

Heimstaden

Invitation to subscribe for preference shares in Heimstaden AB (publ)

NOTE THAT THE SUBSCRIPTION RIGHTS MAY HAVE AN ECONOMIC VALUE

In order not to lose the value of the subscription rights, the holder must either:

- exercise the subscription rights obtained and subscribe for new Preference Shares no later than 3 June 2021, or
- sell the subscription rights obtained that are not intended to be used for subscription for new Preference Shares no later than 31 May 2021.

Note that shareholders with nominee-registered holdings subscribe for new Preference Shares through the respective nominee.

The distribution of this prospectus (the “Prospectus”) and subscription for new Preference Shares is subject to restrictions in certain jurisdictions, see the section “*Important Information*”.

JOINT BOOKRUNNERS

Nordea



Swedbank



IMPORTANT INFORMATION

Information for investors

The Prospectus has been prepared in connection with Heimstaden AB's (publ) ("Heimstaden", the "Company" or the "Issuer") new issue of maximum 11,718,750 preference shares ("Preference Shares") with preferential rights for existing Preference Shareholders in accordance with the terms in the Prospectus (the "Rights Issue") and, subject to the Board of Directors' decision, a possible directed new issue of maximum of 23,437,500 Preference Shares to the public in Sweden and institutional investors in Sweden and abroad in accordance with the terms of the Prospectus (the "Directed Issue" and together with the Rights Issue, the "Offer"). The term "Group" refers to the Group in which the Company is the parent company and "Heimstaden Isolated" refers to Heimstaden consolidated but excluding Heimstaden Bostad AB (publ) ("Heimstaden Bostad") consolidated.

The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*), according to Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "Prospectus Regulation"). Approval and registration of the Prospectus does not mean that the Swedish Financial Supervisory Authority guarantees that the factual statements in the Prospectus are correct or complete. The Prospectus has been prepared in the form of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

In certain jurisdictions, distribution of the Prospectus and participation in the Offer are subject to legal and regulatory restrictions. No measure has been taken and no measures will be taken to allow an offer to the public in any jurisdiction other than Sweden. In particular, the Offer is not directed at persons domiciled in Australia, Hong Kong, Japan, Canada, New Zealand, Switzerland, Singapore, South Africa, United States (unless an exception applies) or in any other jurisdiction where participation in the Offer would require additional prospectuses, registration or measures besides those required by Swedish law. Consequently, the Prospectus and other documents relating to the Offer may not be distributed in or to said countries or to other countries or jurisdictions where distribution or the Offer requires such measures or otherwise conflicts with the applicable regulations, unless an exception applies. Subscription for shares and acquisitions of securities in Heimstaden in violation of the above restrictions may be invalid. Persons receiving the Prospectus must inform themselves about and comply with such restrictions. Measures in conflict with such restrictions may constitute a violation of applicable securities legislation.

An investment in securities entails certain risks (see the section "Risk factors"). When investors make an investment decision, they must rely on their own assessment of Heimstaden and the Offer, including the present facts and risks. Before making an investment decision, potential investors should engage their own professional advisers and carefully evaluate and consider the investment decision. Investors may only rely on the information in the Prospectus and any additions to the Prospectus. No person is authorised to provide any information or make any statements other than those contained in the Prospectus. If this nevertheless happens, such information or such statements shall not be deemed to have been approved by Heimstaden, which is not responsible for such information or such statements. Neither the publication or distribution of the Prospectus, or any transactions carried out in connection with the Offer, shall be construed to mean that the information in the Prospectus is correct and valid at any time other than the date of its publication or that there has been no change in Heimstaden's activities after said date. If there are material changes in the Prospectus, such changes will be published in accordance with the provisions on additions to prospectuses in the Prospectus Regulation. As a condition for being allowed to subscribe for new Preference Shares in the Offer in accordance with the Prospectus, any person subscribing for new Preference Shares is deemed to have made or, in certain cases, have been asked to make commitments and guarantees that Heimstaden and its advisers will rely on. Heimstaden reserves the right to, at its sole discretion, annul a share subscription that Heimstaden or its contractors believe may include a violation or an infringement of laws, rules or regulations in any jurisdiction. The Offer and the Prospectus are governed by Swedish law. Disputes arising from the Offer or the Prospectus and related legal matters shall be settled exclusively by Swedish courts, with Stockholm District Court being the court of first instance.

The Prospectus is available on the Company's website (www.heimstaden.com), Carnegie's website (www.carnegie.se) and will be available on the Swedish Financial Supervisory Authority's website (www.fi.se). Other information on the Company's website is not incorporated into the Prospectus and does not constitute a part of the Prospectus provided this information is not incorporated into the Prospectus by reference.

Information for investors in the United States

No subscription rights, paid subscribed shares ("BTA") or Preference Shares have been registered or will be registered according to the United States Securities Act of 1933 as amended ("U.S. Securities Act") or the securities legislation of any state or other jurisdiction in the United States and may not be offered, subscribed, exercised, pledged, sold, resold, allotted, delivered or otherwise transferred, directly or indirectly, (i) in or to the United States, unless an exception applies, or through a transaction that is not covered by the registration requirements of the U.S. Securities Act and according to the securities legislation in the relevant state or other jurisdiction in the United States or (ii) outside the United States, other than in so-called offshore transactions according to Regulation S under the U.S. Securities Act. No offer of subscription rights, BTA or Preference Shares will be made to the public in the United States. In the United States only "qualified institutional buyers" ("QIBs"), as defined in Rule 144A of the U.S. Securities Act ("Rule 144A"), may participate in the Offer or, in the event that all Preference Shares are not subscribed for with subscription rights, be allotted Preference Shares that are subscribed for without subscription rights, if it is permitted according to any exception to the registration requirements in the U.S. Securities Act. QIBs who hold subscription rights will only be allowed to participate in the Offer if they have been issued and delivered a so-called "investor letter" in a pre-determined format to Heimstaden. Up to 40 days after the commencement of the Offer, an offer of transfer of subscription rights, BTA or Preference Shares within the United States carried out by a securities broker (irrespective of whether they participate in the Offer or not) constitutes a violation of the registration requirements of the U.S. Securities Act. The subscription rights, BTA or the Preference Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission ("SEC"), any state securities authority or any other authority in the United States. Nor has any such authority assessed or commented on the accuracy or reliability of the Prospectus. To claim otherwise is a criminal offence in the United States. Joint Bookrunners will not conduct transactions or render or try to render purchase or sale of any subscription rights, BTA or Preference Shares in or to the United States in connection to the Offer. The Joint Bookrunners will not engage in any actions or assume any responsibility with regard to the Offer within the United States. The Offer to eligible shareholders in the United States will be the sole responsibility of the Company.

Information for investors in the EEA and United Kingdom

Within the European Economic Area (the "EEA") no offer of securities has been made to the public for subscription rights, BTA or Preferential Shares in jurisdictions other than Sweden. In other Member States in the EEA in which the Prospectus Regulation applies, directly or through implementation of national legislation, such an offer can only be made in accordance with exceptions in the Prospectus Regulation or national legislation.

In the United Kingdom, this Prospectus is only being distributed and directed to (i) "investment professionals" as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (the "Order"); (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, and (iii) other persons to whom the Prospectus may be lawfully shared (all such persons together being referred to as "relevant persons"). This Prospectus is addressed only to relevant persons and may not be used or invoked by persons who are not relevant persons. All investments or investment activities to which this Prospectus relates are only available to relevant persons and will only be directed to relevant persons. Joint Bookrunners acts exclusively for the Company and no one else in connection with the Offer. Joint Bookrunners will not consider any other person (whether or not it is a recipient of this Prospectus) as a customer in relation to the Offer and will not be liable to anyone other than the Company for providing the protection offered by Joint Bookrunners' customers or for provide advice in connection with the Offer or any other transaction, question or arrangement referred to in the Prospectus.

Information to distributors

For the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) Chapter 5 of the Swedish Financial Supervisory Authority's regulations regarding investment services and activities, FFFS 2017:2, (together the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, Preference Shares, subscription rights and BTA in the Company have been subject to a product approval process, where the target market for Preference Shares, subscription rights and BTA in the Company are (i) non-professional customers and investors that comply with the requirements for professional customers or eligible counterparties, each as defined in MiFID II (the "Target market"), and (ii) suitable for distribution through all distribution channels permitted under MiFID II. Distributors should note that: the value of the Preference Shares, subscription rights and BTA in the Company may decline and investors could lose all or part of their investment; the Preference Shares, subscription rights and BTA in the Company offer no guaranteed income and no capital protection; and an investment in the Preference Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The target market assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. For the avoidance of doubt, the target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in the Company. Each distributor is responsible for undertaking its own target market assessment in respect of the Preference Shares, subscription rights and BTA in the Company and determining appropriate distribution channels.

Forward-looking statements

The Prospectus contains certain forward-looking statements that reflect the Company management's current view on future and expected financial and operational results. Forward-looking statements can be recognised in the words "believe", "expect", "anticipate", "intend", "can", "plan", "estimate", "will", "strive", "should", "could", "intend to" or "perhaps", or in each individual case their negative or similar expressions. As these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results and outcomes may differ materially from those set out in the forward-looking statements due to several factors. Factors that may lead to Heimstaden's actual results, achievements or efforts differing materially from those expressed or implied in forward-looking statements include, among other thing, the factors discussed in the section "Risk factors".

Forward-looking statements only apply as of the date of the Prospectus. Heimstaden does not undertake any obligation to publicly update or revise any forward-looking statements, whether due to new information, future events or other circumstances, except as required by law or other rules. Investors are therefore urged not to attach undue importance to any of these forward-looking statements. The Prospectus contains certain information that comes from third parties. Although the information has been reproduced correctly and Heimstaden considers the sources to be reliable, Heimstaden has not independently verified this information, so its accuracy and completeness cannot be guaranteed. As far as Heimstaden is aware and can ascertain by comparison with other information published by these sources, however, no information has been omitted in a way that could make the reproduced information incorrect or misleading.

Financial information

Unless explicitly stated in the Prospectus, the Company's auditor has not reviewed or audited the financial information or other information in the Prospectus. Financial information relating to the Company and which is not part of the information that has been audited or reviewed by the Company's auditor in accordance with what is stated herein, has been obtained from the Company's internal accounting or reporting system. Some financial and other information presented in the Prospectus has been rounded up or down to make the information easily accessible to the reader. Consequently, the figures in certain columns in the Prospectus do not correspond exactly to the stated total.

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The Offer in brief

Preferential rights in the Rights Issue	Each existing Preference Share in Heimstaden entitles the holder to one (1) subscription right. Two (2) subscription rights entitles the holder to subscribe for one (1) new Preference Share with subscription right.
Subscription price	SEK 32
The record date for obtaining subscription rights	18 May 2021
Subscription period	20 May 2021 – 3 June 2021
Trading in subscription rights	20 May 2021 – 31 May 2021
Trading in BTA	20 May 2021 – 8 June 2021

Other information

ISIN code Preference Shares	SE0015949037
ISIN code subscription rights related to Preference Shares	SE0015988068
ISIN code BTA related to Preference Shares	SE0015988076
Short name for the Preference Shares	Heimstaden Pref

Summary

Introduction and warnings

The Prospectus has been prepared in connection with a new issue of maximum 11,718,750 Preference Shares in Heimstaden AB (publ), company registration number 556670-0455, with preferential rights for the Company's existing holders of Preference Shares and, subject to the Board of Directors' resolution, a possible directed new issue of maximum 23,437,500 Preference Shares to the public in Sweden and institutional investors in Sweden and abroad. The Company's address is Östra Promenaden 7A, SE-211 28 Malmö, Sweden, and its LEI code is 549300WD2QBD89VBPV88. The ISIN code for the Preference Shares is SE0015949037.

The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority on 18 May 2021. The Swedish Financial Supervisory Authority's postal address is Box 7821, SE-103 97 Stockholm, Sweden. The Swedish Financial Supervisory Authority's telephone number is +46 (0)8-408 980 00 and its website is www.fi.se.

This summary should be considered as an introduction to the Prospectus. Every decision to invest in the Preference Shares should be based on an assessment of the Prospectus in its entirety by the investor. Investors who invest in the Preference Shares may lose all or part of the invested capital. If an action is brought before a court regarding information in the Prospectus, the investor who is the plaintiff under national law may need to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability can only be imposed on the persons who have presented this summary, including translations thereof, but only if the summary is misleading, incorrect or inconsistent with the other parts of the Prospectus or if it does not, together with the other parts of the Prospectus, provide key information to help investors when considering investing in securities.

Key information on the Issuer

Who is the Issuer of the securities?

Information on the Issuer Heimstaden AB (publ), company registration number 556670-0455, is the Issuer of the securities. The Board of Directors is based in the municipality of Malmö. The Company is a Swedish public limited company founded in Sweden according to Swedish law. The Company's business is regulated by the Swedish Companies Act (Sw. *aktiebolagslagen*) (2005:551).

Main business activities Heimstaden acquires, manages and develops residential real estate in Europe. The Company is currently present in Sweden, Denmark, Norway, the Netherlands, the Czech Republic, Germany and Poland.

Major shareholders The table below sets forth Heimstaden's owners as of 31 March 2021 (including thereafter known changes). Ivar Tollefsen controls Fredensborg AS and thus has an indirect control over the Company.

Name	Ordinary shares	Preference Shares	Share capital (%)	Votes (%)
Fredensborg AS	132,040,000	2,000,000	86.21	98.40
ICA-Handlarnas Förbund Finans AB	0	2,500,000	1.61	0.19
Familjen Kamprads Stiftelse	0	1,317,190	0.85	0.10
Stift Karl Bjerkes Stipendiefond	0	1,145,000	0.74	0.09
Tryggers Carl, Stift.för Vetenskap	0	950,000	0.61	0.07
Pension, Futur	0	942,850	0.61	0.07
Volvo Pensionsstiftelse	0	625,000	0.40	0.05
Nordnet Pensionsförsäkring AB	0	586,960	0.38	0.04
Försäkringsaktiebolaget, Avanza Pension	0	543,397	0.35	0.04
Swedbank Försäkring	0	485,092	0.31	0.04
Other	0	12,342,011	7.94	0.91
Total	132,040,000	23,437,500	100	100

Group management The Group management consists of the following senior executives: Patrik Hall (Chief Executive Officer), Magnus Nordholm (Deputy Chief Executive Officer), Helge Krogsbøl (Chief Operating Officer), Arve Regland (Chief Financial Officer), Karmen Mandic (Chief Marketing & Communications Officer), Suzanna Malmgren (Chief Human Resources Officer), Katarina Skalare (Chief Sustainability Officer), Søren Vendelbo Jacobsen (Co-chief Investment Officer), Roger Reksten Stølsnes (Chief Risk Officer), Christian Winther Fladeland (Co-chief Investment Officer), Christian Vammervold Dreyer (Chief Communications Officer), Anders Thorsson (Chief Procurement Officer), Rodin Lie (Chief Technology Officer), and Paul Spina (Chief Asset Management and Development Officer).

Key information on the Issuer

Who is the Issuer of the securities?

Auditors The Company's auditors are Jonas Svensson at the auditing company Ernst & Young Aktiebolag, Box 7850, SE-103 99 Stockholm, Sweden and Ernst & Young Aktiebolag (with Peter von Knorring as Chief Auditor).

Financial key information for the Issuer

Selection of historical financial key information	Heimstaden's consolidated income statement in brief				
	Amount in MSEK	Q1 2021 (reviewed)	Q1 2020 (not audited or reviewed)	2020 (audited)	2019 (audited)
Rental income	2,066	1,497	6,992	4,863	
Profit for the year	3,723	1,665	8,353	6,001	
Comprehensive income attributable to the parent company's shareholders	3,694	379	1,746	4,425	

Heimstaden's consolidated balance sheet in brief

Amount in MSEK	Q1 2021 (reviewed)	Q1 2020 (not audited or reviewed)	2020-12-31 (audited)	2019-12-31 (audited)
Total assets	201,697	144,456	161,311	128,606
Total equity	95,137	65,595	76,166	59,942

Heimstaden's consolidated statements of cash flow in brief

Amount in MSEK	Q1 2021 (reviewed)	Q1 2020 (not audited or reviewed)	2020 (audited)	2019 (audited)
Cash flow from operating activities	731	313	1,535	1,267
Cash flow from investment activities	-13,605	-7,245	-17,190	-14,864
Cash flow from financing activities	19,244	4,044	16,202	19,461

Key risks specific for the Issuer

Risks **Risks related to subsidiaries** – A large part of the Group's assets, income and cash flow can be attributed to the Company's direct and indirect subsidiaries, of which the most important is the indirect subsidiary Heimstaden Bostad, which is owned together with others. If the value of the business conducted in these subsidiaries were to decrease and/or if Heimstaden would not receive sufficient funds from its subsidiaries, it would have a material adverse effect on Heimstaden's financial position and the ability to pay dividends to the Preference Shares would be adversely affected or cease altogether. The Preference Shares in Heimstaden Bostad have preferential right over the ordinary shares to dividend and in the event of liquidation or bankruptcy in Heimstaden Bostad. As a result of its higher ratio of ordinary shares than preference shares in Heimstaden Bostad compared with other shareholders in Heimstaden Bostad, Heimstaden is more exposed to financial downturn than the aforementioned shareholders. Should such economic downturns restrict the ability to distribute money to Heimstaden Bostad's ordinary shareholders after dividends have been paid on Heimstaden Bostad's preference shares, this could have a material adverse effect on Heimstaden's earnings and financial position.

