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Press release

11 May 2021

## **Heimstaden resolves on an up to SEK 375 million rights issue of preference shares and may issue additional preference shares in up to SEK 750 million directed issue.**

The Board of Directors (the “**Board**”) of Heimstaden AB (publ) (“**Heimstaden**”) has, on the basis of the authorisation from the annual general meeting held on 8 April 2021, today resolved on a new issue of preference shares of up to SEK 375,000,000 (by the issue of up to 11,718,750 preference shares) with preferential rights for existing holders of preference shares (the “**Rights Issue**”). The Board may also resolve on an additional directed issue of up to SEK 750 million (by the issue of up to 23,437,500 preference shares) (the “**Directed Issue**”).

Heimstaden is a European residential real estate investor and manager and majority owner of Heimstaden Bostad AB (“**Heimstaden Bostad**”), which Heimstaden owns together with long-term institutional partners. Heimstaden follows a strategy for responsible growth and value creation and adheres to conservative financial policies.

In recent years, Heimstaden has undergone strong growth and geographical expansion while continuously improving both operating performance and financial metrics. As of 31 March 2021, the company was present in seven European markets with a property portfolio of more than 114,000 homes valued at SEK 180 billion.

The purpose of the Rights Issue and the potential Directed Issue is to maintain a balanced financial risk profile, raise capital for further expansion, and to support improved liquidity in the preference shares. The proceeds will be used to support the shareholding in Heimstaden Bostad and potential direct real estate investments.

In addition to existing holders of preference shares, the public in Sweden and institutional investors may notify their interest to subscribe for preference shares without preferential rights (*i.e.*, subscription without subscription rights). In the event that the interest in subscribing for preference shares without subscription

rights significantly exceeds the number of preference shares available within the maximum amount of the Rights Issue after allocation to subscribers with preferential rights, the Board may resolve on the Directed Issue of preference shares to meet such interest, in a maximum amount of SEK 750 million (by the issue of up to 23,437,500 preference shares).

Subscription without subscription rights in the Rights Issue may, without further special notification or request thereof, lead to the allotment of preference shares in the Directed Issue; subject to the allotment principles applicable in the Directed Issue and provided that the Board resolves to carry out the Directed Issue.

The subscription price in the Rights Issue and the Directed Issue will be SEK 32 per preference share corresponding to a dividend yield of 6.25 per cent. New preference shares issued in the Rights Issue and the Directed Issue are entitled to the dividend of 2 SEK per preference share with quarterly payments resolved by the annual general meeting on 8 April 2021 and the record date for first quarterly payment of SEK 0.50 per preference share will be on 5 July, 2021.

### **Background and reason**

Heimstaden acquires, develops and manages residential real estate in Europe. The business primarily takes place through ownership in the subsidiary Heimstaden Bostad, which is the company's biggest asset and which it owns together with Alecta, Folksam Group, Ericsson's and Sandvik's pension funds, and the Swedish Pensions Agency (Sw. *Pensionsmyndigheten*).

Heimstaden Bostad is among Europe's largest residential real estate companies, with properties in Sweden, Norway, Denmark, the Netherlands, the Czech Republic, Germany and Poland with a fair value of SEK 178.9 billion as of 31 March 2021. Heimstaden Bostad has a solid financial position and holds an investment grade rating of BBB from S&P Global Ratings.

On 31 March 2021, the net asset value of Heimstaden's share of Heimstaden Bostad amounted to SEK 37.5 billion, of which SEK 27.9 billion was attributable to subordinated capital.

In recent years, Heimstaden has undergone strong growth and geographical expansion while continuously improving both operating performance and financial metrics. In 2020, it completed acquisitions for SEK 25.6 billion in both new and existing markets, of which SEK 13.8 billion in the Czech Republic, and in December, it announced its first investment in Poland with two turnkey forward funding projects, as well as a major acquisition in Denmark.

