

Press release

15 December 2020

Heimstaden Bostad strengthens platform through acquisition of Danish residential portfolio

Heimstaden AB's subsidiary, Heimstaden Bostad AB, has today signed an agreement to acquire Niam AB's Danish residential portfolio, branded and managed as HD Ejendomme A/S, one of Denmark's leading residential real estate companies, for a total price of SEK 16.6 billion (DKK 12.1 billion), incl. SEK 946 million (DKK 690 million) in forward commitments.

The portfolio consists of 6,237 residential units and 35 commercial properties geographically spread across Denmark. HD Ejendomme is a fully integrated operational platform, in a structure similar to Heimstaden, with comparable values and a customer-centred business model.

"We are very pleased to announce this acquisition of an attractive portfolio with a strong operational platform via HD Ejendomme, which will significantly broaden our geographical footprint and operational reach. The Danish housing market remains healthy, supported by a favourable long-term economic outlook and strong demographic trends, and with this transaction, Heimstaden will manifest its position as the largest residential real estate company in Denmark," said Christian Fladeland, Co-Chief Investment Officer of Heimstaden.

In connection with the transaction, Heimstaden AB will take over the HD Ejendomme operational personnel, which will be integrated into Heimstaden Denmark. The portfolio will be fully owned by Heimstaden Bostad AB.

The transaction is expected to close early in 2021, subject to antitrust clearance, and will be financed through a mix of available cash and debt, primarily from Danish mortgage institutions. Leverage will be kept in line with Heimstaden Bostad's financial policy.

Property portfolio

The portfolio comprises 6,237 residential units (594,400 sqm) and 35 commercial properties (182,700 sqm). This includes 357 residential units under

construction, which will be delivered turnkey over the next 12 months. Gross rental income (GRI) p.a. for the residential portfolio is SEK 824 million, of which SEK 52 million relates to units under construction.

The transaction also includes nine land plots with residential planning in place for the construction of 73,600 sqm. HD Ejendomme has significant experience in real estate development and Heimstaden will continuously evaluate the feasibility of developing these plots.

The residential portfolio mainly consists of terraced houses distributed across Denmark and concentrated near large- and medium sized Danish cities, such as Odense, Vejle, Horsens, Silkeborg and Randers.

A large part of the portfolio has been constructed within the last 20 years, with 34% completed in the last three years. 10% of gross rental income is from regulated units built before 1992, in keeping with the Danish rental regime.

The commercial properties are primarily made up of logistics, storage and light-industrial real estate located in the same regions as the residential portfolio, resulting in operational synergies. Heimstaden expects to gradually divest these properties over the coming years.

Organisational compatibility

HD Ejendomme is based in Odense with a fully integrated operational platform. The organisation counts some 85 employees, including administration-, letting-, property- and facility management services as well as real estate development expertise.

“The two organisations complement each other very well both geographically and organisationally with a shared focus on high-quality customer service and a value-based culture. It is a strong match that holds great potential and I very much look forward to collaborating with our new colleagues and to combine our efforts to deliver Friendly Homes across Denmark,” said Michael Byrgesen Hansen, Country Manager Heimstaden Denmark.

Prior to this acquisition, Heimstaden’s Danish portfolio counts almost 10,000 residential units concentrated around the capital and larger cities. Heimstaden Denmark has approximately 130 employees based in Copenhagen and Horsens.

The combined company will provide a strong platform for property and facility management across the country and enhance its ability to undertake

new growth, anchored in a value-based business model and evergreen investment perspective.

Also commenting on the transaction, CEO Patrik Hall said:

"Heimstaden continues to follow a strategy for sustainable growth with high-quality operations across European markets. Throughout 2020, we have made several strategic acquisitions in new and existing markets while building organisational strength and capabilities.

This acquisition represents a unique opportunity to gain an attractive portfolio with high-quality operations in one of our existing markets, fully in line with Heimstaden's strategy. Following this transaction, Denmark will become Heimstaden's largest market in terms of value with an improved capacity for continued growth across Denmark."

KEY FACTS & FIGURES

- Acquisition price: SEK 16.6 billion (DKK 12.1 billion).
- Operational platform with some 85 employees.
- 152 residential properties with 6,237 residential units (594,400 sqm), of which 357 residential units under construction with turnkey delivery within 12 months (34,000 sqm).
- 35 commercial properties (182,700 sqm).
- 9 land plots for future residential exploitation and planning in place for 73,600 sqm.
- Share of residential GRI from regulated units: 10%.
- Residential GRI p.a.: SEK 824 million (DKK 601 million).
- Total GRI p.a.: SEK 938 million (DKK 684 million).
- SEK 52 million (DKK 38 million) of GRI relates to units under construction.

Heimstaden Bostad was advised by KPMG (Structuring), Gorrisen Feder-spiel (Legal and Tax), Newsec and CBRE (Commercial) and COWI (Tech-nical) on the transaction.

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Heimstaden is a leading residential real estate company in Europe, with a focus on acquiring, developing and managing housing and premises. Through our values Care, Dare and Share, we create value for our owners and friendly homes for our customers. Heimstaden has about 100,900 apartments and a property value of approximately SEK 139 billion. Heimstaden's preference share is listed on Nasdaq First North. The head office is located in Malmö. Certified Adviser is Erik Penser Bank aktiebolag, +46 8-463 83 00 and certifiedadviser@penser.se. For more information, visit www.heimstaden.com

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