Macroeconomic factors and the covid-19 pandemic – The real estate industry is strongly affected by macroeconomic factors. Demographic factors also affect the type of housing that is in demand, and all of these factors have an effect on the residential occupancy ratio and rental levels of residential properties. Inflation and interest rates affect the Group's costs and changes in inflation and interest rates may, together with other factors, affect the yield requirements and thereby market values of the properties. Should the Group's costs increase and market value regarding the properties deteriorate, this would have a material adverse effect on the Group's earnings and financial position. The covid-19 pandemic may affect Heimstaden through demands on reduced rent levels and increased vacancy rates and tenants not paying rent at all, which would have a material adverse effect on the Group's earnings by reducing the Group's rental income.

Key risks specific for the Issuer

<i>Risks, cont.</i>	<p>Laws, permits and decisions – The Group's operations are regulated and influenced by a large number of different laws, provisions and government regulations. A trend in recent years is that these requirements have increased and become stricter, which causes higher costs and thus has an adverse effect on the Group's earnings. In addition, there is a risk that the Group's interpretation of these rules is incorrect or that the rules may change in the future, which may lead to the Group not using the Group's properties in the intended manner. In the future, there is a risk that the Group will not be granted the permits or decisions required to conduct and develop the business in a desirable manner, which would have a material adverse effect on the Group's earnings and financial position.</p> <p>Refinancing and financing risk – There is a risk that raising new loans or future refinancing will not be possible on terms that are reasonable for the Group or not at all, that the Group fails to achieve the equity ratio goal and that the Group experiences difficulties in repaying existing loans or interest on such loans. Should this occur, it would have a material adverse effect on the Group's future prospects and its ability to conduct its operations.</p>
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Key information on the securities

The main features of the securities

Offered securities	The Prospectus refers to a new issue of a maximum of 11,718,750 Preference Shares with preferential rights for Heimstaden's existing Preference Shareholders and, subject to the Board of Directors' decision, a possible directed new issue of a maximum of 23,437,500 Preference Shares to the public in Sweden and institutional investors in Sweden and abroad. The Preference Shares' ISIN code is SE0015949037.
The main features of the securities	The shares are denominated in Swedish kronor (SEK). As of the date of the Prospectus there is a total of 155,477,500 shares in the Company, of which, 132,040,000 ordinary shares and 23,437,500 Preference Shares. The quota value per share in the Company is SEK 0.50.
Rights attached to the securities	<p>Voting rights – Each Preference Share entitles the holder to one (1) vote at general meetings of the Company.</p> <p>Preferential rights for new shares – If the Company decides to issue new shares of multiple types through a cash issue or set-off issue, holders of ordinary shares and Preference Shares shall have preferential rights to subscribe for new shares of the same type in proportion to the number of shares of the same type that the holder previously owns (primary preferential rights). If the Company decides to issue shares of only one type through a cash issue or set-off issue, holders of shares of the type issued shall have preferential rights to subscribe for new shares in proportion to the number of shares of the same type that the holder previously owns (primary preferential rights). Shares that are not subscribed for with primary preferential rights shall be offered to all shareholders for subscription (subsidiary preferential rights). If offered shares are not sufficient for the subscription that takes place with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the total number of shares they previously own in the Company, regardless of whether their shares are ordinary shares or Preference Shares. To the extent that this cannot be done in the case of certain share(s), the distribution shall take place by drawing lots. If the Company decides to issue warrants or convertibles through a cash issue or set-off issue, the shareholders shall have a preferential right to subscribe for warrants as if the issue concerned the shares that may be subscribed for due to the warrants and preferential rights to subscribe for convertibles as if the issue concerned the shares that the convertibles may be replaced for.</p> <p>What has been prescribed above shall not entail any restriction on the possibility of making a decision on a cash issue or set-off issue with deviation from shareholders' preferential rights. Increasing the share capital through a bonus issue by issuing shares may only take place by issuing ordinary shares. In this case, only ordinary shareholders have preferential rights to the new ordinary shares distributed according to the number of ordinary shares they previously own. What is now stated shall not restrict the possibility of issuing shares of a new type through a bonus issue, after the required amendment to the Articles of Association.</p>

Key information on the securities

The main features of the securities

Rights attached to the securities, cont.	<p>Right to dividend – The Preference Shares have a preferential right over the ordinary shares to an annual dividend of SEK 2.00 per Preference Share with quarterly payment from the first payment occasion ("Preference dividend"). Dividends presuppose that the Annual general meeting decides on this. Record dates for the Preference Dividend are 5 January, 5 April, 5 July and 5 October. In the case where such a date is a banking day, the record date shall be the date preceding the banking day. The Preference Shares do not otherwise provide any right to a dividend. In the event that no Preference Dividend is paid, or if only a dividend below the Preference Dividend is paid, the Preference Shares shall entail the right to receive, in addition to future Preference Dividends, an amount evenly distributed on each Preference Share, corresponding to the difference between what was paid above and the amount paid ("Accrued Amount") before a new issue of additional Preference Shares or value transfers to holders of ordinary shares may take place. An Accrued Amount shall be calculated by a factor corresponding to an annual interest rate of ten (10) per cent. Dividend on the Accrued Amount also presupposes that the Annual General Meeting decides on the dividend.</p> <p>Redemption – Redemption of Preference Shares may take place following a decision by the Board of Directors with an amount per Preference Share corresponding to SEK 37.50 up until 1 June 2025 and with an amount corresponding to SEK 33.00 from 1 June 2025 and for the period thereafter, in each case with the addition of any accrued portion of the Preference Dividend together with any Accrued Amount calculated with an annual interest of ten (10) per cent.</p> <p>Right in connection with liquidation – In the event of the Company's dissolution such as liquidation or bankruptcy, the Preference Shares entail preferential rights over the ordinary shares corresponding to what follows from the redemption provision described above.</p> <p>Limitation of issuance of Preference Shares and value transfer in some cases – As long as the Preference Shares are issued and as long as the so-called preference share ratio exceeds ½, no decision may be made on a new issue of additional Preference Shares or value transfer to holders of ordinary shares.</p>
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Dividend policy

Dividends on ordinary shares are affected by market conditions, investment alternatives, financial position and capital structure and, together with dividends on Preference Shares, are paid to the maximum to such an extent that the Group complies with established financial policy and has the necessary cash to operate in accordance with the business model and vision. At present, the focus is on growth while maintaining financial strength, whereby dividends on ordinary shares in the next few years are judged to be restrained. Dividends on Preference Shares amount to SEK 2.00 per Preference Share with quarterly payments in accordance with the provisions of the Articles of Association.

Where will the securities be traded?

Admission to trading	Heimstaden's Preference Shares are listed on Nasdaq First North Growth Market. The short name for the Preference Shares is Heimstaden Pref. The shares issued through the Offer are intended to be admitted to trading on Nasdaq First North Growth Market.
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What key risks are specific to the securities?

Risks	<p>The effect of future new issues or share sales on the Preference Share price – The Company is free to issue ordinary shares and Preference Shares in the Company with the restrictions prescribed in the Articles of Association and in relation to certain obligations in the Group's financing agreements. New issues, sales or other transfers of a significant number of shares, or expectations that such new issues, sales or other transfers may take place, could have a material adverse effect on the market value of the Preference Shares.</p> <p>Risks associated with subscription commitments – Heimstaden's largest shareholder, Fredensborg AS, has committed to subscribe for new Preference Shares corresponding to its <i>pro rata</i> share of the Rights Issue. The subscription commitment is not secured. Failure to fulfil the subscription commitment could have a material adverse effect on Heimstaden's ability to successfully complete the Rights Issue and thereby also the Directed Issue and Heimstaden may also receive a lower net proceeds than Heimstaden expects.</p>
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Key information on the Offer of securities and admission to trading on the Nasdaq First North Growth Market

On what terms and according to what schedule can I invest in these securities?

The Offer's forms and terms **Number of Preference Shares offered** – The Offer includes a maximum of 35,156,250 Preference Shares, whereby the Rights Issue comprises a maximum of 11,718,750 and the possible Directed Issue a maximum of 23,437,500 Preference Shares.

Subscription right – Anyone who on the record date is registered as Preference Shareholders in the share register maintained by Euroclear on behalf of Heimstaden will obtain one (1) subscription right for each Preference Share held. Two (2) subscription rights entitle the holder to one (1) new Preference Share.

Record date for the right to obtain subscription rights – 18 May 2021.

Subscription without subscription rights – Existing holders of Preference Shares, the public in Sweden and institutional investors may notify their interest to subscribe for Preference Shares without preferential 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. 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 of Directors resolves to carry out the Directed Issue.

Subscription period – From 20 May 2021 up to and including 3 June 2021 or the later date as determined by the Board of Directors.

Subscription price – SEK 32 per Preference Share.

Payment – Subscription for new Preference Shares with subscription rights takes place by cash payment. Payment for new Preference Shares subscribed for without subscription rights shall be paid in cash in accordance with the instructions on the issued settlement note.

Trading in subscription rights and BTA – 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. Trading in BTA will take place on the Nasdaq First North Growth Market during the period from 20 May 2021 up to and including 9 June 2021.

Admission to trading on the Nasdaq First North Growth Market – The first day for trading in new Preference Shares, subscribed for with subscription rights and, if applicable, in the Directed Issue, is expected take place around 15 June 2021. The first day for trading in new Preference Shares subscribed for without subscription rights is expected to take place no later than around 18 June 2021.

Dilution as a result of the Offer The Rights Issue and the possible Directed Issue will, upon full subscription, result in the number of shares in Heimstaden increasing from 155,477,500 shares (of which, 132,040,000 ordinary shares and 23,437,500 Preference Shares) to 190,633,750 (of which 132,040,000 ordinary shares and 58,593,750 Preference Shares), which corresponds to an increase in the number of shares of approximately 22.6 per cent and an increase in the number of votes of approximately 2.6 per cent. At the same time, the share capital will increase by SEK 17,578,125, from SEK 77,738,750 to SEK 95,316,875. For those Preference Shareholders 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 approximately 18.4 per cent of the total number of shares in Heimstaden after the Rights Issue and possible Directed Issue and 2.5 per cent of the total number of votes in Heimstaden after the Rights Issue and the possible Directed Issue.

Costs of the Offer Costs of the Offer are estimated to amount to MSEK 42.2. Heimstaden does not charge investors any fees or other costs in connection with the Offer. Brokerage fees are not payable.

Who is the offeror and the one applying for admission to trading?

Information about the offeror and the one applying for admission to trading	The Company is Heimstaden AB (publ), company registration number 556670-0455. The Board of Directors is based in Malmö. The Company is a Swedish public limited company formed in Sweden according to Swedish law. The Company's business is regulated by the Swedish Companies Act (2005:551).
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Why is this Prospectus being prepared?

Reasons for the Offer and use of issue proceeds	<p>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 largest asset and which it owns together with Alecta, Folksam Group, Ericsson's and Sandvik's pension funds, and the Swedish Pensions Agency (Sw. <i>Pensionsmyndigheten</i>).</p> <p>In recent years, Heimstaden has undergone strong growth and geographical expansion while continuously improving both operating performance and financial metrics. 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 of Heimstaden on 8 April 2021, the general meeting decided, among other things, on a 10:1 share split to create conditions for improved liquidity in the Preference Shares. In order to maintain a balanced financial risk profile, obtain expansion capital and also support the conditions for better liquidity in the Preference Share, the Annual General Meeting also resolved to authorise the Board of Directors to issue up to 40 million Preference Shares, with or without preferential rights for existing shareholders.</p> <p>In light of this, the Board of Directors has decided on a new issue of Preference Shares of a maximum of 11,718,750 Preference Shares, equivalent to MSEK 375, with preferential rights for the Company's existing Preference Shareholders. In addition, the Board of Directors has been authorised to decide on a directed new issue of Preference Shares of a maximum of 23,437,500 Preference Shares, equivalent to MSEK 750. The net proceeds provided to Heimstaden through the issue will mainly be used to support the shareholding in Heimstaden Bostad and potential direct real estate investments.</p>
Significant conflicts of interest	<p>Joint Bookrunners act as financial advisors in connection with the Offer. Joint Bookrunners have also provided the Company with advice in connection with the structuring and planning of the Offer. Joint Bookrunners receive compensation for such advice. Joint Bookrunners and their related parties have performed and may also in the future perform various financial advisory services and other services for the Company and its related parties, for which they have received and can be expected to receive fees and other remuneration. Within the ordinary course of business, certain Joint Bookrunners and their close associates have made or held investments and actively traded in securities and financial instruments for their own account and on behalf of their clients and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve the Company's securities and instruments.</p> <p>As of the date of this Prospectus, Nordea is lender and provides derivative arrangements to the Group. The advisers do not own shares in the Company nor do they have, besides what is mentioned above, any other financial interest in the Company.</p>

Risk factors

An investment in Heimstaden's Preference Shares entails various risks. This section contains descriptions of the risks and important circumstances that Heimstaden considers material for Heimstaden's business and future development. The risks are attributable to Heimstaden's business and market, legal and regulatory conditions, Heimstaden's financial condition, Heimstaden's shares and the Offer. Potential investors should carefully consider the risks described below, as well as other information in the Prospectus, before investing in Heimstaden.

In accordance with the Prospectus Regulation, the risks described by Heimstaden in this section are limited to those risks that are specific to Heimstaden or Heimstaden's securities and that are material for making an well-founded investment decision. The descriptions in this section are based on information available as of the date of the Prospectus. The risks that Heimstaden currently considers to be the most significant are described in the beginning of each risk category. The subsequent risks are not ranked. Where a risk factor can be categorised under more than one category, that risk factor is only included in the most relevant category for such risk factor.

Risk factors that are specific and material for Heimstaden

Risks related to Heimstaden's operating performances

Risks related to subsidiaries

A large part of the Group's assets, income and cash flow can be attributed to the Company's direct and indirect subsidiaries, of which the most important is the indirect owned subsidiary Heimstaden Bostad which is owned together with others. In the future, the Company intends to mainly conduct its operating performances through such subsidiaries and in particular through Heimstaden Bostad. The Company's dependence on subsidiaries will therefore increase in the future. The subsidiaries are separate legal entities and have no obligation to meet Heimstaden's obligations or to make funds available for Heimstaden to be able to meet its obligations, such as dividends on the Preference Shares. The ability of the subsidiaries to make payments to Heimstaden in order for Heimstaden to meet its obligations depends on a number of factors, including the subsidiaries' financing agreements, restrictions in shareholder agreements, access to funds as well as company and tax-related restrictions. If the value of the business conducted in these subsidiaries were to decrease and/or if Heimstaden would not receive sufficient funds from its subsidiaries, it would have a material adverse effect on Heimstaden's financial position and the ability to pay dividends to the Preference Shares would be adversely affected or cease altogether. There is also a risk that the owners of Heimstaden's partly-owned subsidiaries will disagree on how the operations in these different companies should be conducted or how agreements governing the ownership in the companies should be

interpreted, as the other owners in these subsidiaries have influential rights in certain matters regarding such subsidiaries. Thus, there is a risk that measures may be taken in these subsidiaries that would be contrary to Heimstaden's interests. Should this happen, it could adversely affect Heimstaden's ability to act as planned regarding these subsidiaries, which could adversely affect Heimstaden.

At the moment, Heimstaden indirectly controls 41 per cent of the capital and approximately 50.3 per cent of the votes in Heimstaden Bostad. The other shareholders are mainly various pension funds, including Alecta pensionsförsäkring, ömsesidigt. The rental income from Heimstaden Bostad equals 97 per cent of the total rental income of Heimstaden as of 31 March 2021. Heimstaden Bostad has a share structure with ordinary shares and preference shares that have different financial rights, whereby the preference shares have the preferential right to dividends in relation to ordinary shares as stated in Heimstaden Bostad's articles of association. The preference shares in Heimstaden Bostad also have preferential right in relation to the ordinary shares in connection with liquidation or bankruptcy. Heimstaden holds a higher ratio of ordinary shares than preference shares in Heimstaden Bostad compared with other shareholders in Heimstaden Bostad. For this reason, Heimstaden is more exposed to financial downturns regarding Heimstaden Bostad than the other shareholders. Should such economic downturns restrict the ability to distribute money to Heimstaden Bostad's ordinary shareholders after dividends have been paid on Heimstaden Bostad's preference shares, this could have a material adverse

effect on Heimstaden's earnings and financial position. The shareholders' agreement regarding Heimstaden Bostad contains restrictions that limit Heimstaden's control over Heimstaden Bostad in comparison with the number of votes Heimstaden controls. In the future, there is also a risk that Heimstaden will not be able to defend its capital and voting share in Heimstaden Bostad, which could further reduce Heimstaden's influence and financial earnings from Heimstaden Bostad and could lead to the termination of some of the Group's financing agreements (based on terms that give the lender right to terminate the agreement in the event of a change of the majority ownership in Heimstaden Bostad) or that Heimstaden Bostad is no longer consolidated in the Company's accounts, which would have an adverse effect on the Group's financial position and future prospects (see also the risk factor "*Ivar Tollefsen*").