The beginning of 2021 has also been characterised by continued high investment activity. In January, Heimstaden Bostad closed two large, previously announced acquisitions in Denmark and Germany, and in May, it announced a new acquisition in Linköping. With a growing economy and favourable demographic

trends, such as urbanisation and smaller households, Heimstaden expects continued growth in the demand for housing in its target markets.

In Heimstaden's day-to-day operations both larger and smaller property acquisitions are continuously analysed and evaluated both with respect to current and new geographies. Certain of the property acquisitions that are analysed and evaluated in the ordinary course of Heimstaden's business result in an acquisition being made and others not. Currently, the Heimstaden group evaluates potential property acquisitions for a total underlying property value of approximately SEK 37 billion with an assessed yearly rent value of approximately SEK 1.8 billion and is, or may in the near future become, involved in discussions with respect to these potential acquisitions. These properties are predominantly located in Denmark, the Netherlands and the United Kingdom and encompass around 14,000 apartments in total.

The expansion of the business has reduced, and the continued expansion of the business is expected to further reduce, Heimstaden's operational and financial risks through increased geographical diversification of the property portfolio and a stronger organisation, both centrally and locally in the relevant markets, while Heimstaden's profits and cash flows have increased. The Board's assessment is that this has been beneficial for Heimstaden's customers, financiers, and shareholders.

A flexible and diversified capital structure is and has been central to Heimstaden's development and in 2015, Heimstaden supplemented its capital structure with an issue of preference shares, which were admitted to trading on the Nasdaq First North Growth Market on 11 June 2015.

At the annual general meeting on 8 April 2021, the meeting decided, among other things, on a new Board composition, a 10:1 share split to create conditions for improved liquidity in Heimstaden's preference shares, as well as associated changes in the articles of association and the first dividend on ordinary shares since 2016.

In order to maintain a balanced financial risk profile, obtain expansion capital and also support the conditions for better liquidity in the preference shares, the annual general meeting also resolved to authorise the Board to issue up to 40 million preference shares, with or without preferential rights for existing shareholders.

In light of this, the Board has decided to resolve on the Rights Issue and may resolve on the Directed Issue depending on the subscription interest in the preference shares.

#### **The Rights Issue in brief**

- If fully subscribed, the Rights Issue will provide Heimstaden with gross proceeds of SEK 375 million, before transaction costs.

- Only preference shares will be issued. The maximum number of preference shares that may be issued is 11,718,750. The subscription price is SEK 32 per preference share.
- Anyone who, on the record date on 18 May 2021, is registered as a holder of preference shares in the shareholders' register maintained by Euroclear Sweden AB, on behalf of the company, has preferential rights to subscribe for new preference shares in proportion to the number of preference shares held on the record date (primary preferential rights). Anyone who on the record date is registered as a holder of preference shares in the company obtains one (1) subscription right for each preference share held. Two (2) subscription rights entitle the holder to one (1) new preference share.
- The last day of trading in Heimstaden's preference shares including subscription rights is 14 May 2021.
- The subscription period begins on 20 May 2021 up to and including 3 June 2021.
- Trading in subscription rights will take place on the Nasdaq First North Growth Market during the period from 20 May 2021 up to and including 31 May 2021.
- A prospectus with respect to the Rights Issue and the potential Directed Issue will be published on or around 18 May 2021.
- Subscription without subscription rights in the Rights Issue may, without further special notification or request thereof, lead to the allotment of preference shares in the Directed Issue; subject to the allotment principles applicable in the Directed Issue and provided that the Board resolves to carry out the Directed Issue.

#### **The potential Directed Issue in brief**

- If the Board of Heimstaden resolves to issue shares in the Directed Issue, Heimstaden will on or around 7 June 2021 issue a press release in this regard.
- The subscription price in the Directed Issue will be the same as in the Rights Issue, SEK 32 per preference share.
- The reason for deviating from the shareholders' preferential rights in the potential Directed Issue would be to obtain sufficient expansion capital to meet Heimstaden's potential growth and to achieve a more efficient capital structure in order to promote increased liquidity in the preference shares and a larger shareholder base.

