends to preference shareholders are to be paid quarterly, in the amount of SEK 0.50 per payment date. In accordance with the Articles of Association, the record dates for the dividend payments shall be 5 July 2022, 5 October 2022, 5 January 2023 and 5 April 2023. In the event that a record date, as stated above, is not a banking day, the record date shall be the immediately preceding banking day. Dividends are to be paid out on the third banking day following the record date.

## 5. Capital structure and financial items

### 5.1 Interest-bearing liabilities

SEK million	31 December 2021	31 December 2020
<b>Loan maturity, year</b>		
Within 1 year of the Balance Sheet date	4,197	1,449
Within 2–5 years of the Balance Sheet date	7,738	2,870
Later than 5 years from the Balance Sheet date	4,100	–
<b>Total</b>	<b>16,035</b>	<b>4,318</b>
Deferred charges	-205	-14
<b>Total</b>	<b>15,830</b>	<b>4,304</b>

Of the 4,197 million SEK maturing in 2022, 4,000 million SEK is directly associated with the bridge financing facility as part of the Akelius transaction. The terms of the bridge facility include a 12+6+6 (month) maturity schedule with the first maturity period in December 2022. Heimstaden AB has the optionality to extend the maturity to 2023 per the bridge agreement.

SEK million	2021		2020	
	Loan amount	Average interest, % incl. margin	Loan amount	Average interest, % incl. margin
<b>Interest maturity, year</b>				
Within 1 year of the Balance Sheet date	11,935	3.7	4,318	3.1
Within 2–5 years of the Balance Sheet date	–	–	–	–
Later than 5 years from the Balance Sheet date	4,100	4.4	–	–
<b>Total</b>	<b>16,035</b>	<b>3.8</b>	<b>4,318</b>	<b>3.1</b>
Deferred charges	-205		-14	
<b>Total</b>	<b>15,830</b>		<b>4,304</b>	

### Reconciliation of liabilities attributable to financing activities

SEK million	Corporate bonds	Mortgages/ bank loans	Deferred charges	Total
Opening balance, 1 January 2020	3,000	200	–	3,200
New borrowings/assumed debt in connection with acquisitions	1,000	119	–	986
Other changes	–	–	-14	-14
<b>Closing balance, 31 December 2020</b>	<b>4,000</b>	<b>319</b>	<b>–</b>	<b>4,304</b>
Opening balance, 1 January 2021	4,000	319	-14	4,304
Loan repayments	-1,129	-122	–	-1,251
New borrowings/assumed debt in connection with acquisitions	12,713	–	–	12,713
Currency exchange effect on loans	78	–	–	78
Other changes	–	–	-14	-14
<b>Closing balance, 31 December 2021</b>	<b>15,663</b>	<b>197</b>	<b>-28</b>	<b>15,830</b>

## 6. Other liabilities

---

### 6.1 Non-current liabilities, subsidiaries

SEK million	31 December 2021	31 December 2020
Opening balance	714	959
Change for the year	-539	-245
<b>Closing balance</b>	<b>175</b>	<b>714</b>

### 6.2 Accrued expenses and prepaid income

SEK million	31 December 2021	31 December 2020
Personnel expenses	15	14
Accrued interest expenses	133	2
Other accrued expenses	147	28
<b>Total</b>	<b>296</b>	<b>44</b>

## 7. Other disclosures

### 7.1 Contingencies and commitments

SEK million	31 December 2021	31 December 2020
Issued financial guarantees for the benefit of subsidiaries	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

There are no pledged assets as of 31 December 2021 (0).

### 7.2 Related-party disclosures

#### Transactions with subsidiaries

Heimstaden AB has sold management services to Heimstaden Bostad AB of SEK 417 million in 2021 (218).

SEK million	2021	2020
Sales to subsidiaries	430	0
Purchases from subsidiaries	108	71
Interest income to subsidiaries	3	6
Receivables from subsidiaries	16,466	1,778
Liabilities to subsidiaries	175	714
Dividends from subsidiaries	0	34
Capital contributions to subsidiaries	61	0

#### Executive management

For information of remuneration to the Board of Directors and the CEO, see Note PC 2.2.

### 7.3 Other adjustments in Cash Flow Statement

SEK million	2021	2020
Dividends	-	-34
Depreciation	-	1
Exchange rate difference	140	255
<b>Total</b>	<b>140</b>	<b>222</b>

## 7.4 Group companies

### Shareholdings in subsidiaries

Company	Corp.ID.nr	Registered office	Number of shares	Share in % <sup>1,2</sup>	Recognised value in Parent Company, SEK million	
					2021	2020
Heimstaden Exploatering AB	556485-9014	Malmö	1,000	100	2	2
Heimstaden i Skåne AB	556694-5753	Malmö	1,000	100	0	0
Heimstaden Fastighets AB	556564-7913	Malmö	100,000	100	10	10
Heimstaden Bostadsfinansiering AB	556618-3256	Malmö	20,000	100	3	3
Heimstaden Sweden AB	556615-4497	Malmö	1,000	100	0	–
Heimstaden Bostadsproduktion AB	559022-9877	Malmö	1,000	100	0	0
Heimstaden Investment AB	556788-1205	Malmö	1,000	100	18,397	18,397
Heimstaden Ången AB	556969-3921	Malmö	500	100	–	0
Heimstaden i Göteborg AB	556514-2584	Malmö	1,000	100	0	0
Heimstaden Passagen AB	556985-5033	Malmö	500	100	–	0
Heimstaden Fastigheter AB	559063-8580	Malmö	500	100	0	0
Heimstaden Danmark Ejendomme A/S	35852093	Köpenhamn	500,000	100	0	0
Heimstaden Danmark A/S	35524525	Köpenhamn	500,000	100	56	43
Heimstaden Group Denmark A/S	41639768	Köpenhamn	500,000	100	15	15
Heimstaden Norway AS	934631005	Oslo	106,505	100	2	2
Heimstaden Invest AS	819499632	Oslo	1,000	100	1	1
Heimstaden Group Norway AS	926432176	Oslo	1,000,000	100	30	72
Heimstaden Nederland B.V.	60625449	Amsterdam	100	100	75	14
Heimstaden GmbH	HRB211632	Berlin	25,000	100	18	5
Heimstaden Investment CEE s.r.o	8824410	Prag	1	100	5	–
Heimstaden Poland sp. z o.o.	0000875410	Warsaw	10,000	100	3	–
Heimstaden Group Poland sp. z o.o.	0000875786	Warsaw	10,000	100	6	–
Heimstaden ehf.	440315-1190	Hlíðasmári	11,251,397,746	100	1,722	–
Heimstaden Group Finland Oy	3218660-4		25,000	100	1	–
Heimstaden Finland Oy	3218661-2		25,000	100	–	–
Heimstaden U.K. Ltd	13214989	London	50	100	1	–
Heimstaden Group U.K. Ltd	13215293	London	150	100	6	–
<b>Total</b>					<b>20,352</b>	<b>18,565</b>

<sup>1</sup> The share of capital corresponds to the share of votes.

<sup>2</sup> Except for the Group companies acquired in 2021 the share of capital in 2021 corresponds to the share of capital in 2020.

SEK million

Opening balance

Acquisitions

Shareholder contributions

**Closing balance**31 December  
202131 December  
2020

18,565

15,284

1,726

–

61

3,281

**20,352****18,565**



# Proposed Appropriation of Accumulated Profit

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

SEK	
Share premium reserve	1,802,321,685
Hybrid bonds	7,374,342,664
Retained earnings	12,383,516,044
Profit (loss) for the year	-449,139,593
<b>Total</b>	<b>21,111,040,800</b>

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

SEK	
Dividens to shareholders	117,187,500
Share premium reserve	1,802,321,685
Hybrid bonds	7,374,342,664
Retained earnings	11,817,188,951
<b>Total</b>	<b>21,111,040,800</b>

## 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.

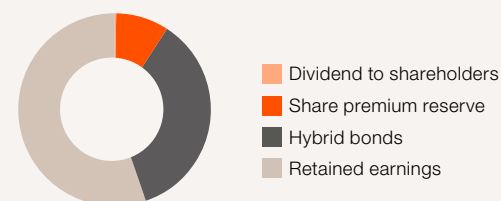
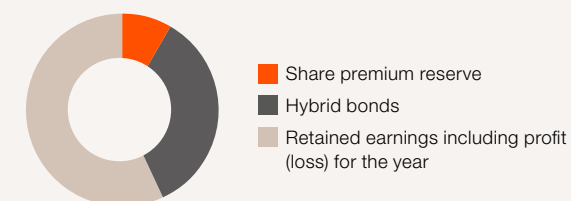
The Board of Directors proposes distribution of a dividend of SEK 2.00 per preference share, amounting to a total of SEK 117,187,500.

The dividend in total amounts to SEK 117,187,500, which is circa 0.6% of the Group's result for the financial year of 2020. The proposed dividend reduces the Company's equity ratio from circa 56.54% to circa 56.40% and the Group's equity ratio from circa 41.35% to circa 41.33%. The equity ratio is satisfactory both in short and long term.

The Company's and the Group's financial positions as of 31 December 2021 are stated in the 2021 annual report. As of 31 December 2021 the unrestricted equity of the Company amounted to SEK 21,111,040,800. 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 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 Boards' 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 Boards' 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.



## Proposal on dividends

It is proposed that the funds at the disposal of the Annual General Meeting, SEK 21,111,040,800, be appropriated such that dividends are to be paid in accordance with the Articles of Association, SEK 2.00 per preference share, totalling SEK 117,187,500. The remaining amount, SEK 20,993,853,300, is to be carried forward to a new account. Dividends to preference shareholders are to be paid quarterly, in the amount of SEK 0.50 per payment date. In accordance with the Articles of Association, the record dates for the dividend payments shall be 5 July 2022, 5 October 2022, 5 January 2023 and 5 April 2023. In the event that a record date, as stated above, is not a banking day, the record date shall be the immediately preceding banking day. Dividends are to be paid out on the third banking day following the record date.

# 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, 28 February 2022

Patrik Hall  
CEO

Ivar Tollefsen  
Chairman

John Giverholt  
Board Member

Vibeke Krag  
Board Member

Fredrik Reinfeldt  
Board Member

Our Audit Report was submitted on 28 February 2022  
Ernst & Young AB

Peter von Knorring  
Authorised Public Accountant

Jonas Svensson  
Authorised Public Accountant

# Auditor's Report

To the general meeting of the shareholders of Heimstaden AB (publ), corporate identity number 556670-0455

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Heimstaden AB (publ) except for the corporate governance statement on [pages 30–37](#) and [40](#) and the statutory sustainability report on [pages 111–147](#) for the year 2021. The annual accounts and consolidated accounts of the company are included on [pages 1–2, 6, 22–26, 38–39, 42–103](#) 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 31<sup>st</sup> of December 2021 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 31<sup>st</sup> of December 2021 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 30–37](#) and [40](#) and the statutory sustainability report on [pages 111–147](#). The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

### 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.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the consolidated comprehensive income statement and the consolidated balance sheet 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.

## Property Valuations

### Description

The fair value of the Group's investment properties reported in the Statement of Financial Position at 31 December 2021 amount to SEK 305 668 million. The valuations are made through a combination of local price analyses and market simulations of future cash flows. The properties were valued externally at year-end. 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 3.1](#).

### How our audit addressed this key audit matter

In our audit of the fair value of the Group's investment properties, 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.

## Goodwill

### Description

At 31 December 2021 the Group's consolidated statements of financial position includes goodwill amounting to SEK 16 562 million. Break-down of Goodwill is found in [note 8.2](#) in the Annual Report.

The Group has assessed goodwill for impairment at 31 December 2021. As disclosed within [Note 3.2](#) of the Annual Report, the assessment of the impairment of the Group's goodwill incorporated significant judgments and estimates, specifically concerning factors such as forecast cashflows, discounts rates and terminal growth rates.

These estimates and assumptions incorporate future performance, market and economic conditions. Minor changes in certain assumptions can lead to significant changes in the recoverable amount of these assets.

Accordingly, we considered this to be a key audit matter due to the judgements required in the impairment testing of goodwill.

### How our audit addressed this key audit matter

Our audit procedures included among others the following:

- Assessed the cash flow forecasts, assumptions and estimates used by the Group, by considering the reliability of the Group's cash flow forecasts based on our knowledge of the business;
- With support from our valuation specialists assessed the methodology applied and evaluated the key assumptions applied in the impairment models. These include in particular the discount rates and growth rates ;
- Tested the mathematical accuracy of the impairment testing models including the consistency of relevant inputs;
- Performed sensitivity analysis on key assumptions including terminal growth rates and forecast cashflows.
- Assessed the adequacy of the disclosure in the financial report.

## Property transactions – Business Combinations

### Description

The Group acquired properties in Sweden, Germany and Denmark from Akelius Residential Property AB for a total purchase consideration of SEK 79 737 million as disclosed in [Note 8.2](#) of the Annual Report.

Accounting for this transaction involves a series of complex judgements requiring the Group to:

- determine if the transaction meet the criteria to be accounted for as a business combination, as described on [page 49](#).
- determine the fair value of the acquired assets and liabilities; and
- allocate the purchase consideration to goodwill and separately identifiable intangible assets.

This was considered a key audit matter due to the size of the acquisition and the judgment involved in accounting for this transaction.

### How our audit addressed this key audit matter

Our audit procedures included among others the following:

- We read the underlying contract .
- We assessed whether the transaction meet the criteriar to be accounted for as a business combination.
- We assessed the Group's accounting for the transaction including:
- Assessed the determination of fair values of identifiable assets and liabilities acquired;
- Assessed the identification of intangible assets acquired as part of the transaction as performed by management
- Assessed the allocation of the purchase price to all assets and liabilities including the calculation of the resulting goodwill.

We have considered the financial report disclosures in relation to the business combination on [page 49](#) and in [Note 8.2](#).

## 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 3–5, 7–21, 27–37, 40–41, 104–147](#). 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## 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 AB (publ) for the year 2021 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of

the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on [pages 30–37](#) and [40](#) has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's 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 111–147](#), 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 AB (publ) by the general meeting of the shareholders on the 8<sup>th</sup> of April 2021 has been the company's auditor since the 15<sup>th</sup> of April 2015.

Norrköping the 28<sup>th</sup> of February 2022

Ernst & Young AB

Peter von Knorring  
Authorized Public Accountant

Jonas Svensson  
Authorized Public Accountant

# Alternative Performance Measures

For more information, definitions, and methodology please refer to [www.heimstaden.com](http://www.heimstaden.com)

## Net Loan-to-Value (LTV)

SEK million	2021	2020
Interest-bearing secured liabilities	66,695	40,764
Interest-bearing unsecured liabilities	109,811	34,317
Cash and cash equivalents	20,488	10,906
<b>Net interest-bearing liabilities</b>	<b>156,018</b>	<b>64,175</b>
<b>Fair value of investment properties</b>	<b>305,668</b>	<b>144,428</b>
<b>NetLTV, %</b>	<b>51.0</b>	<b>44.4</b>

## Net Debt / Total Assets

SEK million	2021	2020
Net interest-bearing liabilities	156,018	64,175
Total assets	355,724	161,310
<b>Net Debt / Total Assets, %</b>	<b>43.9</b>	<b>39.8</b>

## Interest Coverage Ratio (ICR)

SEK million	2021	2020
Profit before financial items	3,152	3,749
Transaction costs from business combination	2,232	-
Financial income	162	99
<b>Profit before financial items plus financial income</b>	<b>5,546</b>	<b>3,848</b>
Financial costs	1,725	1,371
<b>ICR</b>	<b>3.2</b>	<b>2.8</b>

## Regulated income

SEK million	2021	2020
Regulated residential income	4,304	3,202
Residential income	8,237	6,053
<b>Regulated income, %</b>	<b>52.3</b>	<b>52.9</b>

## Residential

SEK million	2021	2020
Fair value residential properties	275,037	134,318
Fair value investment properties	297,708	144,428
<b>Residential, %</b>	<b>92.4</b>	<b>93.0</b>

## Like-for-like rental income growth

SEK million	2021	2020
Rental income current year	5,553	3,900
Rental income last year	5,417	3,766
<b>Like-for-like rental income growth, %</b>	<b>2.5</b>	<b>3.6</b>

<sup>1</sup> 2021: only properties owned as of 2019-12-31 are included.