The Company has a group-wide asset management agreement with Heimstaden Bostad, whereby the Company contributes, for example, legal functions, accounting, HR, and senior executives in all the countries in which Heimstaden Bostad operates. The asset management agreement is in force until 10 October 2032. From 30 September 2026, Heimstaden Bostad may terminate the agreement with a notice period of 6 months. Thus, there is a risk that the asset management agreement may be terminated (both before as well as after 30 September 2026), which would have an adverse effect on the Company as the Company would not receive the compensation stated in the agreement but still to some extent have to bear costs attributable to the agreement.

Valuations of properties include subjective elements and uncertainty

The Group's investment properties are reported in the balance sheet at fair value and changes in value are reported in the profit and loss account. Unrealised changes in value do not affect cash flow. The fair values of the properties are affected by a number of factors, such as property-specific factors such as residential occupancy ratio, rent level and property costs, as well as market-specific factors such as yield requirements and discount rates derived from comparable transactions in the real estate market. Valuations in Sweden, Denmark, the Netherlands, Germany and/or the Czech Republic are mainly made using the yield/discounted cash flow method, while valuations in Norway are mainly made using the sales comparison method. To some extent, property valuation and the information and sources used in connection with valuations are based on subjective factors, and thereby exposed to the risk of inaccuracies. When using the methods, certain assumptions are made based on historical and future estimates as well as estimated standardised costs, which are not always accurate. The housing market is also sensitive to changes in supply and demand for residential properties.

Property-specific deteriorations such as lower rent levels and increased vacancy rates, as well as market-specific deteriorations such as higher yield requirements, may cause the Company to adjust the fair value of its properties downward. Inaccuracies and incorrect assessments in connection with valuations may also cause this effect. There is therefore a risk that valuations of the

Group's properties do not accurately reflect the market value of the assets, which could have a material adverse effect on the Group's earnings and financial position.

Acquisition, sale and other transaction-related risks

A central part of the Group's operations and business strategy consists of real estate transactions which are carried out directly and indirectly by both the Company and Heimstaden Bostad. All such transactions are associated with uncertainty and risks. When acquiring properties, there is, for example, uncertainty about the handling of tenants, unforeseen costs for environmental remediation or staff, rebuilding and handling of technical problems, government decisions and the rise of disputes related to the acquisition or the condition of the property, including the risk of incorrect assessments in connection with due diligence prior to the acquisitions. Such uncertainties may lead to increased or unforeseen costs for the properties or transactions, which could have a material adverse effect on the Group's earnings. These risks may increase in cases where Heimstaden makes acquisitions in new geographic markets due to the fact that the Group may be less familiar with relevant conditions in such geographic markets. Likewise, these risks can increase in connection with acquisitions, which the Group has conducted several times in the last years, due to the relative size of these large acquisitions in relation to the size of the Group. In addition, real estate transactions are associated with subjective assessments of both existing and future conditions, which may prove to be incorrect. Incorrect assessments of such conditions can lead to increasing costs or the Group not achieving the expected return on its investments, which would have a material adverse effect on the Group's financial position and earnings.

Property and maintenance costs

Property costs mainly consist of costs that are linked to tariffs, such as electricity, cleaning, water and heating costs. Several of these goods and services can only be purchased from one actor, which could affect the price. Both tariffs and consumption change and will therefore affect Heimstaden's costs for electricity. Natural variations in climate and weather conditions, such as snowy or cold winters, also affect Heimstaden's property costs. Maintenance expenses are pertaining to measures aimed at maintaining the properties' standards in the long run, which Heimstaden continuously conducts. These costs are written off as expenses to the extent that they constitute repairs and replacements of minor parts. In addition to pure maintenance costs, costs for tenant adjustments can also arise. Maintenance measures and related costs can be both planned and unplanned. There is a risk that these expenses will increase as a result of, for example, new legislation regarding more efficient energy use.

If these costs were to increase significantly, the profit margin for the Group's properties would decrease, which would require rent increases to cover these costs. However, Heimstaden may be prevented from making such rent increases due to rent regulation (see the risk factor "*Risks Related to the Industry and Market – Rental Operations*"). Feasible rent increases may lead to

reduced demand for the Group's properties, which would mean that the Group would not be able to fully transfer costs on the Group's tenants, which would have a material adverse effect on the Group's earnings.

Heimstaden is dependent on key persons and other employees
 The Group and its operations are dependent on a number of key persons, including senior executives and persons with specialist competence. These key persons have extensive experience and expertise in real estate transactions and the real estate market and have, through their experience, built up good relationships with operators on the real estate market, partners and lenders. They are therefore important to successfully develop the Group's operations. The Company is thus particularly dependent on them and that they remain employed by the Group. As of 31 December 2020, the Group had 1,372 employees, whose knowledge, experience and commitment are important for the Group's future development. To be able to develop the Group's operations, it is important to continuously recruit new skilled staff, and due to the Group's expansion it has recruited relatively extensive in the last years. The Group would be adversely affected if a majority of its employees were to leave the Group at the same time or if the Group's administrative security and control were to fail or if the Group's new recruitment of key persons and other employees were to fail. As the recruitment of new skilled staff is exposed to competition, there is also a risk that remuneration to staff will increase.

Should any of the risks described above be realised, it could have a material adverse effect on the Group's operating activities and thus on the Group's earnings.

Ivar Tollefsen

Ivar Tollefsen, who controls Fredensborg AS, which owns all ordinary shares in and therefore have control over the Company, is important for the Group's operations through his personal and business contacts. There is a risk that Ivar Tollefsen will not be available to the Group in the future, which risks adversely affecting the Group's operations. The effect of realising the risk is likely that the Group will lose momentum in its growth plans and become more stagnant. Furthermore, the Group does not have any "key man" insurance regarding Ivar Tollefsen.

If the current controlling shareholder Fredensborg AS were to reduce its shareholding, this could lead to the control of the Company being transferred to any other shareholder. In some of the Group's agreements (including certain financing agreements) there are provisions that will be brought to force in the event of changes of the control of the Company, for example if Fredensborg AS, as applicable, would cease to control a majority of the shares or votes in the Company or directly or indirectly be able to appoint or dismiss all or a majority of the Board of Directors of the Company. The shareholder agreement regarding Heimstaden

Bostad also contains a change of control clause. In the event of such changes, certain rights for the counterparty, or obligations for the Group, may arise, which, among other things, may affect the Group's continued financing or, in the case of Heimstaden Bostad, may lead to the Company losing rights in relation to other shareholders in Heimstaden Bostad, which would have a material adverse effect on the Company's future prospects. Such change of control may also affect the business environment's view of the Group, including a change in creditworthiness, which could increase the Group's financing costs and thus have an adverse effect on the Group's earnings.

Project risks

The Group's operations include conversions, extensions, and new construction. The ability to conduct conversions, extensions, and new construction with financial profitability is, among other things, dependent on the Group being able to retain and recruit the necessary expertise in, among other things, construction and project management and procure contracts for project implementation on terms acceptable to the Group. The ability to conduct conversions, extensions, and new construction with financial profitability can also be affected by, among other things, whether the demand or price of real estate and housing in general changes, lack of planning, analysis, and control of costs, changes in taxes and fees, and other factors that can lead to delays or increased and unforeseen costs in relation to conversions, extensions, and new construction. At the end of 2020, the Group had 13,569 apartments under construction and such project risks occur to a significant extent in Heimstaden's operations. Should the Group fail with these factors in its real estate projects, it would lead to increased costs for the Group and a lower profit than expected, which would have an adverse effect on the Group's earnings.

In addition, agreements with contractors and other external parties typically contain limitations of liability, which means that damages above certain levels must be borne by Heimstaden alone. In the event that Heimstaden is unable to transfer costs to external parties due to such limitations of liability, it could have an adverse effect on the Group's earnings.

Technical risks

The Group's operations are dependent on various information and IT systems, particularly the ability to use such systems in its business in an efficient manner, including being able to introduce new technologies and functions in such systems. The Group is also working to digitalise its operations, and has therefore, for example, entered into an agreement regarding the delivery of a product for digital administration of real estate, which gives rise to new technical risks. If such technical problems should arise, these could have an adverse effect on the efficiency in the Group's operating activities and thus also on the Group's earnings.

Risks related to the industry and market

Macroeconomic factors and the covid-19 pandemic ("Covid-19")

The real estate industry is strongly affected by macroeconomic factors such as the development of the state of the market, regional economic development, employment development, construction pace for new housing and commercial premises, changes in infrastructure, population growth, population structure, inflation, interest rate levels and so on which affect the demand and supply of housing and premises. Heimstaden is especially affected by such factors in Sweden, Denmark, Norway, the Netherlands, Germany and the Czech Republic. Demographic factors also affect the type of housing that is in demand, and all of these factors have an effect on the residential occupancy ratio and rental levels of residential properties. Inflation and interest rates (see the risk factor "*Financial risks related to Heimstaden – Interest rate risk*") affect the Group's costs and changes in inflation and interest rates may together with other factors affect the yield requirements and thereby market values of the properties. Should the Group's costs increase and the market value regarding the properties deteriorate, this would have a material adverse effect on the Group's earnings and financial position.

The outbreak of Covid-19 has led to a significant slowdown in economic activity in 2020 and the beginning of 2021, partly due to the spread of Covid-19, but primarily due to decisions made by the governments of different countries to limit the spread of Covid-19 such as quarantines, closures and restrictions on freedom of movement. Covid-19 is still ongoing but has already led to adverse economic effects despite the economic stimulus packages launched by various banks and governments. These adverse effects have, among other things, affected the real estate market. Covid-19 has led to the postponement of investments and acquisitions and may lead to further postponement. So far, the Group has been mainly affected by Covid-19's direct and indirect impact on the Group's tenants. This impact is particularly likely to affect the Group's commercial tenants, who as of 31 March 2021 was related to 7.6 per cent of the Group's total incomes. There is a risk that these adverse effects could become increased the longer Covid-19 lasts. Consequently, Covid-19 may affect Heimstaden through demands on reduced rent levels and increased vacancy rates and tenants not paying rent at all, which would have a material adverse effect on the Group's earnings by reducing the Group's rental income.

Geographical risks and climate changes

Supply and demand for properties and thus the return on real estate investments vary between different geographical markets and may develop different. The Group has a diversified property portfolio with properties in Sweden, Denmark, Norway, the Netherlands, Germany and Czech Republic. All geographic markets in which the Group operates have been adversely affected by the uncertain global and financial market conditions, although the extent of the negative impact is still uncertain. A negative economic development can affect the Group's

operations in various ways, regardless of degree. The demand for residential properties and rental housing may, for example, decrease in the geographical markets in which the Group operates, even though it does not decrease in general in the countries. Irrespective of or because of the impact of a negative economic development, the demand may also decrease due to negative population growth in one or more of the geographic markets in which the Group operates. Falling demand could lead to declining residential occupancy ratios, poorer opportunities for future rent increases and declining property values, which in turn could have an adverse effect on the Group's operations, earnings and financial position.

Climate change poses a risk for damage on real estate over time caused by extreme weather events, such as heavy rains and storms, as well as rising sea levels and other changes in the physical environment that affect real estate. As a real estate business, these risks may have a material adverse effect on the Group compared with other businesses because the Group is dependent on its physical infrastructure to produce income. For example, the Group owns properties in Denmark (mainly the Greater Copenhagen region) that are close to the sea and climate change can damage buildings on these properties as a result of floods. There is also a risk that some building materials will not be able to withstand the stresses of a changed climate. As climate change is ongoing, these risks can be expected to increase in the long term. This may mean a greater need for investment in properties located in vulnerable areas, which may lead to higher operating costs and investments for the Group. The Group has portfolios concentrated in several cities throughout Europe, and if climate change adversely affects such cities, the value of such portfolios and their profit capacity may decrease significantly.

Rental operations

If the residential occupancy ratio or rent levels fall, the Group's earnings are adversely affected. The Group is also dependent on tenants paying agreed rent on time and thus, there is a risk that tenants do not pay their rents (when these become due or at all) or otherwise do not fulfil their obligations.

In the Swedish residential property market, there is no unrestricted pricing for renting residential apartments. The Group is also subject to rent regulations and other restrictions such as the setting of rents in other geographies in which Heimstaden operates. Such restrictions and rent regulations may lead to Heimstaden not being able to increase rents as planned, in time, or at all or compensate for renovations and other upgrades in Heimstaden's property portfolio, which would have an adverse effect on the Group's earnings. In addition, stricter restrictions and rent regulations could lead to a reduction in the Group's property value which would have a material adverse effect on the Group's growth opportunities and financial position. The Group also has rental properties in geographical markets where the rent is market-based, for example in the geographic markets in Denmark in which the Group operates. There is also a risk that the

development of the factors that affect the setting of rent will be negative, which could lead to decrease in rent levels. It could have an adverse effect on Heimstaden's earnings should the rent levels decrease.

Competition and damage to reputation

The Group operates in an industry that is exposed to a high level of competition. Heimstaden's future competitive opportunities depend, among other things, on the Group's ability to anticipate future market changes and trends as well as to quickly respond to existing and future market needs, which may lead to increases in costs and requirements on rent reductions or changes in the Group's business model. The Group may therefore be forced to make costly investments, conduct restructuring or make price or rent reductions in order to adapt to a new competitive situation. Furthermore, competition has led to a significant increase in the price of real estate. Increased competition from existing and new actors as well as reduced competition opportunities could have an adverse effect on the Group's operations, earnings and financial position.

The Group's reputation is important for the Group's operations and earnings capacity. The Group's long-term profitability is based on tenants, credit institutions and other actors in the real estate market associating Heimstaden with positive values and good quality. If, for example, Heimstaden, any of its senior executives or other persons or companies who have contact with, or can be associated with Heimstaden, take any action that conflicts with the values that Heimstaden represents, the Group's reputation may be damaged. The effects of reputational damage are uncertain, but they could affect the Group's ability to attract employees and current and future partners and also complicate the future raising of financing, which could have a material adverse effect on the Group's future prospects.

Legal and regulatory risks

Laws, permits and decisions

The Group's operations are regulated and influenced by a large number of different laws, regulations and government regulations as well as various processes and decisions related to these regulations, both at a political as well as civil servant level. Among other things, the Swedish Rent Act (Sw. *hyreslagen*), the Swedish Planning and Building Act (Sw. *plan- och bygglagen*) and safety regulations as well as their equivalent regulations in the markets outside Sweden in which the Group operates have an effect on the Group's operations and costs for administration. A trend in recent years is that these requirements have increased and become stricter, which causes higher costs and thus has an adverse effect on the Group's earnings. In addition, there is a risk that the Group's interpretation of these rules is incorrect or that the rules may change in the future, which may lead to the Group not using the Group's properties in the intended manner. If this were to happen, it would have a material adverse effect on the Group's earnings and financial position.

In order for the Group's properties to be used and developed as intended, different permits and decisions may also be required, including, among others, zoning plans and property formations, which are granted and given by municipalities and governmental authorities, among others. In the future, there is a risk that the Group will not be granted the permits or decisions required to conduct and develop the business in a desirable manner. Furthermore, there is a risk that decisions will be appealed, and therefore delayed significantly, or that decision-making practices or the political will or direction in the future will change in a negative way for the Group. If this should occur, the Group's costs may increase or the Group's ability to develop its properties may be delayed or stopped, which would have a material adverse effect on the Group's earnings and financial position.

Environmental risk and environmental requirements

The Group must comply with applicable rules and regulations regarding environment and health in the markets in which the Group operates. The main environmental risk in the Group's operations is the risk of contaminated land. Contaminated land can cause significant delays in the Group's property development and cause significantly increased costs. As the Group owns a large number of properties, the Group could be held liable for deteriorations, damages or other health-damaging effects that are attributable to the Group's operation on properties. Such effects can be both known and currently unknown.

