

Heimstaden

Press release

12 July 2021

Heimstaden Buys SEK 3.8 billion Icelandic Property Portfolio

Heimstaden AB (publ) (“Heimstaden”) has today acquired 100% of the shares in Icelandic residential company Heimstaden ehf. from Fredensborg ICE ehf. for SEK 1.7 billion (ISK 24.9 billion).

Heimstaden ehf. is the largest residential real estate company in Iceland with 1,637 homes located primarily in and around Reykjavik with a property value of approximately SEK 3.8 billion (ISK 55 billion) as of 31 March 2021. The portfolio has a GRI of SEK 260 million p.a. and current occupancy of 90%.

Heimstaden ehf., previously Heimavellir hf., was acquired by Fredensborg ICE ehf., a fully owned subsidiary of Fredensborg AS, in 2020 and subsequently delisted from Nasdaq Iceland. Since then, Heimstaden ehf. has initiated extensive asset management projects, added new properties to the portfolio and reduced financial expenses through debt refinancing. As at 31 March 2021, the company had a net loan-to-value of 51%.

Heimstaden ehf. has been managed by Heimstaden since January 2021 and, with this transaction, Heimstaden will establish itself as a market leader, laying a strong foundation for future growth in Iceland with opportunities to extract operational synergies.

Most of Heimstaden’s investments are made indirectly through its ownership in Heimstaden Bostad AB, Heimstaden’s primary investment. Because Iceland falls outside Heimstaden Bostad’s geographical mandate – the EU, Norway, Switzerland, and the UK – Heimstaden makes this acquisition directly.

The transaction is financed with cash at hand. Heimstaden was advised by BBA/Fjeldco and KPMG Iceland.

Related-Party Transaction

Heimstaden is obliged to comply with best practice on the stock market, *inter alia* meaning that some related party transactions must be approved by the general meeting. In statement 2020:51, The Swedish Securities Council has stated that a resolution on a potential transaction with Fredensborg made by the Board of Heimstaden is in compliance with best practice on the stock market, provided that Heimstaden, in conjunction with the transaction, publishes a statement of the acquisition in accordance with Chapter 16 a, Section 7, second paragraph of the Swedish Companies Act, including a fairness opinion prepared by an independent expert regarding the value of the acquired asset.

Since Fredensborg ICE ehf. is a wholly owned subsidiary of Heimstaden's largest shareholder, Fredensborg AS, the Board has therefore prepared a statement of the acquisition corresponding to the requirements in the Swedish Companies Act and a fairness opinion on the acquisition has been obtained. The Board's statement and the fairness opinion are available on Heimstaden's website and is attached to this release.

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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. Read more at www.heimstaden.com

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