<sup>2</sup> 2020: only properties owned as of 2018-12-31 are included.

## Net operating income margin

SEK million	2021	2020
Rental income	9,027	6,600
Net operating income	5,575	3,867
<b>Net operating income, %</b>	<b>61.8</b>	<b>58.6</b>

**Economic occupancy, residential**

SEK million	2021	2020
Theoretical rental income on residential units	8,551	6,322
Economic vacancy	-314	-269
<b>Rental income on residential units</b>	<b>8,237</b>	<b>6,053</b>
<b>Economic occupancy, %</b>	<b>96.3</b>	<b>95.8</b>

**Real economic occupancy, residential**

SEK million	2021	2020
Theoretical rental income on residential units	8,551	6,322
Adjusted for non-market vacancy	-186	-161
<b>Adjusted theoretical rental income</b>	<b>8,365</b>	<b>6,161</b>
<b>Real economic occupancy, %</b>	<b>97.8</b>	<b>97.5</b>

**Equity ratio**

SEK million	2021	2020
Equity	147,094	76,166
Assets	355,724	161,310
<b>Equity ratio, %</b>	<b>41.4</b>	<b>47.2</b>

**Solvency**

SEK million	2021	2020
Equity	147,094	76,166
Liabilities	208,630	85,145
<b>Solvency ratio, %</b>	<b>41.4</b>	<b>47.2</b>

**Net Asset Value (NAV)**

SEK million	2021	2020
Equity	147,094	76,166
Deferred tax liability	23,252	5,446
<b>NAV</b>	<b>170,345</b>	<b>81,611</b>

**EBITDA**

SEK million, Rolling 12 months	2021	2020
Operating profit before investment properties and fair value adjustments	3,152	3,749
Transaction costs from business combination	2,232	-
Amortisation and depreciation	5	12
<b>EBITDA adj</b>	<b>5,389</b>	<b>3,760</b>

**Debt/EBITDA**

SEK million, Rolling 12 months	2021	2020
Interest-bearing liabilities	118,947	73,426
EBITDA adj	5,389	3,760
<b>Debt/EBITDA adj</b>	<b>22</b>	<b>20</b>

**NAV per ordinary share**

SEK million	2021	2020
Equity	41,840	26,197
Preference capital, million	2,227	891
Hybrid bonds and minority	7,341	4,000
Deferred tax	10,281	5,446
Equity excluding preference capital, million	42,554	26,752
Number of ordinary shares	132,040,000	13,204,000
<b>NAV per ordinary share</b>	<b>322</b>	<b>2,026</b>

**Secured Loan-to-Value**

SEK million	2021	2020
Interest-bearing secured liabilities	66,695	40,764
Total assets	355,724	161,310
<b>Net loan-to-value, %</b>	<b>18.7</b>	<b>25.3</b>

# Heimstaden AB Standalone

In this section we present Heimstaden AB financials on a standalone basis, defined as Heimstaden AB consolidated excluding Heimstaden Bostad AB consolidated.

The presentation of this information is intended as a supplement and information should not be considered a substitute or in accordance with IFRS.

## Standalone Earnings, Rolling 12 Months

SEK million	2021	2020
Operating income <sup>1</sup>	430	262
Operating cost <sup>1</sup>	-312	-218
<b>Operating profit/loss<sup>1</sup></b>	<b>117</b>	<b>44</b>
Pref A dividend	277	184
Common dividend	1,636	400
Pref B dividend	553	349
<b>Dividends from Heimstaden Bostad</b>	<b>2,465</b>	<b>933</b>
<b>Adjusted earnings</b>	<b>2,582</b>	<b>977</b>
Interest expense <sup>1</sup>	-361	-113
<b>Adjusted earnings after interest expense</b>	<b>2,221</b>	<b>865</b>
Payments on hybrid securities	-241	-230
<b>Adjusted earnings after debt and hybrid instruments</b>	<b>1,980</b>	<b>635</b>

## Interest Coverage Ratio (ICR)

SEK million	2021	2020
Adjusted earnings	2,582	977
Interest expense <sup>1</sup>	-361	-113
<b>Interest Coverage Ratio</b>	<b>7.1x</b>	<b>8.7x</b>
Payments on hybrid securities	-241	-230
<b>Interest Coverage Ratio including hybrid payments</b>	<b>4.3x</b>	<b>2.9x</b>

<sup>1</sup> Figures from Heimstaden AB parent company financial statements (unconsolidated).

## Heimstaden Bostad AB Dividend Policy

Heimstaden Bostad has three share classes, Preference Share Class A ('Pref A'), Preference Share Class B ('Pref B') and Common shares. Pref A shares are entitled to quarterly dividends of 0.05% of the market value of Heimstaden Bostad's investment properties. Dividends on the Pref B shares are dependent on the Loan-to-Value and Return on Equity of Heimstaden Bostad. Owners of Common Shares are entitled to all additional possible dividend payments, to be decided by the general assembly, subject to that Heimstaden Bostad maintains its financial policies, after owners of Pref A Shares and Pref B Shares have received their parts in full. More information on the dividend policy can be found in Heimstaden Bostad's Articles of Association at: <https://www.heimstadenbostad.com/articles-of-association>.



**Debt and Relevant Assets**

SEK million	2021	2020
Interest-bearing secured liabilities <sup>1</sup>	1,622	301
Interest-bearing unsecured liabilities <sup>1</sup>	16,709	4,017
<b>Interest-bearing liabilities</b>	<b>18,331</b>	<b>4,318</b>
Cash and cash equivalents <sup>1</sup>	-980	-3,269
<b>Net interest-bearing debt</b>	<b>17,351</b>	<b>1,049</b>
Heimstaden Bostads net asset value	182,241	81,953
Equity attributed to Heimstaden Bostad's hybrid securities and non-controlling interests	34,510	14,009
<b>Heimstaden Bostads adjusted net asset value</b>	<b>147,732</b>	<b>67,944</b>
Heimstaden share of capital, %	41.04	44.74
<b>Heimstaden share of capital</b>	<b>60,624</b>	<b>30,402</b>
Investment properties <sup>1</sup>	5,083	622
<b>Relevant assets</b>	<b>65,707</b>	<b>31,023</b>

<sup>1</sup> Difference between Heimstaden AB and Heimstaden Bostad consolidated figures excluding deferred charges.

**Net Loan-to-Value**

SEK million	2021	2020
Net interest-bearing debt	17,351	1,049
Relevant assets	65,707	31,023
<b>Net loan-to-value, %</b>	<b>26.4</b>	<b>3.4</b>

**Liquidity Reserves**

SEK million	2021
Cash and cash equivalents <sup>1</sup>	980
Unutilised credit commitment	1,000
<b>Total</b>	<b>1,980</b>
Estimated interest expense (12-months forward)	-689

<sup>1</sup> Figures from Heimstaden AB parent company financial statements (unconsolidated).

## Standalone Funding Overview

### Standalone Financial Policy

	Policy	2021
Net Loan-to-Value	≤30	26.4
Interest Coverage Ratio, rolling 12 months, multiple	≥2.0	7.1
Interest Coverage Ratio including hybrid bonds, rolling 12 months, multiple	≥1.5	4.3

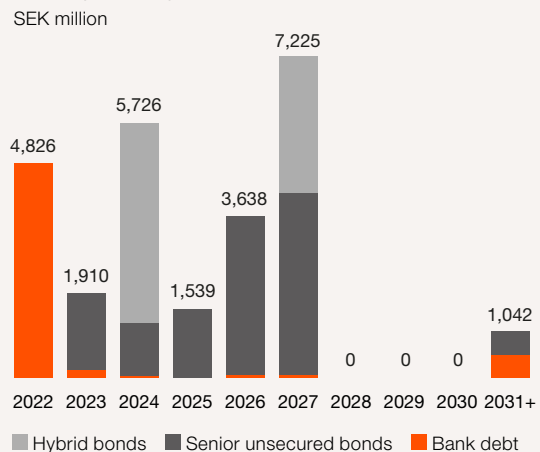
As at 31 December 2021, Heimstaden had SEK 7,588 million perpetual hybrid bond outstanding, listed on Nasdaq Stockholm.

Currency	Amount (million)	Fixed/floating	Coupon/spread	Start date	Maturity
SEK	4,500	Floating	Stibor 3m + 590 bps	04/04/2019	10/11/2024
EUR	300	Fixed	675 bps	15/10/2021	15/01/2027

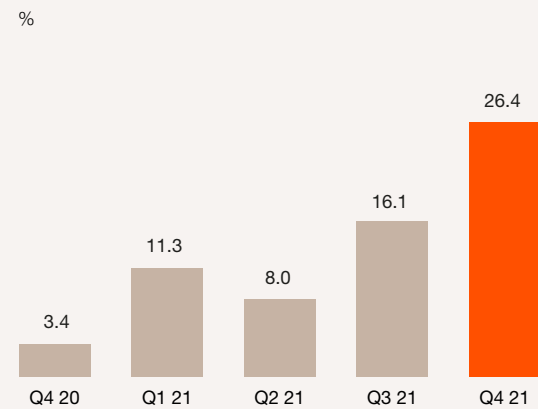
As at 31 December 2021, Heimstaden had outstanding senior unsecured bonds amounting to SEK 11,776 million, listed on Nasdaq Stockholm

Currency	Amount (million)	Fixed/floating	Coupon/spread	Start date	Maturity
SEK	1,750	Floating	Stibor 3m + 325 bps	23/05/2019	31/05/2023
SEK	1,200	Floating	Stibor 3m + 330 bps	15/10/2020	15/01/2024
SEK	1,200	Floating	Stibor 3m + 400 bps	15/10/2020	15/10/2025
EUR	350	Fixed	425 bps	26/02/2021	09/03/2026
EUR	400	Fixed	437 bps	02/09/2021	06/03/2027

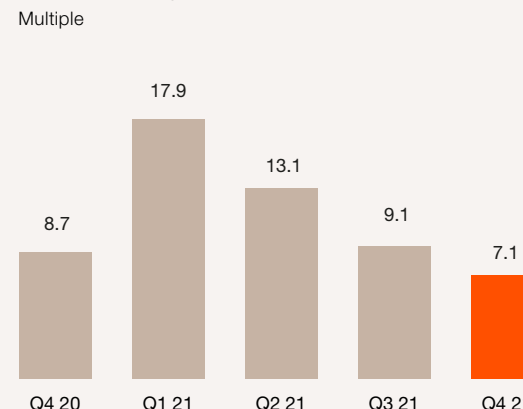
### Funding Maturity Profile



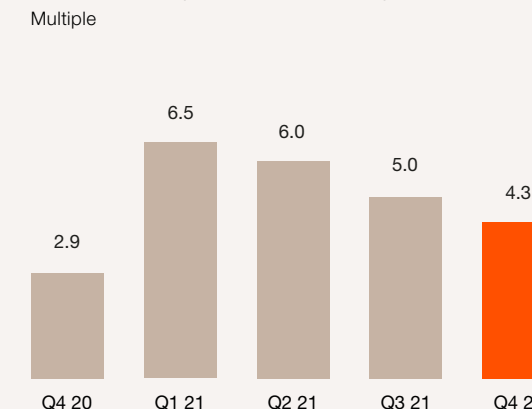
### Net Loan-to-Value



### Interest Coverage Ratio



### Interest Coverage Ratio incl. 100% hybrid



# Quarterly Financial Information

## Consolidated Key figures

SEK million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
<b>Financials</b>					
Rental income	2,542	2,305	2,114	2,066	1,772
Growth year-on-year , %	43.4	37.2	28.0	38.0	28.5
Net operating income	1,433	1,543	1,353	1,246	881
Net operating income margin, %	56.4	66.9	64.0	60.3	49.7
Profit for the period	5,686	5,019	4,574	3,723	2,578
Capital expenditures	1,654	1,385	1,409	991	1,062
<b>Portfolio Metrics</b>					
Fair value of investment properties	305,668	203,211	186,679	180,170	145,053
Homes	149,948	120,268	116,083	114,041	103,345
Real economic occupancy, residential, %	98.1	98.0	97.6	97.6	97.3
Like-for-like rental income growth, year-on-year, %	3.3	3.0	2.1	1.6	2.1
<b>Credit metrics</b>					
Interest Coverage Ratio (ICR)	3.2	3.3	3.1	3.0	2.8
Net Loan-to-Value (LTV)	51.0	45.6	41.2	43.3	44.4
Net debt / Total assets	43.9	39.0	36.9	38.6	39.8

## Consolidated Comprehensive Income Statement

SEK million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Rental income	2,542	2,305	2,114	2,066	1,772
Service income	234	108	125	190	155
Property expenses	-1,343	-871	-886	-1,010	-1,047
<b>Net operating income</b>	<b>1,433</b>	<b>1,543</b>	<b>1,353</b>	<b>1,246</b>	<b>881</b>
Corporate administrative expenses	-132	-105	-93	-87	-36
Other operating income	8	0	3	0	22
Other operating expenses	-2,271	-21	-28	-23	29
Share of net profits of associates and joint ventures	327	1	0	-3	78
<b>Profit before inventory properties and fair value adjustments</b>	<b>-634</b>	<b>1,417</b>	<b>1,235</b>	<b>1,133</b>	<b>974</b>
Fair value adjustment of investment properties	7,259	5,652	4,612	4,380	2,056
Gains/losses from sale of inventory properties	-23	-19	-8	48	64
<b>Operating profit</b>	<b>6,602</b>	<b>7,050</b>	<b>5,839</b>	<b>5,561</b>	<b>3,093</b>
Interest income	113	16	13	19	26
Interest expenses on interest-bearing liabilities	-586	-408	-370	-362	-308
Net currency translation gains/losses	300	-83	230	-511	197
Fair value adjustment of derivative financial instruments	518	37	142	123	157
Other financial items	450	-245	-175	-81	-57
<b>Profit before tax</b>	<b>7,397</b>	<b>6,367</b>	<b>5,681</b>	<b>4,749</b>	<b>3,110</b>
Income tax expense	-50	-130	-170	-151	34
Deferred tax expense	-1,661	-1,218	-936	-875	-565
<b>Profit for the period</b>	<b>5,686</b>	<b>5,019</b>	<b>4,574</b>	<b>3,723</b>	<b>2,578</b>
Other comprehensive income	1,707	443	-1,028	2,518	-1,821
<b>Total comprehensive income</b>	<b>7,393</b>	<b>5,462</b>	<b>3,546</b>	<b>6,241</b>	<b>757</b>
<i>Profit for the period attributable to:</i>					
Parent Company's shareholders	2,797	2,808	2,425	2,177	1,411
Non-controlling interests	2,889	2,210	2,149	1,546	1,168
<i>Comprehensive income for the period attributable to:</i>					
Parent Company's ordinary shareholders	3,781	3,028	1,776	3,682	302
Parent Company's preference shareholders	29	29	29	12	12
Non-controlling interests	3,583	2,405	1,740	2,548	444
Average number of ordinary shares outstanding	132,040,000	132,040,000	103,310,418	13,204,000	13,204,000
Average number of preference shares outstanding	58,593,750	58,593,750	24,519,231	2,343,750	2,343,750
Earnings per ordinary share (basic and diluted)	28	22	17	274	18

## Consolidated Balance Sheet

SEK million	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020
<b>ASSETS</b>					
Investment properties	305,668	203,211	186,679	180,170	145,053
Intangible assets	16,604	80	79	80	74
Machinery and equipment	228	218	226	199	184
Other non-current financial assets	3,513	3,229	2,859	1,299	1,302
<b>Total non-current assets</b>	<b>326,013</b>	<b>206,738</b>	<b>189,843</b>	<b>181,748</b>	<b>146,613</b>
Inventory properties	846	786	1,054	1,344	1,292
Rent and trade receivables	207	216	167	138	86
Other current financial assets	7,446	8,569	2,963	727	2,106
Prepayments	725	469	337	397	308
Cash and cash equivalents	20,488	20,630	14,012	17,342	10,906
<b>Total current assets</b>	<b>29,711</b>	<b>30,669</b>	<b>18,533</b>	<b>19,949</b>	<b>14,698</b>
<b>TOTAL ASSETS</b>	<b>355,724</b>	<b>237,407</b>	<b>208,376</b>	<b>201,697</b>	<b>161,310</b>