The starting point regarding liability under Swedish, Danish, Norwegian, German and Czech law is that the party conducts the operations which have caused environmental damage liable for remedy of it. If no operator can conduct or pay for the remediation of the property, the party who acquired the property, and who at the time of the acquisition was aware of, or should have discovered the contaminants, is responsible for the remediation. However, under Dutch law, the operator is liable for contaminants and other environmental damage together with any other person who has the ability and competence to actually prevent or limit a breach of Dutch law (for example, the owner of the property in which the contamination was conducted). In some cases, previous and current owners may be responsible for a contamination.

The cost of repairing environmental damage may be higher than expected for the Group. Also, the Group's properties may suffer environmental damage or other environmental obligations in the future. Should the Group fail to comply with applicable environmental legislation or should such legislation become stricter, it could also lead to higher costs for the Group and hold back the Group's property development plans. In addition to this, these environmental risks could also damage Heimstaden's reputation and have a material adverse effect on the Group's financial position.

Tax risks

The Group has used tax optimisation arrangements such as utilising tax losses from companies that the Group acquires to reduce the Group's tax burden. However, in the future, the Group may not be able to continue to rely on transferred tax losses as there may be changes in tax laws and regulations or their interpretation and application. This would mean that the Group may be liable to pay additional tax, which would have a material adverse effect on the Group's cash flow.

For example, under the EU Directive 2016/1164, there is a general limitation on interest deductions through an EBITDA rule according to which net expenses shall be deductible only up to a certain percentage of the taxpayer's EBITDA for tax purposes. Local legislation in Sweden, Norway, Denmark, the Netherlands, Germany and the Czech Republic has been or will be implemented, and may cause the Group's final tax allowance, attributable to interest, to decrease as a result of the reduced allowance cap, which would result in a lower profits after tax.

Tax laws and regulations, or their interpretation and application, may also change in other ways in the countries in which the Group operates. It is uncertain to what extent such future changes may affect the Group. Such changes may, among other things, have an adverse effect on the Group's cash flow and profit after tax.

Disputes

The Group is, and may become, involved in legal and regulatory proceedings or otherwise receive claims related to the Group's operations. In day-to-day operations, the Group may, for example, be involved in disputes regarding defects in built or modified housing or related to former and current employees and regarding various administrative (including tax-related) procedures, but also regarding various regulatory processes. The outcome of such disputes and procedures is uncertain and could have a material adverse effect on the Group's earnings.

Incorrect or inadequate processing of sensitive information

The Group processes and stores information and data of various kinds in both electronic and physical form, including data about tenants and, to the extent that it exists, insider information. Among other things, the Group processes personal data relating to employees, consultants and tenants. When the Group processes such data, it is of great importance that the processing takes place in accordance with, among other things, Swedish law and EU regulations, such as the General Data Protection Regulation (EU) 2016/679 ("GDPR"). For example, there are strict requirements for informing people about what personal data the Group processes and that this processing takes place in a manner that is consistent with the purpose for which the personal data was collected. If the Group processes this personal data inadequately, there is a risk that the Group will have to pay penalty fees for violations of, for example, GDPR as caused by such events. In addition, there is a risk that the Group will fail in its use of

confidential or sensitive information or that such information will be disclosed or made available to others as a result of, for example, data breaches or so-called extortion viruses or extortion programs (*ransomware*). If the Group fails with processing personal data, is the subject for a breach of law, does not comply with provisions in completed agreements or if confidential or sensitive information is disclosed or made available to others, it may have a material adverse effect on the Group's reputation and earnings.

Financial risks related to Heimstaden

Refinancing and financing risk

Uncertainty in the capital markets or a change in the regulations concerning banks could mean that the price of the financing necessary for the Group's operations, in particular its growth strategy, may increase and that the availability of such financing will decrease. As a result of the Group intending to raise capital from the capital market in the future, the Group may be adversely affected if conditions in the capital market develop negatively. The level of the Group's indebtedness may also affect the Group's ability to refinance existing liabilities, which in turn could also affect the Group's competitiveness and limit the Group's ability to react to market conditions and deteriorations in the economic situation.

The Group's goal for the equity ratio is that it should amount to at least 30 per cent, calculated based on the market value of the Group's properties. As of 31 March 2021, the equity ratio, calculated as above, amounted to 47.2 per cent.

As of 31 March 2021, the average period for which the capital is tied up in respect of the Group's interest-bearing liabilities was 11.1 years. The period with the highest amount of loan maturities will occur in over five years calculated from 31 March 2021 and will correspond to approximately 49 per cent of the total loan portfolio as of 31 March 2021. The Group consistently conducts discussions with banks and other credit institutions with the aim of securing long-term financing, and the Group works closely with a handful of lenders to secure its long-term capital requirement. However, there is a risk that raising new loans or future refinancing will not be possible on terms that are reasonable for the Group or not at all, that the Group fails to achieve the equity ratio goal and that the Group experiences difficulties in repaying existing loans or interest on such loans. Should this occur, it would have a material adverse effect on the Group's future prospects and its ability to conduct its operations.

Interest risk

In addition to equity, the Group's activities are largely financed by loans. Interest expenses are one of the Group's largest cost items. The Group is exposed to interest rate risk in the sense that changes in the interest rate and the market value of the Group's interest rate derivatives affect the Group's interest expense and thus, its earnings. As of 31 March 2021 approximately 77 per cent of the Group's loans had fixed interest rates or variable interest

rates, secured with interest rate derivatives. Changes in interest rate levels can also affect the Group's rental operations and the valuation of the Group's properties. Although a significant change in market interest rates could materially affect homeowners' ability to pay interest on loans, it could also affect private consumption and reduce the value of properties. In addition to this, an increase in market interest rates could have a material adverse effect on the Group's financing costs.

As of 31 December 2020, a change in Euribor, Stibor, Cibor or Nibor of one per cent at any given time and provided that all other conditions are reasonable, would increase the Group's interest expenses (adjusted for applicable interest deduction) on an annual basis by approximately MSEK 191. Should the interest rate instead decrease by one per cent in such a scenario, the Group's interest expenses would decrease by approximately MSEK 70. The difference is attributable to the fact that several credit agreements contain interest rate floors that limit possible fluctuations regarding the downside in that, for example, the base interest rate cannot be negative, while costs for outstanding and acquired interest rate derivatives can increase if market interest rates are negative.

The Group uses interest rate derivatives to manage interest rate risk in relation to its loans with variable interest rates. Interest rate derivatives are reported on an ongoing basis at fair value in the balance sheet and with changes in value in the profit and loss account. As market interest rates change, an over- or under-value of interest rate derivatives arises which, however, does not affect the cash flow. At the end of the term, the value of the derivatives is always zero. However, some of the Group's interest rate derivatives contain so-called break clauses, which may lead to the premature termination of interest rate derivative contracts. In the event of such an early termination, there is a risk that the value of the derivatives is not zero and that the termination will have a cash flow effect. The derivatives provide protection against higher interest rates, but also mean that the market value of the Group's interest rate derivatives decreases if market interest rates fall, which can have an adverse effect on the Group's operations and financial position.

Financial undertakings

The Group is financed through equity, interest-bearing liabilities and cash flow. The majority of the interest-bearing liabilities are loans by the Group's subsidiaries, which is why the financial risks of the Group is carried mainly by the subsidiaries. Some of the loan agreements contains financial undertakings, which include provisions on the ownership of the companies that raise the loan, as well as requirements for the highest loan-to-value ratio, minimum interest coverage ratio and the ratio between equity and assets. This means that the lenders to such subsidiaries could demand repayment from such subsidiaries and thus also be prioritised for payment before the Group, if the subsidiaries do not fulfil their obligations under the loan agreements. If this were to happen, it would have a material adverse effect on the Group's financial position.

Risks attributable to Heimstaden Bostad's financing strategy

Heimstaden Bostad's strategy is to increase its presence in the international capital markets through issuing unsecured bonds and currently the Company has the credit rating BBB (stable outlook) from S&P Global Ratings Europe Limited ("S&P"). There is a risk that S&P will downgrade Heimstaden Bostad's long-term credit rating, for instance if Heimstaden Bostad were to fail to maintain a satisfactory indebtedness and/or liquidity profile. If such a risk were to be realised, it would be difficult for Heimstaden Bostad to pursue its current financial strategy, which would have an adverse effect on the Group's financial prospects and future opportunities.

Credit and counterparty risk

The Group is exposed to the risk that the Group's counterparties will not be able to fulfil the obligations to the Group. The Group's existing and potential customers could end up in such a financial situation that it can no longer continuously pay agreed rents on time or otherwise refrain from fulfilling their obligations or that the Group does not get paid for the properties that the Group has entered into an agreement to sell. If this were to happen, it would have a material adverse effect on the Group's earnings and financial position. In addition to credit risks in relation to customers, the Group is exposed to risks in the financial operations. Such credit risks arise, among other things, from the placement of excess liquidity and from obtaining long-term and short-term credit agreements, and are, among other things, affected by macroeconomic factors (see the risk factor "*Risks related to the industry and market – Macroeconomic factors and the covid-19 pandemic*"). An earlier example of when this has occurred is in connection with the financial crisis of 2007–2008, when many banks in Europe and the United States experienced financial difficulties. Although the risk of such a risk materialising is low, the consequences of the Group's bank or insurance counterparties failure to fulfil their obligations to the Group are uncertain, and could entail a material risk of negative development of the Group's financial position. If Covid-19 were to become even more protracted, this would be a circumstance that exacerbates this risk.

Currency rate risk

The Group is exposed to currency rate risk as the Group has invested in Denmark, Norway, the Netherlands, Germany and the Czech Republic. As of 31 March 2021 the Group owned properties in Denmark in the amount of SEK 55.0 billion, in Norway in the amount of SEK 19.0 billion, in Germany in the amount of SEK 14.3 billion, in the Netherlands in the amount of SEK 23.7 billion and in the Czech Republic in the amount of SEK 14.9 billion¹⁾, in accordance with the directors' valuations. In addition, the Group has investments of SEK 0.5 billion in Poland according to the balance sheet as of 31 March 2021. The currency rate risk arises primarily from the Group's net assets as the foreign companies' balance sheets are consolidated in the Group's. The Group reports in SEK and all items in the balance sheet that are in SEK (including foreign properties as well as the income and expenses

1) Exchange rates to SEK: DKK:1.3766; NOK:1.0243; EUR:10.2381; CZK:0.3916.

they generate and liabilities in currencies other than SEK) are converted to SEK. Thus, it is when converting foreign items to SEK that a currency rate risk arises. Should these risks develop negatively, it could have a material adverse effect on the Group's financial position and earnings.

Risk factors that are specific and material to the Preference Shares and the Offer

Nasdaq First North Growth Market is not a regulated market

The Company's Preference Shares are traded on Nasdaq First North Growth Market. Nasdaq First North Growth Market is an alternative marketplace operated by Nasdaq Stockholm. Companies whose shares are listed on Nasdaq First North Growth Market are covered by a less extensive set of rules than companies that are traded on Nasdaq Stockholm's main list. Nasdaq First North Growth Market's regulations have been adapted to suit smaller companies or companies with comparatively high growth who want to follow rules for better transparency, disclosure and accounting standards than what is required by Nasdaq Stockholm's ordinary rules. Nasdaq First North Growth Market is not a regulated market and does not need to apply the rules or procedures that follow from EU directives and EU requirements, including those that apply to IPOs, information and the offers. Shareholders may be exposed to real or perceived disadvantages to the extent that the Company benefits from the increased flexibility permitted through a listing on Nasdaq First North Growth Market. It is possible that the market for the Company's Preference Shares will be affected by disruptions and any of these disruptions may have an adverse effect on investors, regardless of the Group's future prospects and financial results. There is therefore a higher degree of risk in an investment in the Company's Preference Shares than in an investment in the Company's Preference Shares if they had instead been listed on a regulated market such as Nasdaq Stockholm's main list.

Liquidity risk and unpredictable future share prices

When trading the Company's Preference Shares on the Nasdaq First North Growth Market, there is a risk that liquidity in the Preference Shares will be low and also it is not possible to predict the stock market's future interest in the Preference Shares. If liquidity is low, this may entail difficulties for Preference Shareholders to change their holdings and may amplify fluctuations in the price of the Preference Shares. The share price for the Preference Shares may be subject to significant fluctuations, as a result of changed perceptions of the stock market regarding the Preference Shares and various circumstances and events.

The effect of future new issues or share sales on the Preference Share price

The Company is free to issue ordinary shares and Preference Shares in the Company with the restrictions prescribed in the Articles of Association and in relation to certain obligations in the Group's financing agreements. In addition, its owners may sell or otherwise transfer shares. New issues, sales or other transfers of a significant number of shares, or expectations that such new

issues, sales or other transfers may take place, could have a material adverse effect on the market value of the Preference Shares.

Future dividends on the Preference Shares

According to Swedish law, the Annual General Meeting decides on dividends by a simple majority. Owners of Preference Shares thus have a limited influence on the Annual General Meeting since each Preference Share entitles the holder to one vote while each ordinary share entitles the holder to ten votes. If all Preference Shares in the Offer are subscribed for, they will together correspond to a limited share of the votes in the Company in proportion to the votes to which the ordinary shares in the Company entitle the holder (see the risk factor "*– Ownership with significant influence and changes of control*"). The ordinary shareholder has also not agreed to vote for dividends. Restrictions in the Group's financing agreements may now or in the future mean that the opportunities for dividends on the Preference Shares are limited. It is therefore not certain that the Annual General Meeting will decide on dividends on the Preference Shares. The Company's ability to pay dividends in the future depends on a variety of factors, including the Company's operations, financial position, earnings, distributable funds, cash flow, future prospects, capital requirements and general financial and legal restrictions, as well as contractual restrictions (see the risk factor "*Financial risks related to Heimstaden – Financial commitments*"). Future dividends and the size of the payment are thus greatly dependent on, among other things, the Company's operations and earnings. There are many risk factors that may adversely affect the Company's future operations and it is not certain that the Company will be able to achieve results that enable dividends on the Preference Shares in the future. Similarly, there is also a risk that Preference Shareholders will not be fully, only partially, or not be compensated at all in accordance with what is prescribed in the Articles of Association in the event of any dissolution of the Company.

Owners with significant influence and changes of control

Currently, Fredensborg AS owns all outstanding ordinary shares in the Company and thereby has a controlling influence over the Company prior to the Offer. If full subscription takes place according to the Offer, the outstanding ordinary shares will correspond to approximately 69.3 per cent of the number of shares and approximately 95.8 per cent of the votes in the Company. The Preference Shares will thus correspond to approximately 30.7 per cent of the number of shares and approximately 4.2 per cent of the votes in the Company. Even after the implementation of the Offer, Fredensborg AS will thereby have the ability to exercise significant influence over the Company and significant control over matters that the Company's shareholders vote on, such as decisions on new issues in Heimstaden. The Preference Shareholders' ability to exercise influence in the Company through their voting rights is thus limited. There is a risk that Fredensborg AS will exercise its voting rights in a manner that is not in line with the interests of the Preference Shareholders,

which would have an adverse effect on the Preference Shareholders. In order to limit and manage risks in relation to change of control clauses in the Group's agreements, Heimstaden may also in the future issue additional ordinary shares through which the ordinary shares portion of the share capital is increased, though new issues, which can take place at quota value or otherwise at limited remuneration, bonus issues with the issuance of ordinary shares, or in another similar manner. Should this occur, the Preference Shareholders could be adversely affected and could lose or risk losing influence in the matters which the shareholders are entitled to decide on.

Risks associated with subscription commitments

Heimstaden's largest shareholder Fredensborg AS, which holds approximately 86.21 per cent of the shares and 98.40 per cent of the votes, has committed to subscribing for new Preference Shares corresponding to its *pro rata* share of the Rights Issue. The commitment corresponds to approximately 8.5 per cent of the total number of new Preference Shares and approximately MSEK 32. The subscription commitment was entered into in May 2021. No compensation is paid for subscription commitments. The subscription commitment is not secured. Consequently, there is a risk that Fredensborg AS will not fully or partially fulfil its subscription commitment. Failure to fulfil the subscription commitment could have a material adverse effect on Heimstaden's ability to successfully complete the Rights Issue and thereby also the Directed Issue and Heimstaden may also receive lower net proceeds than Heimstaden expects.



Invitation to subscribe for Preference Shares in Heimstaden

The Offer consists of the Rights Issue and, if applicable, the Directed Issue.

Heimstaden's Board of Directors resolved on 11 May 2021 to carry out the Rights Issue, *i.e.* a new issue of Preference Shares with preferential rights for existing Preference Shareholders with the support of authorisation from Heimstaden's Annual General Meeting on 8 April 2021.

The issue decision means that for each existing Preference Share held on the record date on 18 May 2021 one (1) subscription right is received. Two (2) subscription rights entitle the holder to subscription with preference for one (1) new Preference Share at the subscription price of SEK 32 per Preference Share (primary preferential rights).

