

Heimstaden

26 September 2021

Heimstaden Bostad Buys Akelius' Residential Properties in Germany, Sweden, and Denmark

Highlights

- Heimstaden subsidiary, Heimstaden Bostad, buys 599 properties with 28,776 homes centrally located in Berlin (14,050), Hamburg (3,592), Stockholm (5,934), Malmö (4,107), and Copenhagen (1,093).
- Transaction value SEK 92.5 billion (EUR 9.1 billion) with SEK 2.8 billion in annual rental income.
- Heimstaden has committed a minimum SEK 8.5 billion equity investment in Heimstaden Bostad to support the transaction.
- The location and scale of the portfolio brings synergy and operational scale effects unique to Heimstaden.
- Closing expected early December 2021 subject to merger clearance.

Commenting on the acquisition, CEO Patrik Hall said:

"We are happy to announce this acquisition across five thriving and attractive European cities with rich cultural legacies, strong economic growth, and passionate inhabitants with engagement for their cities and broader society.

Scale leads to improvements throughout our value chain, and enables more efficient operations, better customer experience, and greater impact through investments in sustainable solutions and measures aimed at combating society challenges and climate change. Over the last few years, Heimstaden Bostad has successfully integrated properties and organisations in new and existing markets, with large acquisitions in Denmark, the Netherlands, the Czech Republic, and Germany.

As an evergreen and value-driven company, our customers and our Friendly Homes are at the heart of our growth strategy, and together with new colleagues, customers, and local communities, we will contribute to Friendly Homes and neighbourhoods in Hamburg, Berlin, Stockholm, Malmö, and Copenhagen."

Portfolio

The portfolio comprises 28,776 homes across Sweden, Germany, and Denmark, all Heimstaden Bostad markets with existing local property and facility operations.

For 27 years, Akelius has gradually built up the portfolio with continuous development and quality renovations, which positively complements Heimstaden Bostad's

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long-term, value-focused perspective. The portfolio has a residential occupancy of appr. 98% and more than 99% of rental income comes from regulated apartments.

Germany

The German properties consist of 17,642 fully regulated homes, appr. 66,000 sqm of commercial space, and 1,859 parking spaces. In 2020 Heimstaden established in-house property and facility management operations in Berlin, with capacity to manage a large-scale property portfolio. This is Heimstaden Bostad's first investment in Hamburg, a city with favourable demographics, a positive economic outlook, and a strong model for cooperation between politics, society, and private housing companies.

Sweden

The Swedish properties consist of 10,041 fully regulated homes, appr. 118,000 sqm of commercial space, and appr. 7,050 parking spaces. Sweden is Heimstaden Bostad's home market, and Heimstaden's operational experience enables the successful integration of new colleagues and properties in Stockholm and Malmö.

Denmark

The Danish properties consist of 1,093 homes, of which 90% are regulated, appr. 6,000 sqm of commercial space, and 205 parking spaces. The portfolio is centrally located Copenhagen, allowing for efficient integration into Heimstaden Bostad's existing operational setup.

"We are growing our presence in markets where we have strong knowledge and experience, markets that share key attributes, such as supply/demand imbalance, favourable demographical trends, and growing economies. We are particularly pleased to grow and expand geographically in Germany, the largest and most mature residential market in Europe, and establishing a presence in Hamburg," said Christian Fladeland, Co-Chief Investment Officer at Heimstaden.

Financing

Heimstaden Bostad will finance the transaction using cash at hand, SEK 24.8 billion in new equity and a SEK 65.7 billion bridge financing facility with a 2-year maturity.

Equity is committed from Heimstaden AB (SEK 8.5 billion) and existing institutional shareholders in Heimstaden Bostad; KPA Pension (part of Folksam Group) (SEK 8.0 billion), Alecta (SEK 7.1 billion), and the Swedish Pensions Agency (SEK 1.25 billion).

Heimstaden's equity investment will be financed primarily with cash at hand. In addition, the company has a committed 2-year SEK 7 billion bridge financing facility in place. Heimstaden's standalone Net LTV is expected to increase to 25-28% short-term with a longer-term guidance of 20-25%.

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J.P. Morgan has underwritten Heimstaden AB's bridge financing facility.

Invitation to Presentation

Heimstaden invites investors and other stakeholders to an investor presentation at 14:00 CET, Monday 27 September. CFO Arve Regland and Co-CIO Christian Fladeland will provide a brief presentation of the transaction. More details will be distributed prior to the event.

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Heimstaden is a leading European residential real estate company that 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 116,000 homes with a property value of SEK 187 billion. Read more at www.heimstaden.com.

Heimstaden's preference shares are listed on Nasdaq First North Growth. Certified Adviser is Erik Penser Bank aktiebolag, +46 8-463 83 00 / certifiedadviser@penser.se.

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