SEK million	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>	<b>147,094</b>	<b>110,511</b>	<b>105,147</b>	<b>95,137</b>	<b>76,166</b>
Interest-bearing liabilities	148,193	104,258	86,662	88,312	67,116
Lease liabilities	853	775	706	743	717
Derivative financial instruments	0	204	268	343	433
Deferred tax liabilities	23,252	8,536	7,310	6,395	5,446
Other non-current financial liabilities	878	883	842	834	903
<b>Total non-current liabilities</b>	<b>173,176</b>	<b>114,656</b>	<b>95,788</b>	<b>96,626</b>	<b>74,615</b>
Interest-bearing liabilities	28,313	9,030	4,198	6,822	7,965
Lease liabilities	38	40	34	34	31
Trade payables	691	484	416	484	477
Other current payables	4,078	1,366	1,745	1,432	917
Derivative financial instruments	6	6	9	10	14
Accrued expenses	2,329	1,314	1,040	1,152	1,126
<b>Total current liabilities</b>	<b>35,455</b>	<b>12,240</b>	<b>7,442</b>	<b>9,935</b>	<b>10,530</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>355,724</b>	<b>237,407</b>	<b>208,376</b>	<b>201,697</b>	<b>161,310</b>

## Consolidated Cash Flow Statement

SEK million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
<b>Operating activities</b>					
Profit before income tax	7 396	6 367	5 681	4 749	3 109
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Value adjustment on investment properties	-7 092	-5 633	-4 607	-4 425	-2 122
Net valuation gain or loss derivative financial instruments	-517	-102	-142	-123	513
Finance expenses – net	737	543	635	415	333
Other adjustments	-1 250	243	-288	539	-234
<i>Working capital changes</i>					
Increase/decrease(+) in rent receivables	-256	209	-216	-225	-375
Increase/decrease(-) in trade and other payables	4 051	-864	252	428	107
<b>Cash generated from operations</b>	<b>3 069</b>	<b>761</b>	<b>1 315</b>	<b>1 358</b>	<b>1 331</b>
Interest paid	-858	-560	-625	-474	-385
Interest received	36	7	–	–	61
Paid income tax	-99	-138	-163	-153	-43
<b>Net cash flows from operating activities</b>	<b>2 147</b>	<b>70</b>	<b>527</b>	<b>731</b>	<b>965</b>

SEK million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
<b>Investing activities</b>					
Purchase of investment properties	-81 659	-4 587	-781	-13 653	-3 979
Capital expenditure on completed investment properties	-1 670	-1 482	-995	-1 364	-1 207
Disposals of investment properties	417	424	308	–	–
Deposits paid for signed acquisitions	5 287	-5 486	-1 804	1 495	-690
Investments in associates and joint ventures	-127	-142	68	23	-65
Settlement of derivative financial instruments	–	-1	-65	–	113
Other cash flows from investing activities	-3 313	-218	-1 803	-105	154
<b>Net cash flows from investing activities</b>	<b>-81 065</b>	<b>-11 491</b>	<b>-5 207</b>	<b>-13 605</b>	<b>-5 673</b>
<b>Financing activities</b>					
Proceeds from interest-bearing liabilities	35 886	18 674	5 019	8 348	4 969
Repayment of interest-bearing liabilities	12 614	-618	-10 162	-1 834	-3 750
Dividends paid	–	–	-1 000	–	-294
Dividends paid to non-controlling interest	–	–	–	-2 107	–
Dividends paid to preference shares	-29	-30	-11	-12	-12
Proceeds from share issuances	–	–	1 125	–	–
Proceeds from non-controlling interests	20 347	–	–	7 144	–
Proceeds from issuance of hybrid bonds	9 081	–	6 660	8 073	5 189
Repayments on hybrid bonds	-74	-67	-188	-318	232
Other cash flows from financing activities	-198	-3	-122	-50	-68
<b>Net cash flows from financing activities</b>	<b>77 627</b>	<b>17 957</b>	<b>1 322</b>	<b>19 244</b>	<b>6 266</b>
Cash and cash equivalents at the beginning of the period	20 629	14 013	17 341	10 906	9 605
Net change in cash and cash equivalents	-1 290	6 535	-3 358	6 370	1 558
Net currency exchange effect in cash and cash equivalents	1 148	82	30	65	-257
<b>Cash and cash equivalents at the end of the period</b>	<b>20 488</b>	<b>20 630</b>	<b>14 013</b>	<b>17 342</b>	<b>10 906</b>

# Sustainability Report 2021

At Heimstaden, we report our sustainability work in accordance with the Global Reporting Initiative (GRI) Standards Core and the Swedish Annual Accounts Act Chapter 6 Section 11 on an annual basis. We have identified the topics that are material for our company, stakeholders, and the planet, and report on at least one indicator per topic. The GRI Content Index can be found on [pages 121](#) and [122](#) in this report and the statutory sustainability report index can be found on [page 123](#). Omitted information is reported in the GRI Content Index.

This is Heimstaden's fifth sustainability report, and the third sustainability report in accordance with GRI reporting principles. The report covers the fiscal year 2021 and is published in Swedish and English, also available at [Heimstaden.com](https://heimstaden.com). The last report was published in March 2021 and covered the fiscal year 2020. The data have not been reviewed by an external auditor, we will, however, complete a first pre-assurance of the 2021 report, which is a step towards preparing for a limited review of the 2022 sustainability report. Contact point for the sustainability report is Katarina Skalare, Chief Sustainability Officer.

During the year, we have updated our materiality assessment and continued our stakeholder engagement. The material topics are decided based on the GRI reporting principles, evaluating how Heimstaden's performance affects our stakeholders and the planet.

## Changes in the report

This year, we will start disclosing on the new GRI Standard 207 Tax and also disclose our first data on EU Taxonomy eligibility.

During 2021, Heimstaden entered four new markets: Poland, the United Kingdom, Iceland, and Finland, thus increasing the scope of the report.

## Climate-related disclosures

The report includes climate-related disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which can be found on [page 123](#). Each year, a detailed report of Heimstaden Bostad's climate-related work is also provided through CDP.

Heimstaden Bostad's latest CDP report covers fiscal year 2020 and the report earned a score of B.

## EU Taxonomy

Heimstaden's reporting on its EU Taxonomy eligibility may be found in [Section EU Taxonomy](#).

## UN Global Compact

In 2019, Heimstaden AB signed the UN Global Compact and committed to following the Compact's 10 principles in the areas of human rights, labour practice, environment, and anti-corruption. The commitment includes Heimstaden AB and its subsidiaries. This sustainability report represents our Communication on Progress report to the UN and the GRI Content Index includes references to where the data is presented in the report.





## Reporting Principles

### Scope and boundaries

Details regarding materiality and boundaries, management approach, and evaluation for each material area of sustainability can be found for each topic in the sustainability notes on [pages 124–139](#).

Information and data given in the report pertain to the entire group, unless otherwise stated. Data regarding employees pertain to employees of both Heimstaden AB and Heimstaden Bostad AB. Since we have acquired properties in 2021 in both existing markets and new markets, the scope of the report has increased to also include Poland, Iceland, and United Kingdom. In these countries, no environmental data are included in the report, as the properties are currently under construction. Heimstaden entered Finland during Q3 2021 through the acquisition of standing assets. Data from Finland is not included in the report for 2021, but will be included in the future.

This report only covers energy and water purchased by Heimstaden; we are unable to access energy and water data in cases where our customers have their own contract with the energy or water supplier.

### Data collection and consolidation

Data provided in the report has been compiled from various systems for all countries since the base year 2019.

### Employee data

During 2021, Heimstaden launched a new group-wide system, which all employee data for this report is collected from. The employee KPIs presented in the report are reported in accordance with GRI and based on the head count principle.

Unless otherwise stated, figures represent the last day of the reporting period.

Health and safety data cover Heimstaden employees. Heimstaden is currently investigating different options to be able to collect health and safety data for contractors, sub-contractors, and consultants who work on our sites. The report covers actual figures and does not include frequency KPIs on health and safety.

Heimstaden has no employees in Finland yet, therefore Finland is not included in employee data.

### Energy data

Energy data is collected locally in each country in different systems and consolidated in a group-wide system for the annual and sustainability report. The contracting parties responsible for providing energy for the tenant space vary from country to country. This affects the amount of energy Heimstaden uses in each country.

In general, this report covers electricity used in common areas and only to a minor extent electricity used in apartments. Energy use for heating is often procured by Heimstaden and is therefore included in the reporting for Sweden, Germany, Norway, the Czech Republic, Iceland and the majority of our properties in Denmark. In the Netherlands, our customers usually have their own energy contracts, therefore we lack access to such data for most of the properties. For this reason, our reporting includes heating data for a limited subset of our properties in the Netherlands.



We use energy factors from our local energy suppliers to convert litres of oil and cubic meters of natural gas to MWh. Likewise for the fuel mix of district heating, emission factors are obtained from local energy suppliers.

### Emissions data

Data on GHGs (GHG) included in this report are collected and reported in accordance with the methodology of the GHG Protocol, applying the financial control approach. Our reported Scope 1 emissions derive from fuel combustion where Heimstaden has contracted the energy supplier for

property heating and from fuel used in company-owned service cars and service cars with a financial lease. Our reported Scope 2 emissions derive from the heating and electricity in our properties, where Heimstaden is on the energy contract. Our reported Scope 3 emissions cover all categories applicable to Heimstaden's organisation. For more information on the Scope 1-3 emissions, see the [sustainability notes 305-1 to 305-3](#). No offsets or climate compensation is made to meet our climate targets. Instead, Heimstaden focuses on investing in measures that will reduce our own emissions.

Gases included in our calculations are mainly CO<sub>2</sub> and CH<sub>4</sub>, but can also include refrigerants, or CH<sub>2</sub> and N<sub>2</sub>O used in the production of district heating. We obtain the emission factor for electricity (market-based) and district heating (both market-based and location-based) from our energy suppliers. The source for the emission factors for location-based electricity is the International Energy Agency (IEA), for natural gas, and for oil, we use factors from Energiföretagen and Hagainiatiivet. The global warming potential (GWP) rates from the IPCC's Fifth Assessment Report are used for refrigerants.

### Supplier data

There are no significant changes in the structure of the supply chain or relationship with suppliers, including selection and termination of suppliers. While we build our own organisation in our new country markets, we will naturally gain more suppliers.

### Tax data

This report contains our first country-by-country reporting on tax. The reporting is based on 2020 figures.

### Waste data

Waste generated by tenants is calculated based on the number of tenants and the reporting is based on 2020 figures.

### Comparability

Heimstaden's energy, emission, and water intensity KPIs are based on data from comparable properties, requiring a full year of reported energy consumption during the reporting year. Energy and emissions from new property acquisitions and divestments during the reporting year will be included in the absolute figures when data is available.

### Recalculations

For each acquisition and divestment, Heimstaden's total GHG emissions may change significantly. Heimstaden has set 2019 as base year and developed a policy for the base-year recalculations in line with the GHG Protocol. Recalculations of the base year are necessary to enable comparison of emissions and track development on a like-for-like basis over a longer period. To be transparent, Heimstaden will, in reporting year 2022, report both the original figures and the recalculated figures.

### Definitions

**Comparable properties** – properties with the full year's energy data, where Heimstaden is on energy contract for those properties.

**High-consequence work-related injuries** – Accidents at work resulting in sick leave. Fatalities are not included in this consolidation.

**Recordable work-related injuries** – Incidents at work resulting in an injury, but no sick leave.

**Young adult jobs** – Jobs for employees who are 25 years or younger.

**Social lease contract** – Leases under which local authorities or non-governmental organisations lease apartments from Heimstaden to rent them, in turn, to socio-economically challenged people, for example homeless people, recently arrived migrants, people with various disabilities, etc.



## Climate Road Map

### Climate strategy

Climate research has shown that Central Europe will have more frequent heat waves, forest fires, and droughts, while Northern Europe will get significantly wetter, and winter floods could become common. In addition, urban areas will be exposed to heat waves, flooding, or rising sea levels. This will, in a medium and long-term perspective, have an impact in markets and cities where Heimstaden owns properties.

Heimstaden supports climate research and its sense of urgency and has committed to group-wide climate targets in line with the Paris Agreement's ambition to limit global warming to 1.5°C. As a European residential company, Heimstaden supports the EU target of being climate neutral in 2050. To ensure that efforts to reduce our climate impact are sufficient, Heimstaden Bostad, where most of the properties are located, has committed to the Science-Based Targets initiative (SBTi) and plans to start the validation process at the beginning of 2022. To reach the climate targets, Heimstaden Bostad will invest SEK 5 billion over the next nine years, which will increase as we grow. The investment will result in annual savings of about SEK 290 million, generating a potential yield on investment of 5.7%. Measures that cost the most generate the most emissions reduction potential, but we will work on smaller steps as well, as every effort counts. Heimstaden has established local carbon emission pathways in all countries where it operates. The climate impact and carbon emission pathways in local markets vary due to differences in national climate policies, energy mix, and EPC scheme implementation, but also due to differences in properties' energy performance.

Heimstaden will reduce its GHG emissions, and in many cases operating costs, while at the same time increasing the number of energy-efficient buildings and adapting to climate change. The company has a technical organisation with the necessary tools and processes to follow up the energy area across our local markets, and aims to share best practices between countries regarding technical investments and local solutions to optimise energy use and reduce carbon emissions. This approach is optimal for achieving the best possible results, combining local experience and day-to-day operational know-how with group-wide specialist competence.

Heimstaden has an evergreen philosophy. Therefore, it is important that the company monitors areas that have a significant long-term impact, such as sustainable choices of materials and products, and climate-related risks and opportunities. A Sustainable Mindset is one of the company's four strategic pillars, supported by a comprehensive, long-term sustainability strategy. The strategy is reviewed annually and includes the monitoring and management of environmental factors that have most impact on the company and an assessment of appropriate strategies for new and evolving conditions. Climate-related projects are a central part of

Heimstaden's sustainability focus in areas such as investments in climate change mitigation and adaptation measures, supply chain, ESG in acquisitions, and access to capital. The current and future property portfolio and investments will be continuously monitored and assessed in terms of climate impact. See [pages 30–40](#) for further details on Sustainability Corporate Governance.



## Climate Risk Management

Heimstaden's climate-related risk management process is integrated into the company's overall cross-disciplinary risk management process. The climate risk process covers all stages of the value chain: direct operations, upstream and downstream, with a short-term, medium-term, and long-term time horizon.

### Time horizon for Heimstaden's climate-related risk management process

- Short term: 0–5 years
- Medium term: 6–10 years
- Long term: 21–80 years

Heimstaden follows TCFD's recommendations and divides climate-related risks into two main categories: Transition risks and Physical risks.

Transition risks refer to the political, regulatory, and technological risks that a transition to a society with lower carbon emissions may entail.

Physical risks can be acute or chronic and can include direct damage to assets or indirect damage, such as interruptions to the supply chain.

The risks have been identified and analysed by using different climate scenarios. See [Section Initial Scenario Analysis](#) for a full table of Physical and Transitional risk (long term and short term).

Heimstaden ensures a relevant risk management process by concretising certain risk sub-categories, which visualise both risks and opportunities for all stakeholders. The risks have been processed by a related risk team that includes experts from all business functions. Heimstaden 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.

The Chief Sustainability Officer (CSO) is chairing the Executive Sustainability Committee and is responsible for developing the sustainability strategy and ensuring implementation in all areas of the Company. The CSO is a member of the

Heimstaden Group Risk Forum and a key stakeholder regarding climate-related and other ESG-related risks and opportunities. The Board of Directors is ultimately responsible for

Heimstaden's risk management, which also includes climate-related risks. The Group Risk Forum is a cross-disciplinary advisory forum, chaired by the Chief Risk Officer (CRO), that meets on a regular basis. Read more in the [Corporate Governance section](#).