Subscription of new Preference Shares with subscription rights shall take place during the period 20 May 2021 up to and including 3 June 2021 (or the later date determined by the Board of Directors and otherwise in accordance with what appears in the section "*Terms and instructions*") by payment. During the same period, notification of subscription for new Preference Shares can also be made without subscription rights by Preference Shareholders in Heimstaden, the public in Sweden and institutional investors in Sweden and abroad.

To the extent that new Preference Shares are not subscribed for through payment with subscription rights, these shall first be allotted to those who have applied for subscriptions and subscribed for new Preference Shares with subscription rights, regardless of whether the subscriber was a Preference Shareholder on the record date or not, in proportion to the number of subscription rights each has exercised for subscription for new Preference Shares and in so far as this cannot be done, by the drawing of lots (secondary preferential rights) and secondly are allotted 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 with regard to, where applicable, notified interest for subscription in the possible Directed Issue, and insofar as this cannot be done, by drawing lots.¹⁾

In the event that subscription applications for new Preference Shares are received from Preference Shareholders in Heimstaden, the public in Sweden and institutional investors in Sweden and abroad during the subscription period that significantly exceeds the number of Preference Shares, which are available within the maximum amount of the Rights Issue after allocation to subscribers with preferential rights, the Board of Directors of Heimstaden reserves the right to supplement the Rights Issue with the Directed Issue of Preference Shares to meet such excess demand. Application for subscription in the Rights Issue without subscription rights may then, without special notification, lead to the allotment of Preference Shares in the Directed Issue. When allotting Preference Shares in the Directed Issue, notifications from institutional investors who are deemed to be long-term shareholders and previously received subscription applications may be considered in particular. If the Board of Directors of Heimstaden decides on the Directed Issue, this is done with the support of the Annual General Meeting's authorisation from 8 April 2021 and the Directed Issue will comprise a maximum of 23,437,500 Preference Shares and the subscription price will be the same as in the Rights Issue of SEK 32 per Preference Share. Allotment of Preference Shares in the Directed Issue will be decided by the Board of Directors of Heimstaden in consultation with Joint Bookrunners, whereby certain types of investors may be prioritised in accordance with the said allotment principles.

1) 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.

The subscription price has been established by Heimstaden's Board of Directors in consultation with Joint Bookrunners and has been based on a number of different factors, such as, exploration with investors of an institutional nature, prevailing market situation, valuation of Heimstaden's Preference Shares compared to other real estate companies' preference shares taking these terms into account, Heimstaden's business focus, financial position and earnings capacity. The Company's Board of Directors will apply for admission to trading on the Nasdaq First North Growth Market of the Preference Shares issued in connection with both the Rights Issue and, if applicable, the Directed Issue.

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 Preference Shareholders who refrain from subscribing for Preference Shares in the Rights Issue, taking into account the Rights Issue, a dilution effect arises of at most 35,156,250 Preference Shares, which corresponds to a dilution of 18.4 per cent of the total number of shares in Heimstaden and 2.5 per cent of the total number of votes in Heimstaden.

The Rights Issue upon full subscription will provide Heimstaden approximately MSEK 375 before deduction of issue costs.¹⁾ If the Directed Issue is carried out, Heimstaden will receive an addition of up to approximately MSEK 750 before deduction for issue costs for the Directed Issue.²⁾ Taking into account the Rights Issue and the Directed Issue, Heimstaden will thus be provided with approximately MSEK 1,125 before deduction for issue costs.

Heimstaden's major shareholder Fredensborg AS, who holds approximately 8.5 per cent of the Preference Shares and 98.40 per cent of the votes, has undertaken to subscribe for new Preference Shares corresponding to their *pro rata* share of the Rights Issue. The commitment corresponds to approximately 8.5 per cent of the total number of new Preference Shares within the framework of the Rights Issue.

Heimstaden's shareholders, the public in Sweden and institutional investors in Sweden and abroad are hereby invited to subscribe for Preference Shares in accordance with the terms of the Prospectus.

Malmö 18 May 2021

Heimstaden AB (publ)
The Board of Directors

1) In total, the issue costs for the Rights Issue are expected to amount to approximately MSEK 15.5.
2) In total, the issue costs for the Directed Issue are expected to amount to approximately MSEK 26.7.



Background and reasons

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 largest 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.

As of 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 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 are 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. Heimstaden evaluates an acquisition of an Icelandic real estate company from its majority owner Fredensborg AS. The Company has an underlying property value of approximately SEK 3.657 billion and a rental value of approximately 238.5 MSEK. If the evaluation leads to Heimstaden deciding to make an acquisition and an acquisition, with regards to other factors can be carried out, the acquisition will not be financed with the proceeds from the Rights Issue or the Directed Issue, but from existing cash and through the takeover of debts. Regarding the methods for decision-making as regards the

possible acquisition, see further the section "*Legal issues and supplementary information – The Swedish Securities Council*".

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' of Directors' 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 to 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 of Directors to issue up to 40 million Preference Shares, with or without preferential rights for existing shareholders.

In light of this, the Board of Directors has decided on a new issue of Preference Shares of a maximum of 11,718,750 Preference Shares, equivalent to MSEK 375, with preferential rights for the Company's existing Preference Shareholders. In addition, the Board of Directors has been authorised to decide on a directed new issue of Preference Shares of a maximum of 23,437,500 Preference Shares, equivalent to MSEK 750.

The net proceeds provided to Heimstaden through the issue will mainly be used to support the shareholding in Heimstaden Bostad and potential direct real estate investments.

The Board of Directors of Heimstaden is responsible for the information in the Prospectus and, according to the Board of Directors' knowledge, accords with the information provided in the Prospectus with the facts and no information that would be likely to affect its meaning has been omitted.

Malmö 18 May 2021

Heimstaden AB (publ)
The Board of Directors

Terms and conditions

The Offer in brief

The Offer consists of the Rights Issue and, if applicable, the Directed Issue. In the Rights Issue, existing shareholders are entitled to subscribe for Preference Shares with preferential rights on the terms set out in the Prospectus. Heimstaden's Board of Directors may also decide on the Directed Issue in the event that interest (from existing Preference Shareholders, the public in Sweden, and institutional investors in Sweden and abroad) to subscribe for Preference Shares in the Rights Issue 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 subscription price in the Rights Issue and the Directed Issue will be the same. Notification of subscription in the Rights Issue may, without further special notification or request thereof, lead to the allotment of Preference Shares in the Directed Issue, provided that the Board of Directors of Heimstaden decides to carry out the Directed Issue and with application of the allotment principles in the Directed Issue.

Preferential rights and subscription rights

Anyone who on the record date on 18 May 2021 is registered as a Preference Shareholder in the shareholder register maintained by Euroclear, on behalf of Heimstaden, has preferential rights to subscribe for new Preference Shares in proportion to the number of Preference Shares the holder held on the record date (primary preferential rights). Anyone who on the record date is registered as a Preference Shareholder 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. Preference Shareholders who choose not to participate in the Rights Issue by subscribing for Preference Shares will be diluted by 18.4 per cent in proportion to the total number of outstanding shares and by 2.5 per cent in proportion to the total number of outstanding votes in the Company.¹⁾ ISIN code for the Preference Shares is SE0015949037.

Subscription price

The new Preference Shares in the Offer are issued at a subscription price of SEK 32 per Preference Share. Brokerage fees are not payable.

Record date

The record date at Euroclear for the determination of who has the right to receive subscription rights in the Rights Issue is 18 May 2021. The Preference Shares in the Company were traded inclusive the right to obtain subscription rights up to and including 14 May 2021. The Preference Shares in the Company were traded exclusive of the right to obtain subscription rights from 17 May 2021.

Maximum size of issue

The Rights Issue includes a maximum of 11,718,750 Preference Shares, corresponding to a maximum of MSEK 375. In addition and in order to satisfy demand for new Preference Shares, the Board of Directors reserves the right to supplement the Rights Issue within the framework of the Annual General Meeting's issue authorisation from 8 April 2021 by deciding on the Directed Issue of a maximum of 23,437,500 Preference Shares, equivalent to MSEK 750.

Subscription period

Subscription for the new Preference Shares with subscription rights shall take place by payment during the period from 20 May 2021 up to and including 3 June 2021. During this period, applications for subscription for Preference Shares can also be made without subscription rights by Preference Shareholders in Heimstaden, the public in Sweden and institutional investors in Sweden and abroad.

In the event that subscription applications for new Preference Shares without subscription rights are received from Preference Shareholders in Heimstaden, the public in Sweden and institutional investors in Sweden and abroad during the subscription period that significantly exceeds the number of Preference Shares, which are available within the maximum amount of the Rights Issue after allocation to subscribers with preferential rights, the Board of Directors reserves the right to supplement the Rights Issue with the Directed Issue of Preference Shares in order to satisfy such excess demand. If the Board of Directors of Heimstaden decides on the Directed Issue, it will be done on the basis of the authorisation by the Annual General Meeting on 8 April 2021 and will include a maximum of 23,437,500 Preference Shares. The subscription price will be the same as in the Rights Issue of SEK 32 per Preference Share and no brokerage is payable.

The Board of Directors of the Company reserves the right to extend the subscription period which, if this becomes the case, will be publicised by the Company via a press release no later than 3 June 2021. The press release will be available on Heimstaden's website, www.heimstaden.com.

1) Calculated on the basis of the maximum number of Preference Shares that could be added through the Rights Issue and the Directed Issue in proportion to the maximum number of outstanding shares in the Company after the Rights Issue and the Directed Issue.

Issue statement

Directly registered Preference Shareholders

Pre-printed issue statements with attached bank giro slips will be sent to the Preference Shareholders, or representatives of the Preference Shareholders, in the Company who on the record date on 18 May 2021 were registered in the share register kept by Euroclear. The pre-printed issue statement shows, among other things, the number of received subscription rights and the total number of Preference Shares that can be subscribed for. No separate securities form that reports the registration of subscription rights in the Preference Shareholder's securities account will be sent out. Anyone who is included in the special register of pledgees and legal guardians associated with the share register will not receive any information but will be notified separately.

Nominee-registered holdings

Preference Shareholders whose holdings of shares in the Company are nominee-registered with a bank or other nominee will not receive an issue statement from Euroclear. Instead, applications for subscription and payment must be made in accordance with the instructions from the relevant nominee.

Preference Shareholders domiciled in certain unauthorised jurisdictions

Allocation of subscription rights and issuance of new shares in the exercise of subscription rights to persons domiciled outside Sweden may be affected by securities legislation in such countries, see also the section "*Important information*". Due to this, with certain exceptions, Preference Shareholders who have their existing shares directly registered in securities accounts and have registered addresses in Australia, Hong Kong, Japan, Canada, New Zealand, Switzerland, Singapore, South Africa, the United States or in any other jurisdiction where participation would require additional prospectuses, registration or measures than those that follow from Swedish law will not receive any subscription rights on their respective securities accounts or be allowed to subscribe for new Preference Shares. The subscription rights that would otherwise have been registered for these Preference Shareholders will be sold and the sales proceeds, with a deduction for costs, will be paid to such Preference Shareholders. Amounts below SEK 100 will not be refunded.

Trading in subscription rights

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. Joint Bookrunners and securities institutions with the necessary permits will be at the service of arranging the purchase and sale of subscription rights. The ISIN code for the subscription rights is SE0015988068.

Subscription of new Preference Shares with subscription rights

Subscription for the new Preference Shares with subscription rights shall take place by payment during the period from 20 May 2021 up to and including 3 June 2021. After the end of the subscription period, unexercised subscription rights will become invalid and thereby have no value. After 3 June 2021, unexercised subscription rights, without notification from Euroclear, will be removed from the holder's securities account.

In order not to lose the value of the subscription rights, the holder must either:

- exercise the subscription rights in order to subscribe for new Preference Shares no later than 3 June 2021 or according to instructions from the respective nominee, or
- sell the subscription rights that have not been exercised no later than 31 May 2021.

A subscription for new Preference Shares with subscription rights is irrevocable and the subscriber may not withdraw or change such subscription for new Preference Shares.

Directly registered Preference Shareholders domiciled in Sweden

Subscription for new Preference Shares with subscription rights must be made by cash payment, either by using the pre-printed bankgiro slip or by using a special application form, with simultaneous payment according to one of the following alternatives:

- The bankgiro slip must be used if all subscription rights according to the issue statement from Euroclear will be exercised. No additions or changes may be made to the bankgiro slip.
- The application form marked "*Application form for subscription of Preference Shares with subscription rights*" must be used if subscription rights are bought, sold or transferred from another securities account, or for other reasons a number of subscription rights other than the one shown on the pre-paid issue statement must be exercised for subscription of new Preference Shares. At the same time as the completed application form is submitted, payment must be made for the subscribed Preference Shares, which must be done in the same manner as for other bankgiro payments, for example via internet banking, by wire transfer or at a bank branch. When paying, the securities account number where the subscription rights are held must be specified.

Application forms as above can be ordered from Carnegie during office hours by telephone +46 (0)8-5886 94 83 or downloaded from Carnegie's website www.carnegie.se. Application forms and payments must reach Carnegie no later than 3.00 pm CEST on 3 June 2021. Please note that payment for subscription of new Preference Shares with subscription rights that has not reached Carnegie by 3.00 pm CEST on 3 June 2021 will be disregarded without regard to why payment must be made in good time before this.

Directly registered Preference Shareholders not domiciled in Sweden and entitled to subscribe for new Preference Shares with subscription rights

Directly registered Preference Shareholders who are entitled to subscribe for new Preference Shares with subscription rights and who are not domiciled in Sweden, who are not subject to the restrictions described above under the heading "*Issue statement – Preference Shareholders domiciled in certain unauthorised jurisdictions*" and who are unable to use the pre-printed bankgiro slip, can pay in SEK through a bank abroad in accordance with the following instructions:

Carnegie Investment Bank AB (publ)
 Transaction Support
 SE-103 38 Stockholm, Sweden
 SWIFT address: ESSESESS
 IBAN: SE385000000052211000363
 Bank account number: 5221 10 003 63

When paying, the subscriber's name, address, securities account number and reference from the issue statement must be specified. The payment must reach the receiver no later than 3 June 2021.

If the subscription refers to a different number of Preference Shares than what appears on the issue statement, an "*Application form for subscription of Preference Shares with subscription rights*" must be used instead, which can be ordered from Carnegie during office hours on telephone +46 (0)8-5886 94 83 or downloaded on Carnegie's website www.carnegie.se. Payment must be made in accordance with the instructions given above with a securities account number where the subscription rights are held as a reference. The application form (according to the address above) and payment must reach Carnegie no later than 3.00 pm CEST on 3 June 2021.

Nominee-registered subscribers

Holders of accounts with nominees who wish to subscribe for new Preference Shares must apply for subscriptions in accordance with instructions from their respective nominee.

Paid subscribed shares (BTA)

After subscription and payment is made, Euroclear will send out a securities notice as a confirmation that BTA has been booked into the subscriber's securities account.

The new Preference Shares will be booked as BTA in the securities account until the registration of the Rights Issue has taken place at the Swedish Companies Registration Office (Sw. *Bolagsverket*). Registration of new Preference Shares subscribed for with subscription rights is expected to take place at the Swedish Companies Registration Office on or around 10 June 2021. Thereafter BTA will be rebooked to Preference Shares, which is expected to take place around 15 June 2021 without special notification from Euroclear. Customers with an account with a nominee will receive BTA and information in

accordance with the respective nominee's procedures. BTA will be admitted for trading on the Nasdaq First North Growth Market from 20 May 2021 up to and including 8 June 2021. Carnegie and other securities institutions with required permits are available for service with brokering and purchase of BTA. The ISIN code for BTA for Preference Shares is SE0015988076.

Subscription of new Preference Shares without subscription rights

Subscription of new Preference Shares can also be done without subscription rights.

Directly registered Preference Shareholders and others

Applications for subscription of new Preference Shares without subscription rights must be made on the relevant application form, entitled "*Subscription without subscription rights*". More than one application form can be submitted, however, only the most recently dated application form will be considered.

If the application concerns a person other than the signatory, a special form "*Guardian and proxy holder*" must also be filled in and sent together with the application form "*Subscription without subscription rights*".

Application forms and other forms can be obtained from any of Carnegie's offices in Sweden or downloaded from Carnegie's website, www.carnegie.se, and from Heimstaden's website, www.heimstaden.com. Application forms can be sent by post to Carnegie Investment Bank AB, Transaction Support, SE-103 38 Stockholm, Sweden or submitted to any of Carnegie's offices in Sweden. Application forms must reach Carnegie, Transaction Support, no later than 3.00 pm CEST on 3 June 2021.

Legal Entity Identifier (LEI number)

From 3 January 2018, all legal entities need a global identification code, a so-called Legal Entity Identifier (LEI), in order to complete a securities transaction. In order to participate in the Rights Issue and be allotted new Preference Shares that are subscribed for without subscription rights, legal entities must hold and state their LEI number.

Nominee-registered Preference Shareholders

Customers with an account with a nominee who wish to subscribe for new Preference Shares must apply for subscription for, and in accordance with instructions from, their nominee or nominees, who will handle notifications of allocation or other matters.