#### **The terms of the Rights Issue**

Only preference shares will be issued. The maximum number of preference shares that may be issued in the Rights Issue is 11,718,750. The subscription price is

SEK 32 per share. Heimstaden's share capital will increase by a maximum of SEK 5,859,375.

Anyone who, on the record date on 18 May 2021, is registered as a holder of preference shares in the shareholders' register maintained by Euroclear Sweden AB, on behalf of the company, has preferential rights to subscribe for new preference shares in proportion to the number of preference shares the holder holds on the record date (primary preferential rights). Anyone who on the record date is registered as a holder of preference shares in the company obtains one (1) subscription right for each preference share held. Two (2) subscription rights entitle the holder to one (1) new preference share.

Subscription of new preference shares can also be done without subscription rights. If not all preference shares are subscribed for with subscription rights within the framework of the Rights Issue, the Board shall decide on allotment of new preference shares without subscription rights. Allotment will then take place as follows:

- Firstly, allotment shall be made to those who have applied for subscription and subscribed for new preference shares with subscription rights, regardless of whether the subscriber was a holder of preference shares on the record date or not, in proportion to the number of subscription rights each has exercised for subscription of new preference shares and, in so far as this cannot be done, by drawing lots (subsidiary preferential rights).
- Secondly, allotment shall be made to others who have applied for subscription without subscription rights and, in the event of oversubscription, in proportion to the number of new preference shares submitted in the respective subscription application (taking into account, if applicable, registered interest in subscription of the possible Directed Issue) and, in so far as this cannot be done, by drawing lots.<sup>1</sup>

The only ordinary shareholder in the company, Fredensborg AS, has waived its subsidiary preferential right in its capacity as holder of ordinary shares in accordance with the articles of association to subscribe for new preference shares.

Subscription for preference shares with subscription rights shall take place by cash payment during the period from 20 May 2021 up to and including 3 June 2021. Payment for preference shares which are subscribed for without subscription rights shall be made through payment in accordance with instructions on the settlement notice no later than 2 banking days after notice of allotment. Such notice of allotment is expected to be issued 7 June 2021.

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<sup>1</sup> Possibly, allotment of preference shares to those who subscribe for and are allotted preference shares without subscription rights in this last step of the allotment will, for issue-technical reasons, take place through a separate directed new issue of preference shares.

Subscription without subscription rights in the Rights Issue may, without further special notification or request thereof, lead to the allotment of preference shares in the Directed Issue; subject to the allotment principles applicable in the Directed Issue and provided that the Board resolves to carry out the Directed Issue.

Securities legislation applicable in certain jurisdictions may affect the possibility for certain foreign holders of preference shares and other investors to receive subscription rights and subscribe for preference shares in the Rights Issue, please see the section “Important information” below.

Fredensborg A/S, the holder of all of the ordinary shares in Heimstaden and of 2,000,000 preference shares has confirmed its intention to subscribe for its *pro rata* share in the Rights Issue and that it will undertake a lock-up with respect to its preference shares and will enter into a written irrevocable undertaking to such effect to the banks engaged in the transaction.

### **The terms of the potential Directed Issue**

The maximum number of preference shares that may be issued in the possible Directed Issue is 23,437,500. The subscription price in the Directed Issue will be the same as in the Rights Issue, i.e., SEK 32 per share.

If the Board resolves upon the Directed Issue, notice of such resolution and the allotment is expected to be issued 7 June 2021. Payment for subscribed preference shares shall be made no later than 2 banking days after the notice of allotment.

In the event of allotment of preference shares in the Directed Issue, application from institutional investors who are deemed to be long-term shareholders and early submission of subscription applications will be given special consideration. Allotment of preference shares in the Directed Issue will be decided by the Board of Heimstaden in consultation with the Joint Bookrunners (see below), in which case certain types of investors may thus be given priority.