A crucial part of a rapidly growing business is the ability to identify, assess, and manage the impact of various risks and thus on earnings performance and financial position. Heimstaden's process for risk management has the objective of proactively working with the company's risk exposure, helping to create a solid balance between managing identified threats and enhancing opportunities. For the risks that have been identified, the Board of Directors and Group Management team have prepared risk responses such as guidelines, instructions, and allocated responsibilities that are followed up on an ongoing basis. Heimstaden assesses risks based on likelihood and impact. Material risks are then presented to the Board of Directors.

Heimstaden's material climate-related risks are presented in [Section Risk Management](#).

## Opportunities

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, we will reduce our GHG emissions and, in many cases, operating costs, while at the same time increasing the number of energy-efficient buildings and adapting to climate change. Such results are key to achieving our goals and attracting investors. In property development projects, an increased focus on materials used, recycling of building materials, and waste management will lead to emissions reduction, positive financial effects, and reduced water use.

There will be opportunities to seek public funding to meet climate and energy objectives and support the transition to clean energy given various EU support schemes and initiatives to accelerate energy efficiency investments. Heimstaden will assess funding opportunities for transition projects, such as testing new technologies and the development of new products and customer services through innovation.

### Challenges on our path

Heimstaden is transparent about its status and we acknowledge that there is a lot to do to fully address and manage climate challenges, not least in view of our rapid growth in European countries with a high proportion of fossil fuel in the energy mix.

### Climate actions

Our Climate target is in line with the Paris Agreement ambition to limit global warming to 1.5°C, meaning that we commit to reducing Scope 1 and 2 GHG emissions by at least 46% by 2030, with 2019 as base year.

Heimstaden calculates its Scope 1, Scope 2, and Scope 3 GHG emissions in line with the GHG Protocol (GHG Protocol) methodology. A compilation of Heimstaden's GHG emissions in Scope 1, Scope 2, and Scope 3 can be found in the [sustainability notes 305-1 to 305-3](#).

A description of environmental and climate-related projects for 2021 is presented in [Section Energy](#) and [Section GHG emissions](#).

### Heimstaden's focus:

- Improve Energy Performance Certificates (EPC)
- Energy-efficiency measures
- Optimisation, Fuel shifts and technical investments
- Transition to fossil-free energy solutions
- Investments in photovoltaics and e-mobility
- Biodiversity measures
- Various partnerships
- Customer nudging projects

### 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 (IPCC)'s 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°C. An RCP of 8.5 represents instead a weak climate policy, continued high emissions and a global temperature increase of 3.5–5.0°C. The analysis also included other factors, such as rainfall patterns and rising sea levels. Results of the study will be integrated into Heimstaden's various operations and management processes, projects, and portfolio planning.

### Long-term potential climate effects 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, and rising sea levels

Source: <https://ec.europa.eu/clima/change/consequencesentail>.

To support the risk management process, Heimstaden has used data from the European Commission and 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 2022, Heimstaden plans to further assess climate-related physical risks and financial effects at local level in all our markets.

## Scenario Analysis

In 2020, Heimstaden conducted a first desk-top analysis of the effects of climate change on our property portfolio. 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 RCA3<sup>1</sup> and RCA4<sup>1</sup>, both in IPCC short-term (2040) and long-term (2100) time perspectives. During 2021, we started to enhance the analysis and its results by analysing our portfolio locally with a climate risk and vulnerability assessment at property level in the different countries. The result of the analysis led to concrete measures at property level.

	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	Systemic		
Elevated average temperature	the value of financial assets is affected	energy efficiency technical solutions	changed market price for services and goods due to increased cost for CO <sub>2</sub> emissions	energy requirements in environmental certifications	deteriorating human health	increased demand for property maintenance		
	increased tax and insurance costs	fossil-free heating systems	emission reduction requirements in new builds	poorer housing	threatened ecosystems and biodiversity loss	deteriorating water quality		
	increased costs for CO <sub>2</sub> emissions				less products and timber from forestry			
Rising sea level	difficulties in insuring 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 used the Rossby Centre's climate scenarios performed by SMHI and estimated climate scenarios performed by SMHI.

Source: <http://www.smhi.se/klimat/framtidens-klimat/klimatscenerier>

<sup>1</sup> The Rossby Centre regional atmospheric climate model

## EU Taxonomy

During 2021, we concluded the share of Heimstaden's revenues, capex and opex that are eligible for the EU taxonomy. We have also prepared our organization to track our alignment with the EU taxonomy during 2022 and started climate risk and vulnerability assessments at property level. We expect only a small part of the revenue to be taxonomy aligned, as our property portfolio mostly consists of older buildings. Regarding capex, we expect a higher alignment with the taxonomy. Heimstaden address minimum social safeguards through our Code of Conduct and Goes Without Saying policy.

### Reporting principles

The revenues included in the EU taxonomy report follows the same definition as in the annual report and consists of rental income. Capital expenditures (capex) refers to additions to tangible and intangible assets during the financial year before depreciation, revaluations, incl. devaluations, for the financial year and except for changes in fair value. Examples of this can be major renovations, insulation projects, digital measurement, solar panels and charging stations for electric vehicles. Operating expenses refer to direct costs that are not booked as assets and that relate to research and development, building renovation, short-term leasing agreements, maintenance and repair and all other direct expenses related to the daily maintenance of tangible fixed assets performed by the company, or a third party hired for this purpose and required to ensure the continuous and efficient functioning of these assets. Opex does not correspond to total operating expenses, but only expenses associated with the asset's continuous and appropriate function. For example, maintenance and repair of our properties are included, while expenses for energy, water and property tax are excluded.

Heimstaden has activities in the following categories of the taxonomy within Construction and Real Estate:

- 7.1 Construction of new buildings
- 7.2 Renovation of buildings
- 7.3 Installation, maintenance, and repair of energy-efficiency equipment
- 7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5 Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings
- 7.6 Installation, maintenance, and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings

### Next step

Heimstaden has identified the EU Taxonomy Climate Change Mitigations Act as the main act pertaining to our operations and accordingly places high importance on the EU objective to mitigate climate change. To be able to report fully in FY 2022 we plan to:

- perform robust climate risk and vulnerability assessments
- implement the 'Do no significantly harm'-criteria in our operation routines

### Taxonomy eligible economic activities

	Total in SEK million	Taxonomy eligible in %	Taxonomy non-eligible in %
Revenue	9,685	100	0
Capex	140,979	100	0
Opex	2,524	100	0



## Stakeholder Engagement

We map and analyse stakeholder expectations of our operations. We see this as a prerequisite for achieving our targets and generating value that is sustainable in the long term. In 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 entities, and shareholders.

### Materiality analysis

To address stakeholder expectations and evaluate issues that are important to Heimstaden, we conduct materiality assessments by engaging in dialogues with our stakeholders as well as accounting for Heimstaden's impact on people, environment, climate, economy, and society, and our vision and business strategy. Stakeholder dialogues were conducted between 2017–2021. To communicate and align our expectations with global best practices, the topics covered in Heimstaden's materiality analysis are based on GRI standards for sustainability reporting. The GRI topics and their definitions can be found [here](#).

We have identified the following material GRI areas to report on: GRI 205 Anti-Corruption; GRI 201 Economic Performance; GRI 207 Tax; GRI 302 Energy; GRI 305 GHG Emissions; GRI 306 Waste; GRI 401 Employment; GRI 403 Occupational Health and Safety and GRI 413 Local Community. In addition to the areas that have been prioritised as material from a GRI perspective, Heimstaden applies a structured and long-term approach regarding water use and human rights.

In addition to Heimstaden's impact on people and the planet, we analyse the risks and opportunities that a sustainable transition entail for us. The concept of double materiality gives a more holistic perspective of our sustainable development journey, as recommended by the European Commission's Corporate Sustainability Reporting Directive.

### Sustainability Tracker Project

To measure our customers' opinions on sustainability and evaluate how our sustainable activities are perceived, we launched a Sustainability Tracker project in the fourth quarter of 2021. The project is to be carried out in two phases: a qualitative stage comprising interviews with a small sample of our tenants across all our markets and a quantitative stage comprising questionnaires for a much larger reach. The purpose of the interviews is to understand how our tenants perceive sustainability and to collect insights on their views on Heimstaden's sustainability work. The qualitative stage interviews will result in a stand-alone report, which will also act as the input for the structured questionnaire for the quantitative stage. The project is still in its nascent stages, but once complete, will yield a thorough understanding of our tenants' outlook and expectations on sustainability.

Stakeholders	Shareholders	Public Bodies	Employees <sup>1</sup>	Lenders and investors	Suppliers	Customers
<b>Dialogue Opportunities</b>	<ul style="list-style-type: none"> <li>Owner dialogues and meetings</li> <li>Board meetings</li> <li>Annual General Meeting</li> <li>Meetings with shareholder representatives</li> </ul>	<p><b>PUBLIC SECTOR</b></p> <ul style="list-style-type: none"> <li>Dialogue forums for urban planning and dialogues with developers</li> <li>Dialogue forums on social aspects – safe neighbourhoods, crime prevention, and environment in the local community</li> <li>Dialogues with municipalities</li> <li>Dialogues when entering new markets</li> </ul> <p><b>NOT-FOR-PROFIT SECTOR</b></p> <ul style="list-style-type: none"> <li>Engagement and attendance at meetings with special-interest and industry organisations</li> <li>Network meetings</li> </ul> <p><b>UNIVERSITIES &amp; HIGH SCHOOLS</b></p> <ul style="list-style-type: none"> <li>Career fairs</li> <li>Company presentations for students</li> <li>Project/thesis assignments</li> <li>Internships</li> </ul>	<ul style="list-style-type: none"> <li>Personal development plan (PDP) discussion</li> <li>Leadership development</li> <li>Employee surveys</li> <li>Work health and safety group</li> <li>Operational planning</li> <li>Internal conferences and meeting</li> </ul>	<ul style="list-style-type: none"> <li>Individual meetings with banks and investors</li> <li>Financial statements</li> <li>Capital-market presentations</li> <li>Bond and Green Bond issuance</li> </ul>	<ul style="list-style-type: none"> <li>In connection with procurement processes for framework agreements, when placing orders and in meetings with suppliers</li> <li>When reviewing sustainability efforts in connection with renegotiation/renewal of agreements</li> </ul>	<ul style="list-style-type: none"> <li>Customer service and ongoing dialogues regarding property management</li> <li>Customer satisfaction surveys</li> <li>Local events and happenings</li> <li>Sustainability Tracker: qualitative interviews and quantitative surveys regarding tenants' perception of sustainability.</li> </ul>
<b>Important Issues</b>	<ul style="list-style-type: none"> <li>Community engagement and social responsibility</li> <li>Customer satisfaction</li> <li>A long-term stable profit where consideration is given to people, ethics, and the environment</li> <li>Sustainable growth</li> <li>Transparent reporting</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement and social responsibility</li> <li>Safe and secure neighbourhoods</li> <li>GHG emissions</li> <li>Climate change</li> <li>Job opportunities</li> <li>Internship opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Responsible and ethical business practices</li> <li>Stable and long-term employer that offers good employment terms and work environment</li> <li>Leadership presence</li> <li>Local community engagement</li> </ul>	<ul style="list-style-type: none"> <li>Responsible business conduct</li> <li>Climate change mitigation and adaptation</li> <li>Social responsibility</li> <li>Customer satisfaction</li> <li>Sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>Specifications concerning the supplier's work conditions, work environment, human rights, and environmental work</li> <li>Collaboration for increased sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Pleasant and safe living environment</li> <li>Affordable apartments</li> <li>Good service</li> <li>Access to public transport and local services</li> </ul>
<b>Our Actions</b>	<ul style="list-style-type: none"> <li>Heimstaden has a strong focus on environment, social responsibility, and governance</li> <li>By ensuring operational efficiency, customer experience, and an evergreen perspective on properties, Heimstaden generates long-term value for the shareholders</li> <li>Reported in <a href="#">Section Economic Performance</a></li> </ul>	<ul style="list-style-type: none"> <li>Heimstaden contributes to a more sustainable housing market</li> <li>Heimstaden has a focus on building sustainable, safe, and inclusive neighbourhoods and local communities</li> <li>Heimstaden offers internships and summer jobs to students</li> <li>Reported in <a href="#">Section Local Community</a></li> </ul>	<ul style="list-style-type: none"> <li>High ethical standards</li> <li>High focus on leadership, employee development, and working conditions</li> <li>Reported in <a href="#">Section Employment</a> and <a href="#">Section Occupational Health and Safety</a></li> </ul>	<ul style="list-style-type: none"> <li>Established a Fitch rating of 'BB+'</li> <li>Continuous improvements regarding sustainability performance</li> <li>Improved climate strategy and reporting capacity (CDP, TCFD), reported in <a href="#">Section Climate Road Map</a></li> </ul>	<ul style="list-style-type: none"> <li>Continuous improvement work</li> <li>Tools to track performance</li> <li>Supply-chain reporting in <a href="#">Section Human Rights</a></li> </ul>	<ul style="list-style-type: none"> <li>Continuous improvement work</li> <li>A wide portfolio of apartments in different price ranges</li> <li>Reporting in <a href="#">Section Local Community</a></li> </ul>

<sup>1</sup> All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.



In the GRI Index on [page 122](#) we have linked our material sustainability areas to the Sustainable Development Goals and their sub-targets.

## Memberships and undertakings

- The UN Global Compact
- Science Based Targets initiative (SBTi)
- 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)
- The Rotterdam Climate Agreement, Netherlands

## UN Global Compact

In 2019, Heimstaden AB joined the UN Global Compact initiative for responsible business, thereby committing to follow the Compact’s 10 principles in the areas of human rights, labour, the environment, and anti-corruption.





## GRI standards

	Comment/information outstanding	Principles of the Global Compact	Page
<b>GRI 102: General disclosures 2016</b>			
102-1 Name of the organisation			<a href="#">2</a>
102-2 Activities, brands, products, and services			<a href="#">3–5</a>
102-3 Location of headquarters			<a href="#">2</a>
102-4 Location of operations			<a href="#">25, 26</a>
102-5 Ownership and legal form			<a href="#">30–40</a>
102-6 Markets served			<a href="#">25, 26</a>
102-7 Scale of the organisation			<a href="#">4, 6, 7</a>
102-8 Employees			<a href="#">13, 14, 131</a>
102-9 Supply chain			<a href="#">125, 134, 135</a>
102-10 Significant changes to the organisation and its supply chain			<a href="#">113</a>
102-11 Precautionary principle or approach		7	<a href="#">127</a>
102-12 External initiatives		7	<a href="#">136–139</a>
102-13 Membership of associations			<a href="#">120</a>
102-14 Statement from senior decision-maker			<a href="#">8</a>
102-16 Values, principles, standards, and norms of behaviour		1-10	<a href="#">3</a>
102-18 Governance structure			<a href="#">30–40</a>
102-40 List of stakeholder groups			<a href="#">119</a>
102-41 Collective bargaining agreements		3	<a href="#">134</a>
102-42 Identifying and selecting stakeholders			<a href="#">119</a>
102-43 Approach to stakeholder engagement			<a href="#">119, 120</a>
102-44 Key topics and concerns raised			<a href="#">120</a>
102-45 Entities included in the consolidated financial statements			<a href="#">48–50</a>
102-46 Defining report content and topic boundaries			<a href="#">111, 112</a>
102-47 List of material topics			<a href="#">111, 112</a>
102-48 Restatements of information			<a href="#">111–113</a>
102-49 Changes in reporting			<a href="#">111</a>
102-50 Reporting period			<a href="#">111</a>
102-51 Date of most recent report			<a href="#">111</a>
102-52 Reporting cycle			<a href="#">111</a>
102-53 Contact point for questions regarding the report			<a href="#">111</a>
102-54 Claims of reporting in accordance with the GRI Standards			<a href="#">111–113</a>
102-55 GRI Content Index			<a href="#">121, 122</a>
102-56 External assurance			<a href="#">111</a>