Institutional investors

Institutional investors in Sweden and abroad¹⁾ must make their subscription application to Joint Bookrunners in accordance with the special instructions thereon. Applications for subscription must take place during the period 20 May 2021 up to and including 3 June 2021 at 3.00 pm CEST. The Board of Directors reserves the right to prolong or shorten the period for application and payment.

1) International investors include private individuals and legal entities who apply for subscription of more than 35,000 Preference Shares.

Allotment of new Subscription Shares subscribed for without subscription rights

If all Preference Shares are not subscribed for with subscription rights within the framework of the Rights Issue, the Board of Directors shall decide on the 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 Preference Shareholder 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).
- Second, 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.¹⁾

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.

Application for subscription in the Rights Issue without subscription rights may, without further special notification or request thereof, lead to the allotment of Preference Shares in the Directed Issue. 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 Directors of Heimstaden in consultation with Joint Bookrunners, in which case certain types of investors may thus be given priority.

As confirmation of the allotment of new Preference Shares subscribed for without subscription rights and, if applicable, in the Directed Issue, a settlement note will be sent to the subscriber on around 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. Subscribed and allotted new Preference Shares must be paid in cash in accordance with the instructions on the settlement note sent to the subscriber.

Trading in new Preference Shares

The Company's Preference Shares are traded on the Nasdaq First North Growth Market. After the Swedish Companies Registration Office has registered the new Preference Shares these will, upon application, be traded on the Nasdaq First North Growth Market. The first day of trading in new Preference Shares, subscribed for with subscription rights and, if applicable, in the Directed Issue, is expected to be on or around 15 June 2021. The first day for trading in new Preference Shares subscribed for without subscription rights is expected to be no later than around 18 June 2021.

Right to dividends on Preference Shares

Dividends are paid after a decision by the Annual General Meeting. Payment of dividends is arranged by Euroclear or for nominee-registered holdings in accordance with the respective nominee's procedures. The right to dividend accrues to those who on the established record date were registered as owners of shares in the share register kept by Euroclear. The new Preference Shares entitle the holder to a dividend for the first time on the first record date for dividends on Preference Shares that fall immediately after the new Preference Shares have been registered with the Swedish Companies Registration Office.

Irrevocable subscription

The Company does not have the right to cancel, revoke or temporarily withdraw the Rights Issue. Subscription for new Preference Shares, with or without subscription rights, is irrevocable and the subscriber may not revoke or change a subscription for new Preference Shares, unless otherwise provided by the Prospectus or applicable law. The Directed Issue will be resolved provided that the market conditions for the Directed Issue are favourable. Therefore the Directed Issue may thus not be carried out.

Announcement of the outcome of the Rights Issue and the Directed Issue

The subscription results in the Rights Issue and, if applicable, the Directed Issue will be announced around 7 June 2021 through a press release from the Company.

Placing agreement

Heimstaden and the Joint Bookrunners have on 17 May 2021 entered into an agreement on the placement of the new Preference Shares in the potential Directed Issue (the "Placing Agreement"). See further the section "Legal issues and supplementary information".

1) 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.

Information on processing of personal data

Anyone who subscribes, or applies for subscription of, new Preference Shares will submit personal data to Carnegie. Personal data submitted to Carnegie, such as contact details and personal identity number or what is otherwise registered in connection with the preparation or administration of the Offer, are processed by Carnegie, which is responsible for personal data, for the administration and execution of the assignment. The processing of personal data also takes place in order to fulfil its obligations under the law.

Personal data may for a given purpose – taking into account the rules on bank confidentiality – sometimes be disclosed to other companies within the Carnegie Group or to other companies which Carnegie cooperates with, within and outside the EU/EAA, in accordance with the EU's approved and applicable protection measures. In some cases, Carnegie is also obliged by law to disclose information to for example the Swedish Financial Supervisory Authority and the Swedish Tax Agency (Sw. *Skatteverket*).

The Banking and Financing Business Act (Sw. *Lagen om bank- och finansieringsrörelse*) as well as the Securities Market Act (Sw. *Lagen om värdepappersmarknaden*), contains a confidentiality provision according to which all employees of Carnegie are bound by confidentiality regarding Carnegie's customers and other clients. The duty of confidentiality also applies between and within the various companies in the Carnegie Group.

Information about which personal data is processed by Carnegie, deletion of personal data, restriction of processing of personal data, data portability or correction of personal data can be requested from Carnegie's data protection officer. It is also possible to contact the data protection officer if the acquirer wants further information about Carnegie's processing of personal data. In cases where the acquirer wishes to file a complaint regarding the processing of personal data, he has the right to contact the Swedish Authority for Privacy Protection (Sw. *Integritetsskyddsmyndigheten*), formerly the Swedish Data Protection Authority (Sw. *Datainspektionen*), in its capacity as a supervisory authority.

Personal data must be deleted if they are no longer necessary for the purposes for which they were collected or in another way processed, provided Carnegie is not legally required to retain the personal data. The normal storage period for personal data is 10 years.

The email address of Carnegie's data protection officer is:
dpo@carnegie.se.

Other information

Carnegie acts as an issuing institution in connection with the Rights Issue. The fact that Carnegie is an issuing institution does not mean that Carnegie considers the party who has applied for subscription in the Rights Issue to be a customer of Carnegie. In the event that a too large of an amount is paid by a subscriber for the new Preference Shares, Carnegie will arrange for the excess amount to be refunded. No interest will be paid for the excess amount. Application forms that are incomplete or incorrectly completed may be disregarded. If the subscription payment is paid late, is insufficient or paid incorrectly, the application for subscription submitted may be disregarded or the subscription may be paid with a lower amount. In that case, payments made that have not been used will be refunded. No interest is payable for such a payment. Amounts below SEK 100 will not be refunded.

Taxation

For information related to taxation please refer to the section "Legal matters and supplementary information – Information on taxation".

Preference Shares in brief

Subscription price	SEK 32 per Preference Share.
Dividends	SEK 2.00 per year, with quarterly payment of SEK 0.50 per Preference Share. The Preference Shares do not otherwise entail any right to a dividend. The Preference Shares according to the Offer entitles the holder to a dividend for the first time on the next record date for payment that occurs after the Preference Shares are entered in the Company's share register, which means that the first record date is expected to be 5 July 2021.
Direct return	Based on the subscription price of SEK 32 per Preference Share is the annual cash direct return 6.25 per cent.
Right to vote	Each Preference Share is entitled to one (1) vote.
Limitation of dividends on ordinary shares and new issue of Preference Shares	As long as Preference Shares are issued and as long as the Preference Share ratio (as defined in the Articles of Association) exceeds 1/2 of the Group's book equity (adjusted for any proposed undecided or completed value transfers or issues of Preference Shares), a decision may not be made on a new issue of additional Preference Shares or a transfer of value of holders of ordinary shares.
Non-payment of dividends	If no Preference Dividend has been paid, or if only the profit distribution below the Preference Dividend has been paid, the Preference Shares shall entail the right to receive any Accrued Amount calculated at an annual interest rate of ten (10) per cent before any new issue of additional Preference Shares or changes in value to holders of ordinary shares may take place. Dividend on the Accrued Amount also presupposes that the Annual General Meeting decides on the dividend.
Redemption reservation	Redemption of Preference Shares may take place following a Board of Directors' decision in an amount per Preference Share of SEK 37.50 up to 1 June 2025 and in an amount per Preference Share of SEK 33.00 for the period from 1 June 2025 and for the period thereafter, in each case with the addition of any accrued share of the Preference Dividend together with any Accrued Amount per Preference Share calculated up to an amount corresponding to the annual interest.
The Company's dissolution	In the event of the dissolution of the Company, Preference Shares shall provide a preferential right over ordinary shares to receive an amount per Preference Share from the Company's assets before distribution to owners of ordinary shares of SEK 37.50 per Preference Share from 1 June 2025, and SEK 33.00 per Preference Share from 1 June 2025 and for the period thereafter, in each case with a supplement for any accrued portion of the Preference Dividend together with any interest.
Special majority requirements	The terms of the Preference Shares are governed by the Company's Articles of Association. In addition to any special majority requirements that follow from the current Swedish Companies Act, decisions on new issues of shares with a better right to the Company's profit or assets than the Preference Shares shall be supported by at least two thirds of the Preference Shares represented at the General Meeting.
Listing	The Preference Shares are intended to be listed on Nasdaq First North Growth Market.
Decided dividend on Preference Shares	SEK 2.00, to be paid quarterly with SEK 0.50 per payment occasion with record dates 5 July 2021, 5 October 2021, 5 January 2022 and 5 April 2022.



Business overview

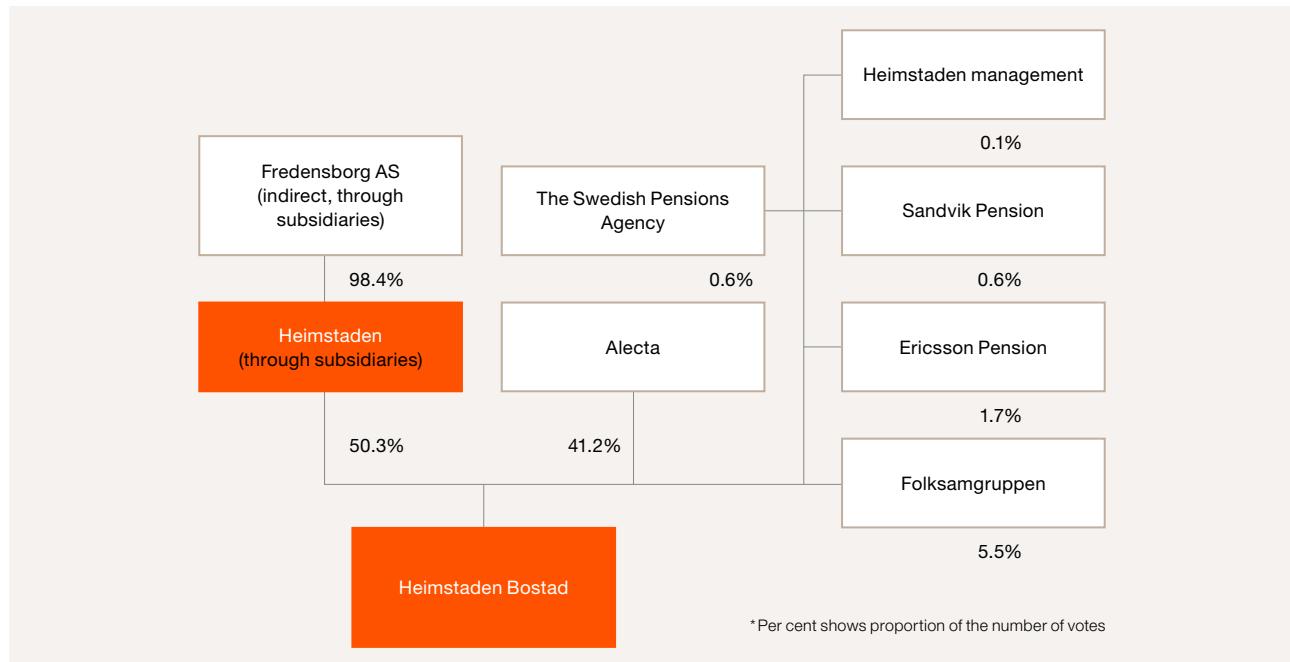
Introduction to Heimstaden

Heimstaden acquires, manages and develops residential real estate in Europe. The Company is currently present in Sweden, Denmark, Norway, the Netherlands, the Czech Republic, Germany and Poland. Heimstaden is the parent company of the Group. A significant part of the Company's and the Group's operations, assets and income concerns the subsidiary Heimstaden Bostad which is owned by the Company together with various investors, mainly pension funds. As of 31 March 2021, the Company owned approximately 50.3 per cent of the votes and approximately 41 per cent of the total number of shares in Heimstaden Bostad. The Company has an asset management agreement with Heimstaden Bostad, whereby the Company provides Heimstaden Bostad with, among other things, offices, accounting functions, transaction teams, HR function, and senior executives.

Heimstaden's history

1998	Heimstaden Fastigheter i Sverige AB is founded by Norwegian investors and a real estate portfolio in Malmö is acquired.
2005	Ivar Tollefsen and his company Fredensborg AS take over the company. At this time, Heimstaden owns approximately 2,260 apartments.
2006	Heimstaden's expansion in the Stockholm region commences.
2018	The Company broadens its perspective from only Sweden, Denmark, and Norway and becomes an actor in a large part of Northern Europe.
2019	Heimstaden broadens its domestic market to cover the whole of Europe.
2019–2020	Heimstaden moves towards becoming more of an owner and management company, while property acquisitions and new construction projects take place in Heimstaden Bostad.

Heimstaden Group overview as of 31 March 2021



In October 2019, a revised shareholders agreement was signed for Heimstaden Bostad which enabled the company to bring in several institutional owners. In December 2019, Folksamgruppen became the second largest institutional owner of Heimstaden Bostad through its companies Folksam Sak and Folksam Liv as well as KPA Pension. In March 2021, the Swedish Pensions Agency became an institutional investor in Heimstaden Bostad. Institutional owners strengthen the capital base and provide a seal of quality for the operations conducted in Heimstaden when value-driven and long-term actors choose to become owners of Heimstaden Bostad.

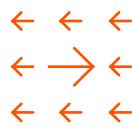
The revised shareholders agreement also meant that Heimstaden Bostad acquired Alecta's last directly owned properties and Heimstaden's remaining property portfolio, including Heimstaden's property portfolios in the Netherlands and Germany. The creation of new institutional owners, the existing owners' increased commitment and issuance of different bonds means that Heimstaden Bostad has greater opportunities both to make strategic acquisitions and to develop the existing portfolio through renovations or complementary new construction. The table below shows an overview of shareholders divided into share classes in Heimstaden Bostad as of 31 March 2021.

Shareholder overview as of 31 March 2021

Shareholder	Ordinary shares	B-preference shares	A-preference shares	Total	Share of total, approx. (%)	Allocation of votes, approx. (%)
Heimstaden	4,595,573	8,652,409	200	13,248,182	41.0	50.3
Alecta	2,533,837	13,252,958	–	15,786,795	48.9	41.2
Folksamgruppen	336,100	1,751,737	–	2,087,837	6.5	5.5
Ericsson Pension	98,704	591,695	–	690,399	2.1	1.7
Sandvik Pension	34,595	206,916	–	241,511	0.7	0.6
The Swedish Pensions Agency	35,846	187,777	–	223,623	0.7	0.6
Heimstaden management	10,160	–	–	10,160	0.1	0.1
Total number of shares	7,644,815	24,643,492	200	32,288,507		
Vote per share	0.5	0.1	0.1			

Heimstaden's vision and the way forward

With a lifelong perspective on real estate and presence in seven European countries, the Group is a growing residential real estate company in Europe. Guided by the Company's Scandinavian heritage and values, Heimstaden strives to give tenants and employees maximum happiness and life quality, combined with a business that is sustainable and responsible. That is how Heimstaden fulfills its vision to simplify and enrich life through caring housing.



CARE

We care about and respect our co-workers, tenants, partners and the society we live in.
We find sustainable solutions for people and buildings.

DARE

We dare to think outside the box and we always try to find better ways to do what we do. We encourage diversity, open minds and new ideas.

SHARE

We happily share our knowledge and help each other grow together. We are authentic, transparent and honest in our communication and actions.

Heimstaden's business model and strategy

Heimstaden has a fully integrated platform across the property life cycle with focus on combining resources and know-how in a lean and flexible organisation. By constantly sharing knowledge and best practices, the Company ensures a common Heimstaden experience for tenants, employees and partners.

Heimstaden follows a strategy for responsible growth and value creation. Despite strong growth over the last few years, Heimstaden has continuously improved our operating performance and financial metrics. To ensure steady and sustainable development, Heimstaden adheres to conservative financial policies that support the long-term strategy and vision. At the end of 2020, Heimstaden had a well-diversified financing structure, strong liquidity position and a robust balance sheet.

Investments and transaction strategy

Heimstaden's acquisitions are based on demographic patterns and a sustained favourable economic trend that creates long-term demand for housing in the places where the Group operates. Based on these parameters, the Group has identified interesting sites in Sweden, Denmark, Norway, the Netherlands, Germany, and the Czech Republic, but other geographic markets are also continuously evaluated in light of Heimstaden's expansion plans.

Before the establishment of in a new market, a thorough analysis is conducted of local business, infrastructure, proximity to colleges and universities, as well as the current and future situation for population growth and housing needs. When a site meets Heimstaden's criteria from both a macro and micro perspective, the Company monitors the market continuously in order to be prepared when a suitable object is put up for sale. It is important that the properties are centrally located and preferably relatively close to each other so that Heimstaden can benefit from economies of scale for an efficient management. The objective is to reach a critical mass of at least 500 apartments on each submarket in order to establish a complete value chain for property management.

