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Press release

7 June 2021

Heimstaden raises SEK 1,125 million in rights issue and directed issue

Heimstaden AB (publ) (“**Heimstaden**” or the “**Company**”) announces:

- The Rights Issue of preference shares, for which the subscription period ended on 3 June 2021, is fully subscribed.
- The Board of Directors (the “**Board**”) resolves on a directed issue of preference shares to meet subscription interest (the “**Directed Issue**”).
- The Rights Issue and the Directed Issue provide proceeds of SEK 375 million and SEK 750 million respectively, in total SEK 1,125 million, before issue costs.

The purpose of the Rights Issue and the 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.

The Rights Issue

10,788,653 preference shares, corresponding to approximately 92.06%, have been subscribed for by the exercise of subscription rights.(primary preferential right) and allotted to such subscribers. The remaining 930,097 preference shares, corresponding to approximately 7.94%, have been allotted to those who have subscribed for preference shares without subscription rights (in addition to subscribing for preference shares with subscription rights) (subsidiary preferential rights).

The allotment of preference shares has been made in accordance with the allocation principles described in the prospectus that was published on 18 May 2021 (the “**Prospectus**”).

As confirmation of the allotment of new preference shares subscribed for without subscription rights, a settlement note will be sent to the subscribers on 7 June 2021. Nominee-registered shareholders will receive a notification of allotment in accordance with the respective nominee procedures. No notice will be sent to

subscribers who have not received an allotment. Allotted new preference shares must be paid in cash in accordance with the instructions in the settlement note.

Proceeds from the Rights Issue amount to SEK 375,000,000 before issue costs.

The Directed Issue

In addition to existing holders of preference shares, the public in Sweden and institutional investors have subscribed for preference shares without preferential rights (*i.e.*, subscription without subscription rights). As the interest in subscribing for preference shares without subscription rights significantly exceeded the number of preference shares available within the maximum amount of the Rights Issue after allocation to subscribers with preferential rights, the Board has, on the basis of the authorisation from the annual general meeting held on 8 April 2021, today resolved on a Directed Issue of 23,437,500 preference shares at a subscription price of SEK 32 per preference share, the same subscription price as in the Rights Issue. Allotment of preference shares in the Directed Issue has been made to institutional investors, family offices and private investors.

The allotment of preference shares in the Directed Issue has been decided by the Board in consultation with Carnegie Investment Bank AB, Nordea Bank Abp, filial i Sverige and Swedbank AB (publ) (“**Joint Bookrunners**”) and has been made in accordance with the allocation principles described in the Prospectus. As confirmation of the allotment of new preference shares, a settlement note will be sent to the subscriber on 7 June 2021. Nominee-registered shareholders will receive a notification of allotment in accordance with the respective nominee procedures. No notice will be sent to subscribers who have not received an allotment. Allotted new preference shares must be paid in cash in accordance with the instructions in the settlement note.

Proceeds from the Directed Issue amount to SEK 750,000,000 before issue costs.

The reason for deviating from the shareholders' preferential rights in the Directed Issue is 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.

Dilution from the Rights Issue and the Directed Issue

The Rights Issue entails an increase in the number of preference shares in the Company 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 capital of SEK 5,859,375, from SEK 77,738,750 to SEK 83,598,125.

The Directed Issue, taking into account the Rights Issue, entails an increase in the number of preference shares in the Company with 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 SEK 11,718,750, from SEK 83,598,125 to SEK 95,316,875.

For those holders of preference shares who refrained from subscribing for preference shares in the Rights Issue, the result is a dilution effect of approximately 18.4% of the total number of shares in Heimstaden after the Rights Issue and the Directed Issue and *approximately* 2.5% of the total number of votes in Heimstaden after the Rights Issue and the Directed Issue. Under the assumption that the existing holders of preference shares with preferential rights subscribed for all preference shares in the Rights Issue, a dilution effect arise for the existing holders of preference shares, taking into account the Directed Issue, of approximately 12.3% of the total number of shares in Heimstaden after the Rights Issue and the Directed Issue and approximately 1.7% of the total number of votes in Heimstaden calculated in the same way.

Lock up

The Company has entered into a lock-up undertaking regarding future preference share issues, with certain exceptions, for a period of 180 days after the date of the Board's decision on the Rights Issue.

Registration and trading

New preference shares issued in the Rights Issue and the Directed Issue are expected to be registered with the Swedish Companies Registration Office on or around 10 June 2021 and the first day of trading on Nasdaq First North Growth Market is expected to be on or around 15 June 2021.

Advisors

Carnegie Investment Bank AB, Nordea Bank Abp, filial i Sverige and Swedbank AB (publ) are Joint Bookrunners in connection with the Rights Issue and the Directed Issue, with Carnegie Investment Bank AB as the Sole Global Coordinator. Gernandt & Danielsson Advokatbyrå KB is legal advisor to Heimstaden. White & Case Advokat AB is legal advisor to the Joint Bookrunners.

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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.

Certified Adviser is Erik Penser Bank aktiebolag, +46 8-463 83 00 and certifiedadviser@penser.se.

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 7 June 2021 at 07:45 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 Directed 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, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that could occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to several factors, many of which are outside Heimstaden's control. Any forward-looking statements in this press release speak only as of the date on which the statements are made and Heimstaden has no obligation (and undertakes no obligation) to update or revise any of them, whether as a result of new information, future events or otherwise.