## GRI standards

<b>Economy</b>	<b>Indicator</b>	<b>Comment/information outstanding</b>	<b>SDG sub-targets</b>	<b>Principles of the Global Compact</b>	<b>Page</b>
Economic performance	103-1/2/3 Management approach				<a href="#">124</a>
	201-1 Direct economic value generated and distributed		11-1, 12-6		<a href="#">124</a>
Anti-corruption	103-1/2/3 Management approach				<a href="#">125</a>
	205-3 Confirmed incidents of corruption		16-5	2, 6, 10	<a href="#">125</a>
Tax	103-1/2/3 Management approach				<a href="#">126</a>
	207-4 Country-by-country reporting		17-1		<a href="#">126</a>
<b>Environment</b>					
Energy	103-1/2/3 Management approach				<a href="#">127</a>
	302-1 Energy consumption within the organisation		6-4, 7-2, 7-3, 9-1, 12-8, 13-2	8-9	<a href="#">128</a>
	302-3 Energy intensity				<a href="#">128</a>
Water	103-1/2/3 Management approach				<a href="#">128</a>
	303-5 Water consumption		6-4		<a href="#">128</a>
GHG	103-1/2/3 Management approach				<a href="#">129</a>
	305-1 Direct (Scope 1) GHG emissions				<a href="#">130</a>
	305-2 Energy indirect (Scope 2) GHG emissions		11-6, 13-2	8-9	<a href="#">130</a>
	305-3 Other indirect (Scope 3) GHG emissions				<a href="#">130</a>
Waste	305-4 GHG emissions intensity				<a href="#">130</a>
	103-1/2/3 Management approach				<a href="#">130</a>
	306-3 Waste generated		11-6		<a href="#">130</a>
<b>Social</b>					
Employment	103-1/2/3 Management approach				<a href="#">131</a>
	401-1 New employee hires and employee turnover		5-5, 8-5, 10-3, 16-7	3-6	<a href="#">145, 146</a>
Occupational health and safety	103-1/2/3 Management approach				<a href="#">132</a>
	403-1 Occupational health and safety management system				<a href="#">132</a>
	403-2 Hazard identification, risk assessment, and incident investigation				<a href="#">132</a>
	403-3 Occupational health services				<a href="#">132</a>
	403-4 Worker participation, consultation, and communication on occupational health and safety		3-4, 8-8		<a href="#">132</a>
	403-5 Worker training on occupational health and safety				<a href="#">132</a>
	403-6 Promotion of worker health				<a href="#">133</a>
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				<a href="#">133</a>
	403-9 Work-related injuries				<a href="#">133</a>
Human rights	103-1/2/3 Management approach				<a href="#">134</a>
	406-1 Incidents of discrimination		10-3, 12-7, 17-17		<a href="#">135</a>
	414-1 New suppliers that were screened using social criteria			1-10	<a href="#">135</a>
Local community	103-1/2/3 Management approach				<a href="#">136</a>
	413-1 Operations with local community engagement, impact assessments, and development programmes		4-6, 8-6, 10-2, 11-3		<a href="#">138, 139</a>

## TCFD Index

	Chapter	Page
<b>Governance</b>		
a) Describe the Board's oversight of climate-related risks and opportunities.	Governance, Risk Management	<a href="#">30–40</a>
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Governance, Risk Management	<a href="#">30–40</a>
<b>Strategy</b>		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Initial Scenario Analysis	<a href="#">117</a>
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Climate Road Map, Initial Scenario Analysis	<a href="#">114–117</a>
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate Road Map, Initial Scenario Analysis	<a href="#">114–117</a>
<b>Risk Management</b>		
a) Describe the organisation's processes for identifying and assessing climate-related risks.	Climate Risk Management	<a href="#">115, 116</a>
b) Describe the organisation's processes for managing climate-related risks.	Climate Risk Management	<a href="#">115, 116</a>
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate Risk Management	<a href="#">115, 116</a>
<b>Metrics and Targets</b>		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate actions, GHG Emissions	<a href="#">115, 116, 129, 130</a>
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	GHG Emissions	<a href="#">129, 130</a>
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	GHG Emissions	<a href="#">129, 130</a>

## Statutory Sustainability Report Index

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

Topic	Area	Page
Environmental issues	Policy, review procedures and policy results	<a href="#">123–130</a>
	Risks and risk management	<a href="#">39</a>
	Key performance indicators	<a href="#">128, 130, 142–144</a>
Social issues and employees	Policy, review procedures and policy results	<a href="#">13–133, 136–139</a>
	Risks and risk management	<a href="#">38</a>
	Key performance indicators	<a href="#">131, 133, 137–139</a>
Human rights	Policy, review procedures and policy results	<a href="#">134</a>
	Risks and risk management	<a href="#">38, 39</a>
	Key performance indicators	<a href="#">135</a>
Anti-corruption	Policy, review procedures and policy results	<a href="#">125</a>
	Risks and risk management	<a href="#">38, 39</a>
	Key performance indicators	<a href="#">125</a>

## Economic Performance

201-1 Direct economic value generated and distributed

### Materiality and boundary

Through long-term, profitable growth generated with consideration for people and the 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. A competitive offering to employees is critical for our success. Heimstaden makes contributions to local societies in all our markets through corporate tax, VAT, and social security payments. Our co-owners are 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 long term, therefore investment decisions are premised on population growth and positive economic development, generating long-term demand for residential properties in the locations in which we operate.

### Our group policies implemented are:

- Financial Policy

The policy applies company-wide and in all our markets and is approved by the CEO.

Our Financial Policy serves as a framework for the management of the company's financial risks, such as liquidity, refinancing, foreign-currency, and interest rate risks.

### Evaluation

We continuously measure and assess the effectiveness of our financial governance and review our financial goals as part of our ongoing business. We measure our progress by:

- Acquisition volumes
- Raised equity volumes
- Access to debt markets and improvement of Heimstaden rating
- Investment and asset management performance

### GRI 201-1 Direct economic value generated and distributed (company-wide)

#### Economic flow to and from different stakeholders

SEK million	2021	2020	2019
<b>DIRECT ECONOMIC VALUE GENERATED</b>			
<b>Tenants</b>			
Rental income	9 685	6,992	4,863
<b>Economic value generated from rental income</b>	<b>9 685</b>	<b>6,992</b>	<b>4,863</b>
<b>ECONOMIC VALUE DISTRIBUTED</b>			
<b>Employees</b>			
Salaries (incl. social costs and pensions)	-749	-575	-365
<b>Cost for employees</b>	<b>-749</b>	<b>-575</b>	<b>-365</b>
<b>Society</b>			
Suppliers (incl. VAT)	-7,463	-3,769	-3,205
Corporate tax (current tax)	-501	-395	-259
Deferred tax	-4,691	-1,892	-1,443
<b>Economic value to society</b>	<b>-12,655</b>	<b>-6,056</b>	<b>-4,907</b>
<b>Owners</b>			
Dividends (payout year)	-3,836	-1,232	-647
New share issue (capital injections)	52,110	13,596	20,167
<b>Transactions with the shareholders</b>	<b>48,274</b>	<b>12,364</b>	<b>19,520</b>
<b>ECONOMIC VALUE RETAINED</b>	<b>44,556</b>	<b>12,731</b>	<b>19,111</b>

The calculation is based on reported financials in the annual report and is in accordance with GRI guidelines. The intention is to show in a basic way how Heimstaden 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 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

At Heimstaden, it is crucial to conduct our operations responsibly based on our values and with a high level of business ethics. To be able to impact the whole value chain, we have a Group-wide initiative for implementing culture and value workshops to highlight business ethics guidelines, human rights, and working conditions among employees, in addition to a Code of Conduct for Business Partners. Through these, we can prevent risks, as described in [Section Risk Management](#), and contribute to a democratic and sustainable society in which operations are conducted on fair terms.

### 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 us to impose demands, not only on our own organisation, but on our partners. In accordance with our UN Global Compact commitment, we work actively on anti-corruption measures through our compliance management system involving policies both internally and throughout our value chain.

People & Culture is responsible for educating employees on our Code of Conduct for Employees. This is done through a culture and value workshop and a mandatory e-learning course for all employees conducted annually. 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 purpose, we have implemented a self-assessment. Heimstaden has a whistle-blower function where employees and external stakeholders can report any irregularities and violations of the Code of Conduct. The system is owned and managed by a neutral third party. Our whistle-blower policy specifies how reported cases are to be processed, followed up, and communicated. Our vision is to have zero annual confirmed cases company-wide.

### Evaluation

#### GRI 205-3 Confirmed incidents of corruption and actions taken (company-wide)

	2021	2020	2019
Number of reported cases	0	0	2
Number of confirmed cases	0	0	0

During the year, zero cases were reported through the whistle-blower function. We started the follow-up at group level in year 2019 making year 2019 our baseline.

#### Our [group policies](#) implemented are:

- Anti-Corruption
- Code of Conduct
- Goes Without Saying Policy
- Business Partner Code of Conduct
- Sanctions Policy
- Whistle-blowing Policy and Guidelines

The policies apply company-wide and in all our markets and are approved by the CEO.

# Tax

## 207-4 Country-by-country reporting

### Materiality and boundary

At Heimstaden, we view tax as a social responsibility and think it is important that tax is paid in the country where value is created, in due time and in accordance with local tax rules. Compliant administration and payment of taxes is an integral part of our business and focus on transparent compliance towards tax authorities.

Simultaneously, tax is a business cost that can help reduce our business risk, if managed effectively to the level required by law, fulfilling our obligations towards stakeholders.

### Management approach

Being a multinational group, all subsidiaries are fulfilling operational business activity in jurisdictions where we are present. However, they will never be vehicles engaged in harmful tax planning, which we consider unacceptable. Carefully monitoring transfer pricing is an integral part of mitigating negative impact on our tax footprint.

The tax policy is owned by Heimstaden's Finance Department and reviewed by the CFO. The policy covers all levies paid to respective countries' tax authorities and applies for all subsidiaries and employees in the Heimstaden Group from the date of adoption. Heimstaden intends this statement to satisfy any statutory responsibilities it may have to disclose its approach to the management of taxes.

Heimstaden's CFO has the operational responsibility for the Group's tax position across all territories and has delegated the day-to-day responsibility for tax to the respective local managements of each Heimstaden subsidiary. Significant tax matters are routinely addressed in Audit & Risk Committee meetings where the group auditor is also present.

### Evaluation

Group Legal and Tax are evaluating the management approach by reporting tax at Group level, monitoring and providing Group oversight of tax and assist with tax advice. The country-by-country reporting on tax is shown in the table below contains country-by-country reporting for the year 2020.

## GRI 207-4 Country-by-country reporting (company-wide)

SEK million	Sweden	Norway	Denmark	Netherlands	Germany	Czech Republic	Poland
Number of employees 2020 (Headcount)	393	133	126	23	117	580	0
Revenues from third-party sales	2,567	708	1,526	1,029	10	1,465	0
Revenues from intra-group transactions with other tax jurisdictions	1,410	110	-138	143	0	0	0
Profit/loss before tax	-77	288	1,729	1,307	0	1,015	0
Tangible assets other than cash and cash equivalents	22,688	5,603	36,215	23,378	1	13,864	0
Corporate income tax paid on a cash basis	112	60	133	80	-1	32	1
Corporate income tax accrued on profit/loss	34	56	102	101	0	111	0

The table contains country-by-country reporting for year 2020 for all countries in which Heimstaden operated during the year.

### Our [group policies](#) implemented are:

- Tax policy

The policy applies company-wide and in all our markets and is approved by the CEO.

## 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% of energy usage. Energy-efficiency measures and fossil-free energy are considered important to our stakeholders, and they affect our customers' ability to live sustainably. We use energy for heating and electricity in our properties. Operating our buildings has a direct impact on energy usage, which we can influence by implementing energy-efficiency measures. Unfortunately, we cannot influence the energy usage in all our properties as explained in [Section Reporting principles](#).

### Management approach

Our energy focus is based on Heimstaden's business strategy and underlying sustainability strategy.

In [Section Climate Road Map](#), you can read about our climate governance, strategy, and climate targets. The climate targets are in line with the Paris Agreement 1.5°C ambition, meaning that we commit to reducing Scope 1 and 2 GHG emissions by at least 46% by 2030, with 2019 as the base year. To reach the target, energy reduction will be a key measure, where we aim to reduce the amount of energy purchased by 2% per square metre annually until 2025 (in comparable property portfolios), with 2019 as the baseline. Head of Group Energy Management plays an important role in ensuring consistent energy management in all countries, and in achieving Heimstaden's energy-related targets. The property management organisation is responsible for managing energy usage and the selection of energy sources. We work continuously with energy-efficiency improvements throughout our organisation in all countries and train our staff in energy-efficient operations. Energy-efficiency measures are prioritized according to

the expected impact on energy usage, and the provision of GHG emission reductions at a reasonable cost. When making acquisitions, we always screen properties, resulting in an action plan for energy-related actions.

We reduce the amount of purchased energy usage by:

- Installing intelligent control systems, using structural engineering measures to mitigate heat loss, making demands in connection with new construction and, by investing in photovoltaic cells.
- Certifying all new construction projects with Sweden Green Building Council's 'Miljöbyggnad Silver' certification in Sweden or at least energy class A 2015 in Denmark (legal requirements).
- Starting to implement a sustainability program with demands on suppliers regarding energy and resource efficiency.
- Having a Group target to install photovoltaic cells on all new construction projects (when applicable).

### Evaluation

In Sweden, Norway, Germany, Iceland and the Netherlands, we are compiling energy statistics monthly or quarterly, enabling us to detect deviations in energy usage and act on them. We compile energy data per country annually at a minimum to make sure there is ample progress to reach our targets in time. That gives us the chance to implement more actions if needed. In 2021, we achieved our target to only use origin-labelled renewable electricity in our existing portfolio.

Despite implementing many energy-efficiency measures in all the countries we operate in, 2021 proved to be an energy-intensive year that saw energy use and CO<sub>2</sub> emissions increase versus 2020. The main reasons for this were, firstly, that 2020 was a much warmer year (with less heating required), and,

secondly, that our property portfolio grew significantly in 2021. In addition, we used more natural gas in 2021 after replacing coal-fired heating in many apartments in Czech Republic with much more efficient central gas boilers. While data coverage in Germany and the Netherlands increased during the year, there is uncertainty as to the quality of data since a large proportion is collected manually. We are constantly working to improve data quality through implementation of new digital solutions. Versus 2020, we also experienced a full 'pandemic effect' year in 2021, with increased energy consumption through households' increased use of hot water and heating. Looking forward, we have started implementation of our climate roadmap and will work intensively to reduce energy use and CO<sub>2</sub> emissions across our property portfolio. Normally, trimmings and one calendar year of operation are required before these are fully effective. In addition to this operational phase, most energy investments require planning, and even in some cases, permission from authorities, which also means that project start can be delayed from several months up to one year after a decision on implementation.

1% of our properties are certified with SGBC's 'Miljöbyggnad Silver', 'Miljöbyggnad Brons' certification, or 'BREEAM, very good' as of 31 December 2021.

In 2021 we have for example:

- Exchanged old gas boilers in Germany to more efficient ones, leading to an energy reduction up to 30% per property
- Replaced the last oil tank in the Netherlands for an efficient natural gas boiler
- Finished five sustainability projects in the Netherlands, with the aim to reduce energy and emissions by, for example, insulating buildings
- Completed insulation projects impacting 1,400 flats in the Czech Republic, resulting in an energy reduction of around 9,500 GJ/year
- Installed exhaust air heat pumps in a property in Sweden, resulting in an energy reduction up to 25%
- Installed control systems in five buildings in Norway, reducing energy usage by a minimum of 7%
- Replaced 800 windows in 200 apartments in Norway to avoid energy loss
- Implemented a monitoring and control system as a pilot project in Denmark, expecting to reduce energy usage by 3-7% per property. In the first property we reduced energy usage by 10%
- Installed smart meters in almost half of the Icelandic property portfolio
- Installed 14 water meters in Ásbrú, Iceland, leading to an energy reduction of 30–43% per property.

### Our group policies implemented are:

- Environmental policy (including the precautionary principle)

The policy applies company-wide and in all our markets and is approved by the CEO. Specific additional policy documents exist regarding our fulfilment of legal and compliance requirements where needed in given markets.