In 2020, the Group decided to make a substantial investment in the Czech Republic following a thorough analysis of the country's legislation on housing and taxation, the political environment and other macroeconomic factors. Every time Heimstaden acquires new properties in a new market, the transaction process is strengthened and improved in an analytical and commercially sustainable manner.

Heimstaden's transaction process

Local presence is a key factor for Heimstaden's transaction strategy. It is by operating locally that it is possible to identify interesting objects and act quickly when such objects are offered for sale. In 2019, Heimstaden established new transaction teams in Denmark and the Netherlands and, towards the end of 2020, the Company had six local transaction teams with a total of 31 employees.

The properties acquired must be of good quality in relation to the geographical location or in such a condition that the right level of quality can be achieved with a reasonable investment. If these criteria are met, Heimstaden initiates a dialogue with the seller. If the process continues, the Company conducts a thorough technical investigation of the properties and a detailed legal and financial review. Where share transfers occur, a thorough investigation of the target company is also conducted. In the due diligence process, it is particularly important to evaluate environmental and climate-impacting factors. Heimstaden focuses on the opportunity to change and improve, rather than merely "filling in a checklist" that all of the properties the Company acquires meet special sustainability criteria.

In 2019, the Company's decision-making process regarding investments was further formalised, through the establishment of an investment committee. Proposed investments must be presented to the committee which then approves the acquisition. The investment committee consists of Board Members and senior executives of the Company.

Long-term property and project development

When Heimstaden renovates properties, value is created for the Company's customers while at the same time the Company ensures a long-term, stable property portfolio with good operating costs and increased rental income. Heimstaden has a lifelong perspective on ownership and therefore all renovation or construction projects are carried out with sustainable materials of high quality.

In recent years, there has been a growing debate about the way property owners push up rents and force out tenants by making expensive renovations, which is a way of working that is completely foreign to Heimstaden. The Company works with a lifelong perspective on ownership and with the best interests of its customers at the centre. Therefore, renovations are only made at the time when a customer moves out and before the next one moves in. The exception is the replacement of plumbing, roof renovations and other major maintenance projects that are necessary to maintain good comfort for the residents.

For new construction projects, Heimstaden has developed a standard that is also based on the Company's philosophy of caring housing. Heimstaden builds modern homes of high quality in attractive locations in cities that are expanding. The Company uses environmentally-friendly materials of high quality and integrates modern energy solutions such as solar panels and other environmentally-friendly solutions at the forefront. Heimstaden almost exclusively builds rental apartments, but there are also projects for cooperative apartments and sheltered housing. In all of Heimstaden's exciting markets, there is an organisation to monitor the market and identify possible new construction within or outside Heimstaden's existing portfolio.

To meet the need for residential properties and to ensure growth in attractive markets, the Group has, in addition to acquisitions of existing properties, new construction that have the character of both *forward purchase* and *forward funding*.

Forward purchase is similar to the process of acquiring existing properties whereby the Group undertakes to buy the property upon completion. These types of properties are not visible on the balance sheet until the property is completed and accessed.

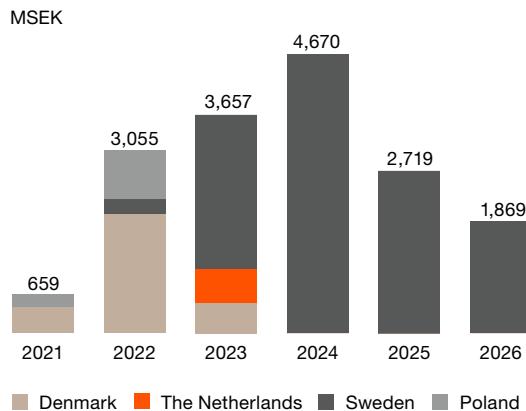
In a forward funding transaction, the Group makes ongoing payments during the construction phase based on predetermined milestones in the construction process. These payments are expensed as investments in investment properties. Through this, the Group does not take a direct development risk in the projects, and to reduce the counterparty risk, due diligence processes are conducted. The Group only co-operates with robust, experienced and trusted counterparties.

The table below shows Heimstaden's investments in companies/joint ventures as of 31 March 2021.

Investments in companies/joint ventures as of 31 March 2021

SEK million	Share, %	Rental income	Real estate costs	Financial items, net	Change in value	Net profit	Heimstaden's share of the net profit
Fastighets AB Rosengård	0	37	-29	-2	0	4	1
Gamlebro AB	1	4	-4	0	0	-1	-1
Upplands Bro Brogårds etapp 2	1	0	0	-5	0	-5	-3
A Place To A/S	1	0	0	-1	0	-1	-1
Magnolia Projekt 5222 AB	1	0	0	0	0	0	0
Byggrätt Norr AB	0	0	0	0	0	0	0
Atriet AS	0.5	0	0	0	0	0	0
KCP Utvikling	0.5	0	0	0	0	0	0
Total		41	-33	-8	0	-3	-3

As of 31 March 2021, the Group had signed acquisitions of total SEK 16.6 billion, consisting of total 8,750 residential properties, the acquisitions includes both existing properties and new constructions.



Joint Ventures

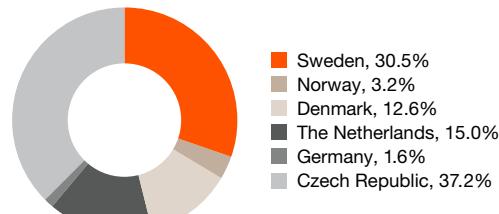
Several of Heimstaden's development projects are conducted in collaboration with strategic partners. Through joint ventures, Heimstaden can benefit from the expertise of its partners in certain areas to deliver an even stronger product to its customers, while diversifying risk at the same time. During 2021, new joint ventures were initiated with Magnolia in Hede, Sweden for 1,200 new apartments. At year end, Heimstaden's joint ventures comprised a portfolio of 4,500 apartments either under construction or in planning phase.

Active property management

Heimstaden's principle that all property maintenance should be handled by its own staff is a foundation of Heimstaden's operations and also means that customers should be able to expect the same treatment regardless of where they live.

At the end of 2020, Heimstaden's property management employed a total of approximately 1,030 people across a total of 51 offices in seven markets. In 2020, 3,900 residential units in Berlin were required, and as a result of this, Heimstaden established its own management operations in Germany. The acquisition was accessed in January 2021. When Heimstaden made an acquisition in the Czech Republic earlier in 2020, an existing operational platform with approximately 500 employees was included, which was integrated into Heimstaden Bostad after the

acquisition. The start-up phase took place in 2020 in order to ensure that Heimstaden's core values and mode of operation are followed by new employees. The diagram below shows the distribution of management per country as a percentage of Heimstaden Bostad on 31 December 2020.



Significant transactions 2020

January	Heimstaden Bostad acquires a Czech residential property portfolio consisting of 4,515 properties with 42,584 apartments and 1,675 commercial premises, with 2.6 million square metres lettable area. The acquisition includes a fully integrated operational platform. The portfolio is mainly located in the Moravia-Silesia region, the most densely populated region in the Czech Republic after the capital region. ¹⁾
April	Heimstaden Bostad acquires a Dutch housing portfolio consisting of 41 properties comprising 2,023 residential units and 60 commercial premises as well as adjacent parking opportunities. The portfolio consists of a total of 138,900 square metres lettable area and is primarily located in the Randstad region.
September	Heimstaden Bostad announces the acquisition of a property portfolio in Berlin of 130 properties with 3,902 residential units, 208 commercial units and 321 parking spaces. The lettable area is approximately 282,000 square metres. The transaction is completed in January 2021.
December	Heimstaden Bostad acquires two build-to-let projects in Warsaw. During first quarter of 2022 and first quarter of 2023, turnkey deliveries including 640 residential units with associated commercial units and parking spaces.
December	Heimstaden Bostad acquires a Danish residential property portfolio from NIAM, which is managed by HD Ejendomme A/S. The acquisition comprises 6,237 residential units and 35 commercial properties located throughout Denmark and a fully integrated operational platform. The acquisition is completed in January 2021, after which HD Ejendomme's organisation is integrated into Heimstaden Denmark and Denmark becomes Heimstaden's largest market in value.

1) Source: Czech Statistical Office.

Heimstaden's core values

Heimstaden's ambition is to grow in a responsible and sustainable manner together with partners who share the Company's values. Within the framework of Heimstaden's business strategy, the Company collaborates with other stakeholders and creates opportunities by contributing experience, knowledge and capital. Societal contributions are important for Heimstaden and the Company has a lifelong perspective on its property portfolio, which means that Heimstaden builds, develops and manages sustainable and modern homes of the right standard. In this way, long-term value is created not only for shareholders, partners and customers – but also for their employees and for society as a whole. Heimstaden adopts a value-driven approach and the Company strives to reflect its values through its way of working.

Heimstaden's goal is to simplify and enrich the lives of its customers through its *Friendly Homes* concept. The Concept is fulfilled through the Company's three core values:

- **Care** – Heimstaden cares about and respects its co-workers, tenants, partners and the society we live in. Heimstaden finds sustainable solutions for people and buildings.
- **Dare** – Heimstaden dares to think outside the box and the Company always looks for better ways to do what it does. Heimstaden encourages diversity, open minds and new ideas.
- **Share** – Heimstaden gladly shares its knowledge and willingly help each other grow. Heimstaden is authentic, transparent, and honest in its communication and actions.

Heimstaden's strengths and competitive advantages

A home is a basic human need. Together with a number of favourable global trends and a long-term business model, this gives Heimstaden the opportunity to generate a good return from stable cash flows and capital injections.

Sustainable ownership

Heimstaden has a lifelong perspective on ownership and constantly develops the quality of its property portfolio. The Company reduces the risk of expensive surprises in its portfolio through an extensive due diligence phase in which financial, technical, social and environmental aspects are examined. With its own staff on site, Heimstaden ensures that the housing offered is caring and offers the added value that makes the customers stay with Heimstaden.

Stable cash flow

In many of the markets in which Heimstaden operates there are regulations that provide a stable cash flow. When individual citizens have difficulty in managing their own living costs, there is often public assistance available, which means that the market is supported by state or municipal cash flows. Overall, this favours Heimstaden's long-term investment strategy and provides good opportunities for a good return.

Heimstaden's position

Heimstaden acquires properties with good potential in regions with economic growth and appealing demographics. Heimstaden carries out acquisitions in places where the Company can take advantage of the economy of scale or where the acquisition is large enough to justify the Group to establish its own organisation. Heimstaden's experience of establishing operations in new places means that the Company can enter a new market in a cost-efficient and speedy manner.

Long-term favourable trends

Together with urbanisation, population growth means that there continues to be a great shortage of housing in medium-sized and large cities.¹⁾ In addition, the younger generation seems to be less interested in owning its own home – a trend that follows a growing sharing economy.²⁾ These trends are strong in all of the markets in which Heimstaden manages properties and according to Heimstaden's assessment, the development can be expected to continue in a positive direction, which would provide a continued strong rental market in the future. Although there may be regional differences, and there is currently considerable uncertainty about

the scope and effects of Covid-19 in Heimstaden's markets, according to Heimstaden's assessment, these indications have developed in a such a way that there is a positive long-term development in the countries in which Heimstaden operates.

Cooperation with international investors

For many years, Heimstaden has collaborated closely with a number of institutions who share the Company's long-term view and investment philosophy. In 2019, Heimstaden's collaboration with Alecta, Folksam and KPA Pension deepened. A close collaboration with external investors has been an important part of Heimstaden's strategy. The subsidiary Heimstaden Bostad is owned together with Alecta, Folksam, KPA Pension and Sandvik's and Ericsson's pension foundations and to a limited extent by two members of the management in Heimstaden. From Heimstaden, Heimstaden Bostad obtains an established and committed industrial owner, while the institutional owners' long-term commitment provides financial stability and good contacts. Together, both the knowledge and the financial strength required to be able to act quickly if interesting opportunities arise are possessed.

Mix of rent regulation and market rents reduces risk

Heimstaden operates in seven different markets with different legislation for leasing, which means that Heimstaden has a mixed portfolio of both regulated rents and market rents. This results in stable and secure cash flows at the same time as it provides Heimstaden with an opportunity to benefit from a favourable dynamic in terms of range and demand.

Diversification reduces risk

There is always political and economic uncertainty in the world, quiet periods are replaced by periods of change. Periods of high growth are replaced by periods of weak growth. It is difficult to predict the shifts, when they come and what is the triggering factor. In Heimstaden's view, geographic diversification is the key to lower risk. Changes in range and demand are local. The same applies to changes in rent regulation and the taxation of properties. Heimstaden only invests in stable, democratic countries with low geopolitical risk and secure legal systems. In Heimstaden's view, choosing housing ahead of commercial properties reduces the risk further. Crises can be local or worldwide, but also worldwide crises have different effects locally.

1) Source: ec.europa.eu.

2) Source: World Economic Forum.

Heimstaden's financial goals

The Company's finance policy is determined by the Board of Directors and reviewed annually. It aims to limit the Company's financial risks that mainly consist of liquidity, refinancing and interest rate risk without limiting the Company's business opportunities. The Company's short-term and long-term supply of capital must be secured by adapting the financial strategy according to the Company's operations and according to the conditions provided by the development of the property market and the capital market. Heimstaden has established the following objectives in the finance policy.

Heimstaden consolidated

- The equity/assets ratio must amount to at least 20 per cent.
- The net loan-to-value ratio must be less than 75 per cent.

Heimstaden Isolated

- The interest coverage ratio must amount to at least a multiple of 2.0.
- The interest coverage ratio including costs for hybrid bonds must amount to at least a multiple of 1.4.
- The net loan-to-value ratio must be less than 30 per cent.

Diversification increases opportunities and reduces risks related to the Company's capital sources

By investing in many markets, rental income, property values and financing costs will vary less. A global crisis has its own epicentre and will affect countries differently. Local events such as Brexit mainly affect one market. It is a competitive advantage to be able to invest and sell in many property markets. As the price in different capital markets develops differently, having access to many different sources of capital is an advantage.

Heimstaden Bostad's financial ambition

Heimstaden Bostad's ambition is to combine a very low business risk with a loan-to-value ratio between 45 and 55 per cent.¹⁾ This enables a high credit rating and access to long-term financing on attractive terms.

Heimstaden's product offering

Heimstaden's strategy is based on a responsible business model with long-term, good profitability and growth together with the right employees, partners and customers. Heimstaden's goal with its long-term strategy is to create value by supporting the needs and wishes of both its customers and its employees, which is reflected in the Company's six strategic priorities and objectives:

Customer satisfaction

- A large range of homes of the right quality, different service options and a customer experience that exceeds expectations.
- Good service that enriches and simplifies customers' lives – today and in the future.

Exceptional employer

- An honest, passionate and value-driven culture with competent and committed employees.
- An attractive and modern work environment, equal rights and a high degree of diversity together with an inspiring and inclusive employment and leadership.

Innovative management

- A digital ecosystem that offers customers the best possible user experience with digital services that make their everyday life easier and more enjoyable.
- Redefined products and services based on customers' wishes and lifestyles.

Sustainable and competitive growth

- A continued expansion in Europe through both organic growth and acquisitions, as well as investments in a fully green platform.
- Strong relations with municipalities, financial institutions and investors.
- A faster and more efficient organisation that benefits from the full potential and synergies of the Group.

Sustainable development

- In line with the UN's Global Compact and the global sustainability goals, Heimstaden focuses on improving its social, environmental and climate footprint.
- Heimstaden anticipates and manages risks and make sure the Company follows policies and processes.
- Differentiation through cooperation with selected suppliers to accelerate environmental and social improvements through the whole value chain.

Role model in societal benefit

- Caring for employees, customers and partners to make a positive difference in their lives and in society.
- Exchange of knowledge and expertise based on the conviction that cooperation is the best basis for growth.
- Sponsor commitments that favour Heimstaden's customers and contribute to the local community in the places in which the Company operates.

1) Calculated as net debt / net debt + equity with hybrid capital calculated as 50% debt in accordance with S&P's methodology.

Heimstaden's organisation

The Company's head office is situated in Malmö. At the end of 2020, Heimstaden had 51 management offices in connection with the areas in which the Company owns properties. Administration and maintenance of the properties is mainly handled by Company employees in the cities where the properties are owned. The head office functions, including in-house legal and financial expertise, as well as Group management are located at the Company's head office in Malmö and in Oslo and Copenhagen.

When the Group expands into new markets while also making acquisitions in existing ones, many competent employees are needed, who must be quickly integrated into the business. One of the HR function's most important roles is therefore to build for growth by adapting and adjusting processes and tools in order to also function outside Sweden, Denmark, and Norway. In 2020, Heimstaden recruited approximately 801 new employees, where the biggest increase was attributable to acquisitions in the Czech Republic.