### **Dilution**

The Rights Issue will entail an increase in the number of preference shares in the company of a maximum of 11,718,750 preference shares, from 155,477,500 shares (of which 132,040,000 ordinary shares and 23,437,500 preference shares) to a total of 167,196,250 shares (of which, 132,040,000 ordinary shares and 35,156,250 preference shares), and an increase in share capitals with a maximum of SEK 5,859,375, from SEK 77,738,750 to SEK 83,598,125.

The possible Directed Issue may, taking into account the Rights Issue, entail an increase in the number of preference shares in the company with a maximum of 23,437,500 preference shares, from 167,196,250 shares (of which, 132,040,000 ordinary shares and 35,156,250 preference shares) to a total of 190,633,750 shares (of which, 132,040,000 ordinary shares and 58,593,750 preference shares),

and an increase in the share capital by a maximum of SEK 11,718,750, from SEK 83,598,125 to SEK 95,316,875.

For those holders of preference shares who refrain from subscribing for preference shares in the Rights Issue, a dilution effect of a maximum of 35,156,250 preference shares arises, corresponding to around 18.4 per cent of the total number of shares in Heimstaden after the Rights Issue and the potential Directed Issue and 2.5 per cent of the total number of votes in Heimstaden after the Rights Issue and the potential Directed Issue. If the existing holders of preference shares with preferential rights subscribe for all preference shares in the Rights Issue, a dilution effect arises for the existing holders of preference shares, taking into account the potential Directed Issue, of a maximum of 23,437,500 preference shares, corresponding to approximately 12.3 per cent of the total number of shares in Heimstaden after the Rights Issue and the Directed Issue and 1.7 per cent of the total number of votes in Heimstaden calculated in the same way.

### **Prospectus**

Heimstaden will prepare a prospectus regarding the Rights Issue and the possible Directed Issue. The prospectus will be published on or around 18 May 2021.

### **Preliminary timetable for the Rights Issue and the possible Directed Issue**

- 14 May 2021: Last day of trading in preference shares including right to receive subscription rights
- On or around 18 May 2021: Publication of the prospectus
- 18 May 2021: Record date for right to receive subscription rights
- 20 May-31 May 2021: Trading in subscription rights
- 20 May-3 June 2021: Subscription period
- 20 May-8 June 2021: Trading in paid subscribed shares (BTA)
- 7 June 2021: Expected date for publication of final results of the Rights Issue
- 7 June 2021: Expected date for notice of resolution with respect to and allocation in the possible Directed Issue

### **Advisors**

Heimstaden has appointed Carnegie Investment Bank AB, Nordea Bank Abp, filial i Sverige, and Swedbank AB (publ) as Joint Bookrunners with Carnegie Investment Bank AB as the Sole Global Coordinator. Gernandt & Danielsson Advokatbyrå KB has been appointed as legal advisor to Heimstaden. White & Case Advokat AB has been appointed as legal advisor to the Joint Bookrunners. Heimstaden will enter into a placing agreement with the Joint Bookrunners on market terms and conditions.

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Heimstaden is a leading residential real estate company in Europe, which buys, develops, and manages homes. Through our values Care, Dare and Share, we create value for owners and Friendly Homes for customers. We own about 114,000 homes with a property value of SEK 180 billion. Heimstaden's preference share is listed on Nasdaq First North. Our head office is in Malmö. Read more at [www.heimstaden.com](http://www.heimstaden.com).

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*This information is such information that Heimstaden AB (publ) is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted, through the agency of the above contact persons, for publication on 11 May 2021 at 08:45 CEST.*

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Statements in this press release relating to any future status or circumstances, including statements regarding future performance, growth and other trend projections and other effects of the Rights Issue or the other matters described herein, are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as “anticipate”, “believe”, “expect”, “intend”, “plan”, “seek”, “will”, “would” or similar expressions. By their nature,

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