**GRI 302-1, 302-3 Energy consumption in the properties in MWh (company-wide)**

	2021	2020	2019
<b>Heating</b>	<b>784,079</b>	<b>637,522</b>	<b>302,890</b>
Of which renewable heating	371,090	279,163	269,149
<b>District cooling</b>	<b>326</b>	<b>203</b>	<b>224</b>
<b>Electricity</b>	<b>76,507</b>	<b>71,536</b>	<b>69,390</b>
Of which renewable electricity	74,268	68,240	68,247
Total energy usage (heating, cooling, electricity)	860,912	709,261	372,504
<b>Electricity production (Solar power)</b>			
Installed capacity (photovoltaic cells), kWp	1,262	374	329
Amount produced, MWh	595	456	28

The data for 2021 includes purchased energy by Heimstaden in Sweden, Norway, Netherlands, Germany, Iceland and partly Denmark in 2021. For other properties the energy consumption from year 2021 is not yet available and therefore energy consumption figures from 2020 are used for the Czech Republic and partly Denmark. For Iceland, an estimate from the energy supplier is used for those properties where there is no smart meters. 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 2021, the total energy consumption has increased due to new acquisitions and the weather which has been cooler during 2021 compared to 2020. The electricity that is not renewable comes from properties that we have recently acquired and that do not have renewable electricity agreements. The agreements will be changed to renewable electricity agreements as soon as possible. The installed capacity of solar cells have increased during the year. Many of the new solar cells were installed during Q3-Q4 2021, therefore the amount of produced electricity is lower during 2021 in relation to the installed capacity. For more detailed information about energy reporting see the [reporting principles](#) and [table section](#).

	2021	2020	2019
Energy performance in kWh/sqm	161	145	150

The energy performance is based on energy consumption within Heimstaden properties as per the above table. 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 (such as acquisitions and divestments during the reporting year) are excluded from the intensity figures. The energy use per square metre has increased during 2021 due to the weather which has been cooler during 2021 compared to 2020. Read more about the work with energy efficiency in the [Section about Energy](#).

## Water

### 303-5 Water consumption

#### Materiality and boundary

Water must be treated as a scarce resource. There is no water stress in the countries in which Heimstaden operates, but water shortages due to altered weather patterns including droughts, floods, increased pollution, and increased human demand and overuse of water may occur in the future due to a changing climate. Heimstaden's own water use is a minor part of the total water use in our properties. Most is used by our customers, for example for personal hygiene, washing, cooking, etc. But we still 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 reduce our water use by at least 1% per square metre annually until 2030. In a few properties in Sweden, Norway, and the Netherlands we use smart metering for water use in real time allowing us to immediately detect deviations, such as water leakage. During apartment renovations, mixer taps and shower equipment are replaced with new efficient ones. At the end of 2021, Heimstaden Netherlands started a nudging pilot where we are actively encouraging our tenants to use less water. In the Czech Republic, a double flushing system is installed in every toilet replaced.

#### Evaluation

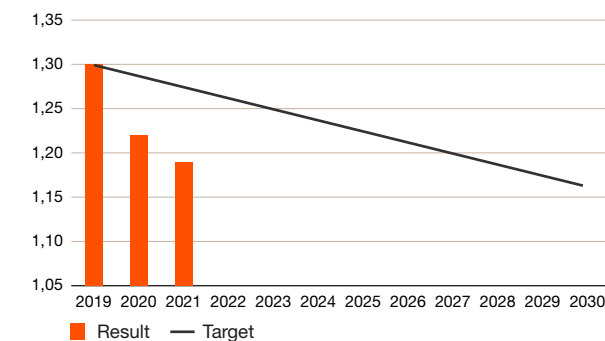
In Denmark and the Czech Republic, water statistics are compiled only once annually, meaning that water consumption figures for the full-year 2021 are not available for all the properties in the table below. In these cases, the 2020 figures for water consumption are used.

#### GRI 303-5 Water consumption (company-wide)

	2021	2020	2019
Total water consumption m <sup>3</sup>	7,592,252	6,955,106	3,437,108
Building water intensity (per year) m <sup>3</sup> per sqm	1.2	1.2	1.3

Data for 2021 includes water use in Sweden, Norway, Netherlands, Germany, and partly Denmark. For other properties, water consumption is not yet available and therefore water consumption values for 2020 are used for the Czech Republic and partly Denmark. Total water consumption for 2021 has increased due to new acquisitions.

#### Building water intensity in m<sup>3</sup>/sqm per year





## GHG 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% of GHG emissions. GHG emissions have a negative impact on the climate and on living conditions and the environment of communities, citizens, and our customers. Focusing on reducing emissions is the only way forward and increases opportunities for external financing.

GHG emissions occur throughout our entire value chain, including our suppliers, contractors, and customers. The majority of Scope 1 and 2 emissions are generated by energy usage in our properties, while Scope 3 emissions mostly come from our tenants' energy consumption, new construction, reconstruction, and renovation.

### Management approach

Our environmental work is based on Heimstaden's strategic pillars and underlying sustainability strategy.

Heimstaden has set a new climate target reducing Scope 1 and 2 emissions by at least 46% by 2030 with 2019 as the base year. The target is in line with the 1.5°C Paris Agreement ambition. Heimstaden Bostad, where most of the properties are located, has committed to the Science Based Targets initiative (SBTi) and will send the climate target to the SBTi for validation in the beginning of 2022. To be able to achieve our objectives in time, we have assigned a clear budget to the climate target and will evaluate emissions data annually to track our progress.

Heimstaden does not use incentives. Emissions-reduction measures are prioritised according to their expected impact and at a reasonable cost. Our operations organization is responsible for follow-up on energy usage in our properties and emissions-reduction measures.

Besides the energy demands stated in [Section Energy](#), Heimstaden reduces emissions within new constructions by:

- Certifying with Sweden Green Building Councils Environmental label Miljöbyggnad, Silver level, in Sweden (20% less than Sweden's NZEB (Near zero-energy building))
- Conducting Life Cycle Assessments with generic values (LCA)
- Requesting Environmental Product Declarations (EPD) to be able to calculate specific carbon equivalent (CO<sub>2</sub>e) emissions to create a baseline
- Starting to implement a sustainability program including demands on suppliers regarding emission reduction measures

In 2021, we have reduced our emissions through energy-efficiency measures described in [Section Energy](#). Besides that, we have for example also:

- Switched to renewable electricity in Denmark, Germany, and the Czech Republic
- Implemented electric service cars in Germany
- Started the process of building our first climate-neutral property in Malmö, Sweden
- Switched from coal-based district heating in 57 properties in the Czech Republic to heat pumps or low-emission gas boilers, reducing emissions by a total of 2,800 tonnes CO<sub>2</sub>

### Evaluation

We consolidate energy data per country at least annually to make sure there is ample progress to achieve our targets in time. This allows us to implement more actions if needed. In 2021, we reached our target to only use origin-labelled renewable electricity in our existing portfolio. The [table GHG emissions Scope 1&2](#) shows Heimstaden's GHG emissions for Scope 1 and 2 based on energy usage in the properties, fuel for vehicles and refrigerants. In our Scope 3 assessment we cover all the categories that are applicable for our organisation. In most cases we used emission factors based on standard values due to lack of measured data. We have an ambition to replace those assumptions step-by-step with measured data through our suppliers and contractors. See [Table GRI 305-3: Scope 3 emissions per country](#) for more detailed information about our Scope 3 emissions.

### Our group policies implemented are:

- Environmental Policy

The policy applies company-wide and in all our markets and is approved by the CEO.

**GRI 305-1, 305-2, 305-3, 305-4 GHG emissions Scope 1, 2 and 3 (company-wide)**

	2021	2020	2019
Scope 1 in tonnes CO <sub>2</sub> e	12,022	1,660	673
Scope 2 Market-based in tonnes CO <sub>2</sub> e	195,935	175,258	24,055
Scope 2 Location-based in tonnes CO <sub>2</sub> e	197,783	175,745	27,533
Biogenic emissions in tonnes CO <sub>2</sub> e	448	393	297
Scope 3 in tonnes CO <sub>2</sub> e	-	242,828	82,185
Scope 1 and 2 emissions in tonnes CO <sub>2</sub> e / SEK million (market-based)	23	25	5
Scope 1 and 2 emissions in kg CO <sub>2</sub> e/sqm	40	36	10

Heimstaden's GHG emissions for Scope 1 and Scope 2 are based on the purchased energy (see [table Energy consumption in the properties](#)) by Heimstaden within Heimstaden properties, fuel from vehicles owned or leased by Heimstaden, and refrigerants. Emissions from fuel for vehicles and refrigerants are only included for 2021, as we not have measured these before. Heimstaden's GHG emissions increased due to many new acquisitions during 2021 and improved data quality. During 2021 the emission factors for district heating in the Czech Republic have been corrected compared to the sustainability report 2020. The correction has a material impact on the emissions and is based on an improved control of emission factors. Scope 1 emissions came from natural gas and oil for heating. Scope 2 covers district heating and consumption of electricity in the properties. As most of our properties are located in the Czech Republic and Sweden, those countries account for most of the GHG emissions. The calculations have been performed in accordance with the GHG protocol, applying the financial control approach. For the year 2021, emission factors from 2020 are used and have been obtained from the relevant energy supplier. Gases included in the calculations are mostly CO<sub>2</sub>, but can also include CH<sub>4</sub>, N<sub>2</sub>O, and refrigerants used in the production of district heating. In 2020, CO<sub>2</sub>e emissions per square metre increased due to the acquisition of the Czech Republic 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 GHG emissions during a whole year. Properties that lack data for an entire year (such as acquisitions and divestments during the reporting year) are excluded from the intensity figures. 2019 is our base year. For more detailed figures see [Table GRI 305-1, 305-2, 305-4: GHG emissions scope 1 and 2](#).

## Waste

### 306-3 Waste generated

#### Materiality and boundary

There has been a dramatic increase in annual resource extraction during the last century. Society can conserve natural resources and protect the environment by reducing materials usage and increasing materials reuse and recycling. In our organisation, waste is generated in new construction, reconstruction, renovation projects, and property management.

#### Management approach

By making demands on contractors, Heimstaden will lower the amount of waste produced in our projects and operations. In addition, our tenants produce waste and by offering waste-sorting bins we can reduce the amount of unsorted waste while increasing recycling and reuse. To make recycling easier for our tenants, we decided that all Swedish new construction projects, starting in 2021, will include space for at least four waste sorting bins in the kitchen. Also in Sweden, Heimstaden started a pilot project to investigate tenants' waste management in selected properties resulting in an action plan to improve the amount of recycled waste. Norway compiles data annually on waste generated from operations, including smaller renovations and repairs.

We are also currently implementing requirements for contractors who carry out new construction projects for Heimstaden in Sweden including demands on reduced packaging, recycled filling mass, and that at least 80% of waste must be recycled. Heimstaden also requires a report documenting how the contractor has planned its 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

Heimstaden's data on waste is, to a high extent, based on assumptions and standard values, which makes it challenging to analyse our impact and prioritize actions. Our ambition is to collect this data directly from contractors and waste management companies in the future.

#### GRI 306-3 Waste generated (company-wide)

	2020	2019
Total weight of waste generated by the tenants	99,171	39,066

Weight of waste generated by tenants is calculated based on number of tenants, which explains the increase in waste as we have acquired new properties each year. Waste generated by contractors in new construction and reconstruction is not included, because we do not have sufficient data at Group level yet.

#### Our group policies implemented are:

- Environmental Policy

The policy applies company-wide and in all our markets and is approved by the CEO.

# 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 who deliver on our promises to customers and other stakeholders. To influence our employees and our business in a positive way, we aim for a safe, challenging, and fun workplace where people can contribute and grow in combination with a competitive offering. All information regarding employees pertains to employees of Heimstaden AB and Heimstaden Bostad AB.

## Management approach

Heimstaden AB has joined the UN Global Compact and, in accordance with that commitment, we work actively to establish favourable terms of employment.

In [Section Friendly Workplace](#) we describe all key ambitions and outcomes for a Friendly Workplace. The People & Culture function is responsible for developing policies that address Heimstaden's relations with our people as an employer, and relations to people in the external talent market interested in working for us. Managers and employees are at the same time jointly responsible for emphasizing and adhering to these policies.

As legislation is amended and new requirements are added, efforts to set out, revise, and maintain policies are performed annually, with employee participation at least once a year, with a particular emphasis on our Code of Conduct for Employees and Goes Without Saying policy.

During 2021, most of our learning initiatives have been transferred to a digital platform, with courses, such as annual mandatory courses in Code of Conduct, GDPR and IT security, but also a multitude of subject-specific courses. We have also launched a pilot to distribute 250 licences to LinkedIn Learning, enabling access to 8,000 courses in various subjects. We have also successfully continued our leadership program, leading@heimstaden, by combining online and offline learning. We have continued our Leadership on the Go concept with focus on topics such as work health and safety, distance leadership, and performance development.

## Evaluation

Our employee engagement survey is sent out monthly in all countries. Where we see areas of concern we can intervene and initiate an anonymous dialogue with the employee, or we contact the manager for a follow-up. We measure Group temperature in terms of leadership and job satisfaction, as well as total temperature in terms of management, job satisfaction, meaningfulness, autonomy, work situation, participation, personal development, team spirit, commitment, equal rights/treatment, and security. See [Table Section](#) for additional data about employees, including employee turnover.

## Winningtemp survey (company-wide)

	Target (by 2023)	2021	2020	2019
Temperature (management, job satisfaction, and overall temperature)	8.5 (scale 1 to 10)	7.9	7.8	7.0
eNPS (employee Net Promoter Score)	65 (scale -100 to +100)	28	34	40

All information regarding employees pertains to employees of Heimstaden AB and Heimstaden Bostad AB.

Occasionally we have experienced a low response rate in our Winningtemp surveys. In 2021, the average response rate has been 68% (65% in 2020 and 69% 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 by employees using the tool. One challenge, when introducing this tool in new markets, is to create trust in the complete anonymity of the solution as well as establishing the routine of monthly feedback to the team.

## Our group policies implemented are:

- Code of Conduct for Employees
- Goes Without Saying
- Our Culture
- Work Health & Safety Policy
- Equal Rights Policy
- Hiring Interns and Temporary Staff Policy
- Information Policy
- Whistle-blowing Policy and Guidelines
- Sanctions Policy
- Travel Policy
- Remuneration policy

The policies apply company-wide and in all our markets and are approved by group management and/or the CEO. Specific additional policy documents exist regarding our fulfilment of legal and compliance requirements where needed in given markets.

## 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 to our contractors and other stakeholders, not least investors and banks. For our people in property management operations, there is the risk of physical injury 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

Heimstaden's occupational health and safety work is based on our strategic pillar Friendly Workplace. We work systematically to eliminate the number of accidents to achieve our zero target by conducting regular proactive risk assessment and monthly accident/incident reporting. Each manager is responsible for work health & safety for their team.

To fully comply with the new EU directive the reporting of whistle-blowing cases is now managed by a neutral third party via a new digital platform to ensure there is no risk of traceability or retaliation. Everyone can anonymously report discrimination, harassment, corruption, or any other irregularities that violate our values or policies.

### 403-1 Occupational health and safety management system

During 2021, Heimstaden moved incident and accident reporting into one common platform where we follow up monthly on all incidents reported, as well as actions taken and responsibility for these actions. The report is sent to the Board of Directors quarterly. We follow all legal requirements, which include, for example, manager training in work health and safety responsibility, risk assessments, and reporting on incidents and accidents internally and externally. Employees, contingent workers, interns, and students are covered by our management of work health and safety. All employees can report incidents, but in order to safeguard integrity only People & Culture have access to reported incidents. To ensure that incidents are reported we regularly remind managers of the importance of doing so.

### 403-2 Hazard identification, risk assessment, and incident investigation

Several times a year, we hold working environment meetings with employees and employer representatives. Everyone appointed to 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 to ensure Heimstaden works in line with work safety and risk prevention rules.

Operations in all 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 reviewed at a subsequent meeting.

Besides the incident and accident reporting platform, we also use our digital tool Winningtemp to monitor psychosocial working environment in all countries. Supervisors present their department's results monthly. Responses are anonymous.

### 403-3 Occupational health services

There is no Health and Safety Committee at 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 managed 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 need it, the training is mandatory to ensure a safe workplace. The frequency of the training depends on the requirements for a certain certification. Training can be given via internal trainers on site or via e-learning. The training is free of charge for employees and takes place during working hours. The effect of training is not evaluated at Group level.

### Many of our policies at Group level concern health and safety, including:

- Work Health & Safety Policy
- Equal Rights Policy
- Whistle-blowing Policy and Guidelines
- Travel Policy
- Code of Conduct for Business Partners (based on the UN's ten Global Compacts principles)

The policies apply company-wide and in all our markets and are approved by the group management and/or CEO and COO. Specific additional policy documents exist regarding our fulfilment of legal and compliance requirements where needed in given markets.

#### 403-6 Promotion of worker health

Medical and healthcare services provided for employees differ locally, but doctors' consultations, 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. In 2021, Heimstaden adapted a hybrid working model as many employees found working from home improves their work-life balance and efficiency. The model enables remote work for up to 40% of the time, in roles where possible and approved by manager.

#### 403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business relationships

Preventing occupational health and safety impacts is done by incident reporting, training in health and safety, benefits to promote worker health, and Code of Conduct for Business Partners setting demands on health and safety.

#### Evaluation

To safeguard a high level of quality in health and safety, we work continuously to improve our processes and disseminate information on working environment issues. Our target is 0% work-related absence due to illness and zero work-related injuries in 2023. The most common accidents reported are fall injuries and head injuries.

#### GRI 403-9 Work-related injuries (company-wide)

	2021	2020	2019
Fatalities	0	0	0
High consequence--related injuries (Accidents)	14	31	32
Recordable work-related injuries	23		
Incidents	23	14	20
Absence due to illness	6.4%	5.3%	3.5%
Number of hours worked	2,955,022	-	-

As of 2021, we report work-related injuries according to GRI, divided into recordable work-related injuries and high-consequence work-related injuries (injuries that lead to absence). Previous years we have not separated injuries that lead to absence from those who does not. We define incidents as situations that might be, or could lead to, a disruption, loss, emergency, or crisis. As we grow and enter new markets it will take time before all processes are implemented and adapted by the organisation, hence we can expect numbers to not entirely follow our growth. The number of reported accidents increased during the year 2021, due to increased use of the reporting function for accidents in Workday. Absence due to illness has been higher during 2020 and 2021, because of the Covid-19 pandemic. All information regarding employees pertains to employees of Heimstaden AB and Heimstaden Bostad AB.



## 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 our supply chain. Therefore, we put emphasis on managing and controlling this part of our 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 and thereby commits to follow the principles of human rights.

Heimstaden has set a target that all employees must sign the Code of Conduct for Employees and undergo training. We also have a target that 100% of our suppliers must sign our Code of Conduct for Business Partners by 2023. Together with each manager, the People & Culture function is responsible for ensuring 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. Heimstaden operates in several markets with different common practices regarding collective bargaining agreements. We have collective agreements in our operations functions in the Czech Republic, Sweden, Iceland, and partly Denmark and

Norway, covering 59% of our total employees. We do not yet have operations functions in Finland, Poland, and the United Kingdom. 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 our sustainability work. The procurement team manages human rights in the supply chain by developing processes and procedures for setting demands and monitoring compliance among suppliers. In 2020, we implemented a self-assessment system for suppliers, which is managed by the procurement team. So far, we have gathered most of the quality-critical suppliers in Sweden, Norway, and Denmark in the procurement system. They have a risk rating within Human Rights, Labour Rights, Business Ethics and Anti-corruption, Political Stability and Rule of Law, Environmental Performance, Economic Stability, Currency, Trade Ability and based on the result of their self-assessment, including, among other topics, the following:

- Approval of our Code of Conduct for Business Partners
- Collective agreement
- Environment
- Human rights
- Business management
- Working conditions
- Anti-corruption

To improve the response rate, we are working to simplify and clarify the questionnaire, as well as emphasising the importance of answering it. We are also working on including more

countries in the assessment with the goal to include all Heimstaden's suppliers. We also conduct an annual sustainability risk assessment of new suppliers for centrally negotiated contracts in relation to the environment, anti-corruption, work conditions, health and safety, and human rights. During the assessment, if we do not receive satisfactory answers from our suppliers or any red flags are raised, we contact the supplier and ask for more information regarding that particular issue.

Considering the announced upcoming EU legislation on human rights due diligence, we recognized the need to build a more comprehensive system for implementing a sustainable supply chain. Accordingly, our sustainability and procurement departments are working together to extend the scope and depth of our supply chain analysis. This includes internal value-chain mapping, screening of suppliers, and mitigation of adverse impacts, including grievance mechanisms and reme-

diation when appropriate. In 2021, we have undergone a thorough GAP analysis to identify where Heimstaden stands in comparison with recommended best practices and are working with external consultants to carry forward this project.

### Our group policies related to human rights are:

- Code of Conduct for Employees
- Goes Without Saying Policy
- Equal Rights Policy
- Code of Conduct for Business Partners
- Work Health and Safety Policy
- Equal Rights Policy
- Whistleblowing Policy and Guidelines

The policies apply company-wide and in all our markets and are approved by the group management and/or CEO and COO.

## Evaluation

### GRI 406-1 Incidents of discrimination (company-wide)

	2021	2020	2019
Number of reported cases	0	1	1
Number of confirmed cases	0	0	0

Heimstaden complies with anti-discrimination legislation and has zero tolerance for discrimination cases. During the year, zero discrimination incident was reported through our whistle-blower function. Reported cases in previous years were not of such a nature to justify a deeper investigation and were dismissed after the initial investigation. We started company-wide follow-up in 2019 making 2019 our baseline year.

### Code of conduct

	2021	2020	2019
Number of suppliers that have signed the Code of Conduct	400	168	106
Spend of suppliers <sup>1</sup> that have signed the Code of Conduct	50%	-	-

To date, 370 of our suppliers have signed our Code of Conduct for Business Partners, which stands for about 50% of the spend in those countries.

<sup>1</sup> Includes only spend of suppliers in Sweden, Norway, and Denmark.

### GRI 414-1 New suppliers screened (Sweden, Norway, Denmark)

	2021	2020	2019
Number of new suppliers	14	35	17
Of which screened	100%	100%	100%

We started the screening in 2019 making 2019 our baseline year.

During 2021, we screened 100% of our 14 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 desktop screening showed that most of our new suppliers have communicated sufficient information regarding how they handle these issues. The remaining companies will receive a self-assessment form as well as an invitation to return with relevant information. We will decide on what measures to take based on the entirety of the material received.



## Local Community

413-1 Operations with local community engagement, impact assessments, and development programs

### Materiality and boundary

The social dimension is crucial in developing a sustainable society. Heimstaden's vision is to enrich and simplify lives through Friendly Homes. Our operations affect many people and we have an important social and environmental responsibility in all markets where we are present. To secure safe and sustainable homes, Heimstaden believes it is important to have good regulations that both motivate and commit landlords to contribute to a well-functioning and sustainable housing market.

### Management approach

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.

Heimstaden has a goal that at least 3% of all apartments have social lease contracts. It is also important for us 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 Group-wide to trainees, student employees, and summertime workers.

In some regions, we have hired Community Coordinators with a mandate to deal with matters of a social nature in our neighborhoods and take part in meetings and dialogues with local authorities, emergency services, and other property owners to create safe and secure living environments.

In 2021, Heimstaden launched A Home for a Home with the goal to give as many children as possible a safe home and a good start in life. For every home we own and acquire, we support SOS Children's Villages with €100 annually. Our donation goes to two different types of programmes: global SOS programs planned and executed by SOS and co-created local programs in Heimstaden's markets planned and executed by SOS and local Heimstaden teams. A key aspect of A Home for a Home is to leverage Heimstaden's expertise and assets, to contribute beyond the donation and maximise our positive impact. The Steering Committee is the main decision-making body, and the Program Manager is responsible for managing and following up on the result of the programs. See [Table Operations with local community engagement, impact assessments, and development programs](#) for project examples and [Section A Home for a Home](#) for more information about the partnership.

The Chief Brand and Marketing Communications Officer is responsible for customer surveys conducted in all operating countries to be able to set internal benchmarks, action plans, and short- and long-term targets for improvement. Our local organisations work continuously to improve customer satisfaction. In addition, we conduct rolling CSAT (Customer Satisfaction) surveys at four touch points in the customer journey: contract phase, move-in phase, tenancy, and move-out phase. Heimstaden has customer service centres in all countries to support our customers, where they also can submit complaints.

### Evaluation

#### Customer survey results

In the table below, the results for each country's 'Service index' and 'Takes customer seriously' for 2020 and 2021 are presented, with 2020 as the baseline year when we began measuring.

### Our group policies related to local community are:

- Code of Conduct for Employees
- Code of Conduct for Business Partners
- Whistle-blowing Policy and Guidelines

The policies apply company-wide and in all our markets and are approved by the CEO.



**Service index (scale 0–100)**

	2021	2020
Sweden	78.4	78.4
Denmark	74.6	74.4
Norway	74.7	74.5
Netherlands	58.5	55.8
Czech Republic	68.8	67.2
Germany	63.4	-
Iceland	75.9	-

**Takes customer seriously (scale 0–100)**

	2021	2020
Sweden	84.0	84.8
Denmark	75.6	76.5
Norway	83.0	84.4
Netherlands	59.0	52.8
Czech Republic	77.1	74.9
Germany	74.9	-
Iceland	87.7	-

Heimstaden scores higher in most countries in 2021 compared to 2020. When we enter new markets, we see a significant improvement from the second year we do the measurements. For further information, see [pages 11–12](#).

**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 practices, and Heimstaden's rapid growth, there has been a lag in implementation, meaning we currently only have results for parts of our operations.

**Local community (company wide)**

	Target	2021	2020
Percentage social lease contracts	At least 3% of apartments by 2023	1.6%	1.9%
Total number of social lease contracts		2,343	1,943
Share of regulated residential income		61%	53%
Number of young adult jobs (student employees, summertime workers or trainees)	100 young adult jobs each year	110	77

All information regarding employees pertain to employees of Heimstaden AB and Heimstaden Bostad AB.

We currently have social contracts in Sweden, Czech Republic, Netherlands, Iceland, and Germany. During 2021 continued the work on defining social leases for all countries and changed our method for calculating the target outcome. The denominator of the KPI consists of the total number of homes, including vacancies. The numerator consists of the total active and signed social lease contracts at the end of 2021. During 2021 the share of social leases decreased compared to 2020. However, the total number of social lease contracts increased. The decrease in percentage is due to new acquisitions during the year where we have not implemented social leases yet.

## GRI 413-1 Operations with local community engagement, impact assessments, and development programs

	Stakeholder engagement plans based on stakeholder mapping	Broad-based local community consultation committees and processes that include vulnerable groups	Local community development programs based on local communities' needs	Partnerships and sponsorships	Environmental impact assessments and ongoing monitoring
Sweden	Customer survey	Social lease contracts	<p><b>A Home for a Home:</b></p> <ul style="list-style-type: none"> <li>Getting ready for leaving care – support young people to become self-sufficient</li> <li>Family strengthening – support unaccompanied refugees who are reunited with their families</li> </ul>	<p>Umeå Basket's project 'Vara med' ('Be included') to reduce involuntary loneliness.</p> <p>Mentorship program in Linköping for children in primary school in socially disadvantaged areas.</p> <p>Business Improvement District (BID) Malmö and BID Sofielund – crime prevention initiatives in disadvantaged areas.</p> <p>Drivkraft (Driving Force) offers mentors for both pupils and their parents and arranges weekly help with homework at several schools. Many of Heimstaden's employees are engaged in this initiative.</p> <p>VildaKids (Wild Kids) provides year-round activities for children in socioeconomically exposed situations.</p>	
Norway	Customer survey	Social lease contracts	<p><b>A Home for a Home:</b></p> <ul style="list-style-type: none"> <li>Family partner – helping vulnerable families to stay together by coordinating support from different agencies</li> <li>Meeting places for children – build playgrounds in under-served areas of Oslo</li> </ul>	<p>Red Cross homework help in Oslo</p> <p>Red Cross cloth and textile boxes in several properties</p> <p>Local cultural event where we sponsored a theatrical performance/musical for which one of our tenants applied for support.</p>	
Denmark	Customer survey	Social lease contracts	<p><b>A Home for a Home:</b></p> <ul style="list-style-type: none"> <li>Tutoring – offer tutoring to children who need help with their schoolwork</li> </ul>	<p>WeShelter works to improve conditions for the most vulnerable homeless people with shelters, peer-to-peer initiatives, and financial advice.</p> <p>Hellebro – an NGO working to improve conditions for young homeless people (18–29 years), offering a day care centre, shelter, office hotel, and halfway houses.</p> <p>Joannahuset – Denmark's first crisis centre for children, where children and underage youth in vulnerable situations have a sanctuary, can talk to an adult and get a bed for the night.</p> <p>Operation Julegaveregn (Operation Christmas Gift Showers) – a private initiative that since 2006 has raised money for Christmas presents for the approximately 1,500 children living in Danish orphanages and residential institutions.</p> <p>Sommerfugleeffekten (The Butterfly Effect) – a private initiative with monthly workshops for hospitalized children at H. C. Andersen's Children's and Youth Hospital, where the children create content for 'Lula Rabbitbush and the Magic Mountain'. In addition to the e-book, two printed editions will be donated to all children's hospitals. The first book will be launched in Easter 2022.</p>	

	Stakeholder engagement plans based on stakeholder mapping	Broad-based local community consultation committees and processes that include vulnerable groups	Local community development programs based on local communities' needs	Partnerships and sponsorships	Environmental impact assessments and ongoing monitoring
<b>Netherlands</b>	Customer survey	Social lease contracts	<p><b>A Home for a Home:</b></p> <ul style="list-style-type: none"> <li>Children's Village 2.0 – support SOS with expertise in sustainable construction and maintenance when developing the next-generation children's village in Guinea-Bissau</li> <li>Public affairs – support SOS advocacy work to keep siblings together in foster care</li> <li>Family strengthening – supporting vulnerable parents to care for their children</li> </ul>	<p>“Buurheid van het jaar-verkiezing” – after noticing that neighbors were very helpful to each other during Covid, Heimstaden started a contest to find the best Neighbour of the Year.</p> <p>PSV Handbal Eindhoven - Together with PSV Heimstaden organises local events where tenants can join in as well, such as sports day, selling cookies for charity, etc.</p>	Climate risk and vulnerability assessment at property level
<b>Germany</b>	Customer survey		Not applicable	<p>Stadbienen (Urban bees) – an initiative that promotes ecological beekeeping and the protection of wild bees in urban areas.</p> <p>Plant my tree – For every new lease contract a tree will be planted.</p>	
<b>Czech Republic</b>	Customer survey	Social lease contracts	<p><b>A Home for a Home:</b></p> <ul style="list-style-type: none"> <li>Support foster families – help foster families care for traumatized children</li> <li>Support for young families – help vulnerable families to care for their children</li> <li>Maintenance of SOS Children's Village – Heimstaden employees do maintenance and repair work in the SOS Children's Village in Ostrava</li> <li>Bringing generations together – creating activities that bring children and families from SOS together with older people from Heimstaden-run community centers</li> </ul>	<p>Support for existing and nascent entrepreneurs by offering assistance and start-up facilities</p> <p>Support of local Czech hockey team</p> <p>Tenants can receive up to €400 for supporting talent, leisure activities, and good neighbourly relations</p>	
<b>United Kingdom</b>	Not applicable		Not applicable		
<b>Finland</b>			Not applicable		
<b>Iceland</b>	Customer survey		<p><b>A Home for a Home:</b></p> <ul style="list-style-type: none"> <li>Social meeting point – supporting the municipality in building a playground for children in an under-privileged area of Reykjavík</li> <li>Helping children with special needs – funding supplies to kindergarteners with special needs</li> </ul>		
<b>Poland</b>	Not applicable		Not applicable		

In all our organisations, except for our new country markets Finland, Poland, and United Kingdom, we have implemented local community engagement, impact assessments, or development programs. Resulting in a coverage of 99%, we intend to implement similar initiatives in Finland, Poland, and United Kingdom as well.

**Table Section**

<b>Table index</b>	<b>Page</b>
GRI 102-8: Number of employees by gender and region	141
GRI 302-1: Energy consumption in the properties	142
GRI 305-1, 305-2, 305-4: GHG emissions scope 1 and 2	143
GRI 305-3: Scope 3 emissions per country	144
GRI 306-3: Waste generated in tonnes	144
GRI 401-1: New employee hires, by age group, gender, and country	145
GRI 401-1: Total number of employee turnover, by age group, gender, and country	146

## GRI 102-8 Information on employees and other workers

Total number of employees (head count)	2020			2021		
	Women	Men	Total	Women	Men	Total
Sweden	159	234	393	236	314	550
Norway	52	81	133	60	104	164
Denmark	50	76	126	95	177	272
The Netherlands	10	13	23	58	75	133
Germany	50	67	117	147	136	283
Czech Republic	279	301	580	373	434	807
Poland	0	0	0	3	6	9
United Kingdom	0	0	0	3	0	3
Iceland	0	0	0	7	14	21
Heimstaden total	600	772	1,372	982	1,260	2,242

Total number of permanent employees (head count)	2021		
	Women	Men	Total
Sweden	219	299	518
Norway	51	99	150
Denmark	92	173	265
The Netherlands	36	55	91
Germany	144	134	278
Czech Republic	253	246	499
Poland	3	6	9
United Kingdom	3	0	3
Iceland	7	14	21
Heimstaden total	808	1,026	1,834

Total number of temporary employees (head count)	2021		
	Women	Men	Total
Sweden	17	15	32
Norway	9	5	14
Denmark	3	4	7
The Netherlands	22	20	42
Germany	3	2	5
Czech Republic	120	188	308
Poland	0	0	0
United Kingdom	0	0	0
Iceland	0	0	0
Heimstaden total	174	234	408

Total number of full-time employees (head count)	2021		
	Women	Men	Total
Heimstaden total	654	1,063	1,717

Total number of part-time employees (head count)	2021		
	Women	Men	Total
Heimstaden total	328	197	525

## GRI 302-1: Energy consumption in the properties

	Total			Sweden			Norway			Denmark			Netherlands			Germany			Czech Republic			Iceland
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021
<b>Heating (Non-renewable)</b>																						
Fossil district heating	365,152	351,156	30,620	1,862	21,065	17,948	0	0	1,440	14,239	12,110	11,232	0	0	0	26,744	1,804	0	322,307	316,176	0	0
Natural gas	47,736	6,711	2,600	0	0	1,231	0	0	0	196	527	536	9,768	3,022	833	36,036	2,514	0	1,737	648	0	0
Oil	101	492	521	0	38	80	0	0	113	0	0	0	90	124	0	11	330	328	0	0	0	0
Total non-renewable	412,988	358,359	33,741	1,862	21,103	19,259	0	0	1,553	14,435	12,638	11,768	9,858	3,146	833	62,791	4,648	328	324,043	316,824	0	0
Of which non-renewable fuel (natural gas, oil)	47,837	7,203	3,121	0	38	1,311	0	0	113	196	527	536	9,858	3,146	833	36,047	2,844	328	1,737	648	0	0
<b>Heating (Renewable)</b>																						
Renewable and recycled district heating	368,903	277,246	267,735	287,520	218,474	228,988	15,259	12,477	12,956	39,363	28,811	25,791	0	0	0	1,945	196	0	17,774	17,288	7,042	0
Biogas	2,188	1,917	1,414	2,188	1,917	1,414	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total renewable	371,090	279,163	269,149	289,708	220,390	230,402	15,259	12,477	12,956	39,363	28,881	25,791	0	0	0	1,945	196	0	17,774	17,288	7,042	0
Of which renewable fuel (biogas)	2,188	1,917	1,414	2,188	1,917	1,414	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total heating (non-renewable and renewable)	784,079	637,522	302,890	291,570	241,493	249,661	15,259	12,477	14,509	53,798	41,449	37,559	9,858	3,146	833	64,735	4,844	328	341,817	334,112	7,042	0
<b>Cooling</b>																						
District cooling	326	203	224	326	203	224	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Electricity</b>																						
Electricity consumption	76,507	71,536	69,390	53,519	50,844	51,429	13,587	13,659	14,523	5,134	3,647	2,934	1,150	1,155	444	960	60	60	2,156	2,171	0	0
Of which renewable electricity	74,268	68,24	68,247	53,519	50,844	51,429	13,587	13,659	14,523	4,846	2,339	1,894	1,150	1,155	369	960	32	32	205	211	0	0
<b>Total energy usage (heating, cooling, electricity)</b>	<b>860,912</b>	<b>709,261</b>	<b>372,504</b>	<b>345,415</b>	<b>292,540</b>	<b>301,314</b>	<b>28,846</b>	<b>26,136</b>	<b>29,032</b>	<b>58,932</b>	<b>45,096</b>	<b>40,493</b>	<b>11,008</b>	<b>4,302</b>	<b>1,277</b>	<b>65,696</b>	<b>4,904</b>	<b>388</b>	<b>343,973</b>	<b>336,283</b>	<b>7,042</b>	<b>0</b>
<b>Electricity produced (Solar power)</b>																						
Installed capacity (photovoltaic cells), kWp	1,262	374	329	956	374	329	0	0	0	306	0	0	0	0	0	0	0	0	0	0	0	0
Amount produced, MWh	595	456	28	462	394	0	0	0	0	133	62	28	0	0	0	0	0	0	0	0	0	0

The data for 2021 includes purchased energy by Heimstaden in Sweden, Norway, Netherlands, Germany, Iceland and partly Denmark in 2021. For other properties the energy consumption from year 2021 is not yet available and therefore energy consumption figures from 2020 are used for the Czech Republic and partly Denmark. For Iceland, an estimate from the energy supplier is used for those properties where there is no smart meters. 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 2021, the total energy consumption has increased due to new acquisitions

and the weather which has been cooler during 2021 compared to 2020. The electricity that is not renewable comes from properties that we have recently acquired and that do not have renewable electricity agreements. The agreements will be changed to renewable electricity agreements as soon as possible. The installed capacity of solar cells during the year have increased. Many of the new solar cells were installed during Q3–Q4 2021, therefore the amount of produced electricity is lower during 2021, in relation to the installed capacity.

**GRI 305-1, 305-2, 305-4: GHG emissions Scope 1 and 2**

	Total			Sweden			Norway			Denmark			Netherlands			Germany			Czech Republic			Iceland
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021
Scope 1 in tonnes CO <sub>2</sub> e	12,022	1,660	673	340	10	263	343	0	30	253	108	110	2,027	653	171	7,596	604	88	1,426	285	37	
Of which from property heating	10,341	1,660	673	0	10	263	0	0	30	40	108	110	2027	653	171	7,391	604	88	883	285	0	
Of which from vehicles	1,644	-	-	303	-	-	343	-	-	213	-	-	-	-	-	205	-	-	543	-	37	
Of which from refrigerants	37	-	-	37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Scope 2 Market-based in tonnes CO <sub>2</sub> e	195,935	175,258	24,055	16,756	16,255	20,250	17	75	86	2,745	4,572	3,656	0	0	43	2,692	529	20	173,672	153,827	53	
Scope 2 Location-based in tonnes CO <sub>2</sub> e	197,783	175,745	27,533	17,892	16,859	23,335	115	228	958	2,833	3,808	3,096	464	432	124	3,000	532	20	173,426	153,884	53	
Biogenic emissions in tonnes CO <sub>2</sub> e	448	393	297	448	393	297	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Scope 3 in tonnes CO <sub>2</sub> e	-	242,828	82,185	-	22,261	21,316	-	8,469	9,313	-	24,093	50,527	-	54,710	269	-	3,608	760	-	129,687	-	
Scope 1 and 2 in tonnes CO <sub>2</sub> e / SEK million (market-based)	23	25	5	6	7	9	1	0	0	1	3	3	2	1	0	19	11	-	155	128	1	
Scope 1 and 2 emissions in kg CO <sub>2</sub> e/sqm	40	36	10	8	8	-	0	1	-	5	9	-	28	19	-	27	41	-	88	65	-	

Heimstaden's GHG emissions for Scope 1 and Scope 2 are based on the purchased energy (see table [Energy consumption in the properties](#)) by Heimstaden within Heimstaden properties, fuel from vehicles owned or leased by Heimstaden, and refrigerants. Emissions from fuel for vehicles and refrigerants are only included for 2021, as we not have measured these before. Heimstaden's GHG emissions increased due to many new acquisitions during 2021 and improved data quality. During 2021 the emission factors for district heating in the Czech Republic have been corrected compared to the sustainability report 2020. The correction has a material impact on the emissions and is based on an improved control of emission factors. Scope 1 emissions came from natural gas and oil for heating. Scope 2 covers district heating and consumption of electricity in the properties. As most of our properties are located in the Czech Republic and Sweden, those countries account for most of the GHG emissions. The calculations have been performed in accordance with the GHG protocol, applying the financial control approach. For the year 2021, emission fac-

tors from 2020 are used and have been obtained from the relevant energy supplier. Gases included in the calculations are mostly CO<sub>2</sub>, but can also include CH<sub>4</sub>, N<sub>2</sub>O, and refrigerants used in the production of district heating. In 2020, CO<sub>2</sub>e emissions per square metre increased due to the acquisition of the Czech Republic 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 GHG emissions during a whole year. Data for Scope 3 2021 is not available yet since the mapping of our Scope 3 emissions will be performed during Q1-Q2 2022. 2019 is our base year.

**GRI 305-3: Scope 3 emissions per country**

Category	Total		Sweden		Norway		Denmark		Germany		Netherlands		Czech Republic
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
1. Purchased goods and services (related to new construction, reconstruction, and property management, etc)	56,061	21,126	10,602	11,024	4,052	7,325	8,880	2,451	0	325	3,829	1	28,698
2. Capital goods (acquired newbuilds)	10,512	41,357	0	0	0	0	9,491	41,357	0	0	1,021	0	0
3. Energy- and fuel-related emissions (upstream emissions from electricity, heating, and fuels)	12,857	1,995	2,336	1,680	307	134	333	167	179	7	205	7	9,497
4. Upstream transportation and distribution (service cars)	379	385	69	249	29	27	53	104	1	3	64	1	163
5. Waste management (transport and management)	2,242	1,281	218	829	1,521	91	47	347	2	11	14	2	622
6. Business travel (travel by car, air, train, taxi)	122	173	31	79	15	24	24	47	0	0	5	22	47
7. Commuting (employee trips to and from work)	0	293	0	164	0	34	0	52	0	0	0	43	0
8. Leased assets – leased by Heimstaden (leased offices, rental cars, or other machines)	195	120	56	63	0	0	20	16	21	0	98	40	0
11. Use of sold products (no sold real estates 2019 and 2020)	0	0	0	0	0	0	0	0	0	0	0	0	0
12. End-of-life sold products (waste from demolishing of buildings sold)	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Leased assets – by tenants (energy and waste from tenants)	160,278	15,456	8,949	7,227	2,545	1,677	5,245	5,985	3,405	413	49,474	153	90,660
<b>Total</b>	<b>242,828</b>	<b>82,185</b>	<b>22,261</b>	<b>21,316</b>	<b>8,469</b>	<b>9,313</b>	<b>24,093</b>	<b>50,527</b>	<b>3,608</b>	<b>760</b>	<b>54,710</b>	<b>269</b>	<b>129,687</b>

Data for Scope 3 2021 is not available yet since the mapping of our Scope 3 emissions will be performed during Q1–Q2 2022. 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 newbuilds in this category, which is in line with the UK GBC, Guide to Scope 3 Reporting in Commercial Real Estate. Calculations have been performed in accordance with the GHG Protocol, applying the financial control approach. We used external consultants as supervisors in this assessment, who also performed the calculations.

**GRI 306-3: Waste generated in tonnes**

Category	Total		Sweden		Norway		Denmark		Germany		Netherlands		Czech Republic
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Total weight of waste generated by the tenants	99,171	39,066	27,215	25,554	2,000	2,267	14,597	10,992	1,107	197	12,300	56	41,952

Weight of waste generated by tenants is calculated based on number of tenants, which explains the increase in waste as we have acquired new properties each year. Waste generated by entrepreneurs in new construction and reconstruction is not included, because we do not have sufficient data at Group level yet.



## GRI 401-1: New employee hires, by age group, gender, and country

Number of new employees	2021		2020		2019	
	Women	Men	Women	Men	Women	Men
<b>Sweden</b>						
under 30	26	106	15	7	7	12
30–50	62	36	29	31	22	22
over 50	18	80	5	7	5	11
<b>Norway</b>						
under 30	8	17	6	13	5	6
30–50	7	13	10	11	2	8
over 50	2	14	0	1	1	0
<b>Denmark</b>						
under 30	21	69	8	8	7	13
30–50	35	18	11	15	14	20
over 50	13	57	5	8	2	10
<b>Netherlands</b>						
under 30	7	20	12	5	0	2
30–50	11	5	22	28	1	8
over 50	2	15	7	9	0	0
<b>Germany</b>						
under 30	21	143	1	1	0	0
30–50	94	21	5	7	0	0
over 50	28	81	0	0	0	0

Number of new employees	2021		2020		2019	
	Women	Men	Women	Men	Women	Men
<b>Czech Republic</b>						
under 30	45	125	16	37	0	0
30–50	63	51	31	40	0	0
over 50	17	97	8	14	0	0
<b>Poland</b>						
under 30	1	3	0	0	0	0
30–50	2	3	0	0	0	0
over 50	0	3	0	0	0	0
<b>UK</b>						
under 30	0	3	0	0	0	0
30–50	3	0	0	0	0	0
over 50	0	0	0	0	0	0
<b>Iceland</b>						
under 30	0	3	0	0	0	0
30–50	2	1	0	0	0	0
over 50	1	2	0	0	0	0
<b>Total</b>						
under 30	129	489	58	71	19	33
30–50	279	148	108	132	39	58
over 50	81	349	25	39	8	21

Data regarding employees pertain to employees of both Heimstaden Bostad AB and Heimstaden AB.

**GRI 401-1: Total number of employee turnover, by age group, gender, and country**

Number of employee turnover	2021		2020		2019	
	Women	Men	Women	Men	Women	Men
<b>Sweden</b>						
under 30	18	32	5	3	4	3
30–50	10	22	8	16	11	11
over 50	4	21	10	7	4	10
<b>Norway</b>						
under 30	4	9	2	8	1	4
30–50	4	9	0	4	2	7
over 50	1	7	1	1	0	2
<b>Denmark</b>						
under 30	11	21	7	5	3	4
30–50	9	8	5	5	4	2
over 50	1	24	1	7	0	0
<b>Netherlands</b>						
under 30	2	11	0	0	0	2
30–50	6	3	1	4	2	4
over 50	3	10	0	1	0	0
<b>Germany</b>						
under 30	1	7	0	0	0	0
30–50	4	7	1	2	0	0
over 50	1	7	0	2	0	0

Number of employee turnover	2021		2020		2019	
	Women	Men	Women	Men	Women	Men
<b>Czech Republic</b>						
under 30	34	71	5	17	0	0
30–50	30	24	19	18	0	0
over 50	7	30	5	7	0	0
<b>Poland</b>						
under 30	0	0	0	0	0	0
30–50	0	0	0	0	0	0
over 50	0	0	0	0	0	0
<b>UK</b>						
under 30	0	0	0	0	0	0
30–50	0	0	0	0	0	0
over 50	0	0	0	0	0	0
<b>Iceland</b>						
under 30	0	1	0	0	0	0
30–50	0	0	0	0	0	0
over 50	0	0	0	0	0	0
<b>Total</b>						
under 30	70	152	19	33	8	13
30–50	63	73	34	49	19	24
over 50	17	99	17	25	4	12

Data regarding employees pertain to employees of both Heimstaden Bostad AB and Heimstaden AB. During 2021, the turnover increased to 22%, compared to 2020 (14%).

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