At the end of 2020, the number of employees was 1,372 (600 women and 772 men), at the end of 2019, the number of employees was 571 (211 women and 360 men) and at the end of 2018 the number of employees was 448 (170 women and 278 men).

Number of employees as of 31 December 2020	Men	Women	Total
Sweden	234	159	393
Denmark	76	50	126
Norway	81	52	133
The Netherlands	67	50	117
Germany	13	10	23
Czech Republic	301	279	580
Total	772	600	1,372

Heimstaden's sustainability work

Heimstaden prioritises active work with sustainability and environmental matters. Sustainability is multidimensional – it requires social engagement and environmental protection, climate protection, safe and attractive workplaces and a sustainable value chain. Heimstaden fully intends to contribute to solving these challenges and inspire and enrich the communities in which the Company operates. In line with the Paris Agreement, Heimstaden is focused on reducing its carbon footprint and enhancing the energy efficiency of its properties. Furthermore, Heimstaden aims to invest in safer neighbourhoods, social leasing agreements and adaption measures such as ecosystem services, biodiversity and various types of green spaces.

1 Energy efficiency

– building insulation, optimisation of heating and ventilation systems, smart control systems, efficient lighting and more.

2 Cleaner energy deliveries

– district heating and electricity emissions intensity reductions.

3 Fuel switching

– efficient local heating of premises and energy production to replace fossil fuel.

4 Renewable energy

– 100 per cent renewable energy in all markets where possible.

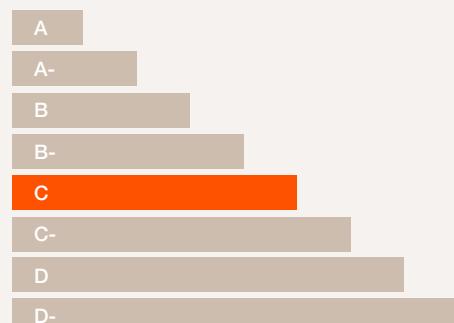
The first CDP score

In August 2020, Heimstaden Bostad submitted its first CDP report, based on 2019 reporting, which earned the rating C. CDP is the most comprehensive system for collecting self-reporting climate data worldwide. By participating in it, the companies provide investors with a transparent overview of how well the companies handle climate change, the complete CDP report is available at www.cdp.net.



- A:** Implementing current best practices
- B:** Discusses coordinated measures for climate issues
- C:** Knowledge of impact on, and from, climate issues
- D:** Transparency about climate issues

CDP's Climate List



Environmental goals

Heimstaden has the following goals linked to climate and environment work:

- Introduce and integrate Heimstaden's sustainability strategy in the operations in Poland.
- Start building an environmental management system.
- Implement the EU Taxonomy requirements including reporting.
- Perform a climate assessment of all properties in all markets.
- Implement sustainability projects regarding over 2,000 apartments in the Czech Republic covering measures such as thermal insulation and the change of heating systems from coal-based district heating systems to heat pumps or low emission central gas boilers.
- Further integrate sustainability reporting into daily operations.

Heimstaden's regulatory compliance and regulatory framework

Regulatory compliance

The Board of Directors monitors the Company management's work with internal control, reporting, property valuation, tax management and regulatory compliance (including guidelines regarding bribes and corruption). The Company management continuously reviews the internal processes, partly through reporting from completed internal control.

Heimstaden prioritises the work with regulatory compliance since it is a key component for maintaining and developing the Company's reputation and is also an important factor in relation to Heimstaden's ability to obtain external financing on acceptable terms, attract and retain tenants as well as, to some extent, obtain relevant permits and decisions.

Regulatory framework

Heimstaden's operations consist mainly of owning and managing properties, which means that the Group's operations are subject to numerous laws and regulations as well as processes and decisions, both at the political and official level. As part of Heimstaden's operations, continuous development of the properties and creation of new building rights are also included (see "*Project and property development*" below). The regulatory framework that affects the Group's operations thus includes the Planning and Building Act (Sw. *Plan- och bygglagen*), the Environmental Code (Sw. *Miljöbalken*), health and environmental regulations, rental legislation, building standards, safety regulations, rules on permitted building materials, historical buildings classification and various forms of cultural designations.

Heimstaden is also subject to general regulations that apply to all limited companies and listed companies, such as tax law rules, accounting principles and company law and stock market rules.

Covid-19

Covid-19 has brought many challenges for society as a whole and for Heimstaden as a company. In February 2020, Heimstaden formed a *Covid Task Force* with the authority to implement initiatives to limit the risk of infection and maintain operational efficiency. In March 2020, remote work was introduced for most of Heimstaden's employees. All customer contact was examined from a health perspective and many of Heimstaden's daily tasks, such as recruitment and apartment showings, were moved to the Company's digital platforms. Due to the significant efforts by all employees in the Group, Covid-19 has had a minor operational effect on the Group and the Group succeeded in expanding to new markets in 2020.

At the end of 2019, the senior management received extensive crisis management training, which proved to be more valuable than initially expected. After the first indications of a possible pandemic in February 2020, Heimstaden formed a crisis group with country managers, HR and the communications department. The members who participated varied as the needs changed, but the working group had recurring meetings throughout the year, from daily meetings to every other week depending on the seriousness of the situation. The working group was a platform for knowledge sharing and rapid decision-making. Initiatives from one country could be quickly applied in other countries. The meetings will continue as long as there is a need.

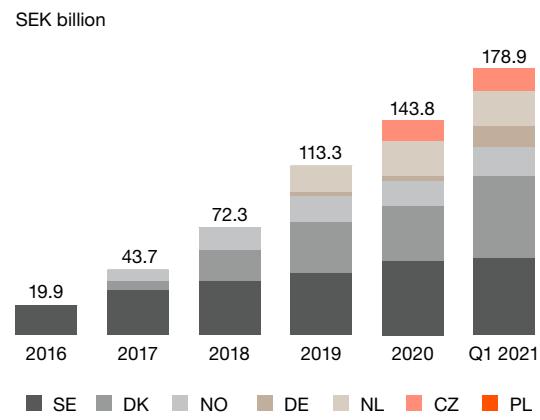
Property-related key figures for Heimstaden Bostad

As of 31 March 2021, the properties in Sweden, Denmark, and Norway comprised approximately 65 per cent of Heimstaden Bostad's total rental income. As of 31 March 2021, Heimstaden Bostad's property portfolio consisted of 114,041 properties with a market value of SEK 178.9 billion. The properties consist of 91.5 per cent of rental residential units, and 8.5 per cent of commercial properties. During the period April 2020–March 2021, Heimstaden Bostad's rental income amounted to SEK 6.9 billion. The table below shows property-related key figures for Heimstaden Bostad.

Property-related key figures – Heimstaden Bostad

	As of 31 March 2021							
	SE	NO	DK	NL	DE	CZ	PL	Total
Market value of properties on the balance sheet date (MSEK)	51,470	18,998	55,023	23,686	14,348	14,913	450	178,897
Average market value (SEK per sqm)	23,896	85,514	33,571	22,456	34,233	5,682	–	22,048
Real economic occupancy rate housing (per cent)	99.1	92.5	97.2	99.3	98.8	95.6	–	97.6
Number of apartments	31,559	4,590	16,048	13,338	5,706	42,800	–	114,041

Property value over time for Heimstaden Bostad



Overview of property portfolio for Heimstaden Bostad

Heimstaden Bostad's property portfolio is diversified and, in the Company's opinion, consists of rental apartments of the right quality in markets with strong macroeconomics and a favourable demographic spread.

Investments are based on a solid analysis of the specific market situation for each country and place, where population growth, housing construction and infrastructure are important components. The Company is looking for locations in cities with strong economic development and good population growth. Heimstaden Bostad's goal is to continue expanding in new geographic markets in Europe and, in December 2020, Heimstaden Bostad announced its first investment in Poland.

Following the acquisition of HD Ejendomme A/S, Denmark is Heimstaden Bostad's biggest market in terms of value. In Denmark, Heimstaden is now the country's largest private residential property owner with the largest portfolio in and around Copenhagen. Likewise in Norway, the Group is the largest private actor, with a portfolio focused in and around Oslo. In Germany, operations are conducted in Berlin and Bielefeld. In the Netherlands, Heimstaden Bostad is located all over the country, with the biggest concentration around the larger cities in the southern part of the country.

The total property portfolio at the end of 2020 was valued at SEK 144 billion and the total area consisted of 93 per cent residential properties and 7 per cent commercial properties, mainly shops

and small offices on the ground floors of the residential properties. The table below shows the change in market value of investment properties for Heimstaden Bostad.

Change in market value investment properties

Sums in MSEK	Q1 2021	2020	2019	2018	2017
Opening balance	143,806	113,331	72,329	43,689	19,912
Sold	-25	-65	-3	-13	-526
Acquisitions	26,102	25,445	33,261	24,737	22,085
Investments	1,435	2,743	2,575	1,265	391
Changes in foreign currency	3,190	-5,583	388	-59	32
Market value after transaction date	174,508	135,872	108,551	69,619	41,894
Unrealised changes in value	4,389	7,934	4,780	2,711	1,795
Closing balance	178,897	143,806	113,331	72,329	43,689

Sweden

As of 31 March 2021, Heimstaden Bostad owns 31,559 residential units in 31 cities throughout the country. The Company's customers consist of students and single-person households, as well as families and pensioners. The table below shows property-related key figures for Heimstaden Bostad in Sweden.

Property-related key figures – Sweden

	Q1 2021	2020	2019	2018	2017	2016
Market value of properties on the balance sheet date (MSEK)	51,470	49,690	41,241	35,881	30,068	19,912
Rental Income (MSEK)	661	2,429	2,222	2,008	1,478	796
Net operating income (MSEK)	301	1,254	1,065	985	718	392
Surplus ratio (per cent)	45,5	51,6	47,9	48,8	48,6	49,3
Residential occupancy ratio (residential units) (per cent)	97,9	98,3	98,3	98,7	–	–

Denmark

Heimstaden Bostad is the biggest private residential real estate actor in Denmark and during the first part of 2021, the Company acquired 6,237 apartments distributed throughout the whole country. As of 31 March 2021, Heimstaden Bostad's total property portfolio in Denmark consists of 16,048 apartments around Denmark. The table below shows property-related key figures for Heimstaden Bostad in Denmark.

Property-related key figures – Denmark

	Q1 2021	2020	2019	2018	2017	2016
Market value of properties on balance sheet date (MSEK)	55,032	36,200	34,645	20,927	5,981	–
Rental Income ¹⁾ (MSEK)	595	1,485	1,236	619	60	–
Net operating income (MSEK)	403	962	810	400	40	–
Surplus ratio (per cent)	67,7	64,8	65,5	65,0	67,1	–
Residential occupancy ratio (residential units) (per cent)	95,5	94,5	94,3	94,2	–	–

1) Rental income in the presented figures differ from the rental income that has been used in the valuation report concerning Denmark. The presented figures have concerning one property been included with circa DKK 1.1 million, which is the quarterly rental income, and the figures that have been used in the valuation report amount to approximately DKK 3.5 million, which is the yearly rental income.

The Netherlands

As of 31 March 2021, Heimstaden Bostad owned 13,338 apartments distributed among 3,216 properties. Heimstaden Bostad's property portfolio in the Netherlands consists of apartments that were hit by the rules of rent regulation and by apartments that are subject to market rent. The table below shows property-related key figures for Heimstaden Bostad in the Netherlands.

Property-related key figures – the Netherlands

	Q1 2021	2020	2019	2018	2017	2016
Market value of properties on the balance sheet date (MSEK)	23,686	23,365	17,781	–	–	–
Rental Income (MSEK)	279	1,029	172	–	–	–
Net operating income (MSEK)	165	569	93	–	–	–
Surplus ratio (per cent)	59,3	55,3	54,0	–	–	–
Residential occupancy ratio (residential units) (per cent)	96,6	96,6	96,6	–	–	–

Norway

The property portfolio is concentrated in the Oslo area with 4,590 apartments. The table below shows property-related key figures for Heimstaden Bostad in Norway.

Property-related key figures – Norway

	Q1 2021	2020	2019	2018	2017	2016
Market value of properties on the balance sheet date (MSEK)	18,998	17,008	17,372	15,521	7,640	–
Rental Income (MSEK)	163	649	689	604	82	–
Net operating income (MSEK)	116	432	433	369	46	–
Surplus ratio (per cent)	71.2	66.5	62.8	61.1	56.5	–
Residential occupancy ratio (residential units) (per cent)	92.1	93.3	97.8	97.9	–	–

Czech Republic

As of 31 March 2021, Heimstaden Bostad's property portfolio in the Czech Republic consists of 42,800 apartments. Heimstaden Bostad is the largest residential property actor in the country. The table below shows property-related key figures for Heimstaden Bostad in the Czech Republic.

Property-related key figures – Czech Republic

	Q1 2021	2020	2019	2018	2017	2016
Market value of properties on the balance sheet date (MSEK)	14,913	13,826	–	–	–	–
Rental Income (MSEK)	270	896	–	–	–	–
Net operating income (MSEK)	197	646	–	–	–	–
Surplus ratio (per cent)	72.8	72.1	–	–	–	–
Residential occupancy ratio (residential units) (per cent)	92.3	91.5	–	–	–	–

Germany

As of 31 March 2021, the property portfolio consisted of 5,706 apartments. Gradually, the apartments will be renovated where required, but only when a vacancy occurs. In Germany, the property management is handled partly by the Company's own staff and partly by external support. In January 2021, Heimstaden Bostad acquired 3,902 apartments in Berlin. The table below shows property-related key figures for Heimstaden Bostad in Germany.

Property-related key figures – Germany

	Q1 2021	2020	2019	2018	2017	2016
Market value of properties on the balance sheet date (MSEK)	14,347	3,716	2,292	–	–	–
Rental Income (MSEK)	87	74	1	–	–	–
Net operating income (MSEK)	47	32	1	–	–	–
Surplus ratio (per cent)	53.7	42.9	58.8	–	–	–
Residential occupancy ratio (residential units) (per cent)	96.8	96.5	97.4	–	–	–

Poland

The market value in Poland consists of two forward-funding projects where the first project is expected to be completed during the second half of 2021.

Property-related key figures – Poland

	Q1 2021	2020	2019	2018	2017	2016
Market value of properties on the balance sheet date (MSEK)	450	–	–	–	–	–
Rental Income (MSEK)	–	–	–	–	–	–
Net operating income (MSEK)	–	–	–	–	–	–
Surplus ratio (per cent)	–	–	–	–	–	–
Residential occupancy ratio (residential units) (per cent)	–	–	–	–	–	–

Current earning capacity

This section contains forward-looking statements that reflect the Group's plans, estimates and assessments. The financial result may differ significantly from what is expressed in these forward-looking statements. Factors that may cause or contribute to such differences include, but are not limited to, the underlying assumptions to these statements and other parts of the Prospectus, including the section "Risk Factors".

In the adjacent table, Heimstaden presents its earning capacity on a twelve-month basis as per 31 March 2021. Earning capacity is not a forecast for the current year or for the next 12-month period and should only be regarded as a theoretical snapshot and is presented for illustrative purposes only.

Current earning capacity does not include an assessment of future trends in rent levels, vacancy rates, property expenses, interest rates, changes in value, acquisitions or sales of properties or other factors. Current earning capacity is based on the properties held as per 31 March 2021 and their financing. Accordingly, the current earning capacity illustrates Heimstaden's annual earnings on that basis. Consequently, transactions where Heimstaden gains access after 31 March 2021 are not included in the calculation.

Heimstaden's Income Statement is also affected by the development in the value of the property portfolio and future property acquisitions and/or property sales. Changes in values of derivatives is another item affecting profit. None of the above has been taken into account in the current earning capacity, nor in the item Profit from participations in associated companies.

Earning capacity is based on the contracted rental income, current property costs and administrative costs of the property portfolio. Costs for interest-bearing liabilities have been based on the Group's average interest rate on the balance sheet date, including the effects of derivative instruments.

The information in this section corresponds to the current earning capacity published in the interim report for the period 1 January–31 March 2021. It is comparable with the Company's historical financial information and has been prepared in accordance with the Company's accounting principles. The information on current earnings has not been reviewed by the Company's auditor.

Current earning capacity as of 31 March 2021

<i>Amounts in MSEK</i>	
Rental income	8,574
Service income	575
Property expenses	-3,857
Net operating income	5,292
The Company's administration costs	-318
Profit before financial items	4,974
Financial income	-
Interest costs on interest-bearing liabilities	-1,592
Profit	3,282
Key data	
Operating net, %	61.7
Interest coverage ratio (ICR), multiple	3.1



Selected historical financial information for Heimstaden consolidated

This section contains selected financial information regarding the financial year 2019–2020 and the periods January–March 2020 and January–March 2021. The financial information for the financial years 2019 and 2020 has been taken from Heimstaden's audited annual report for the financial years 2019 and 2020, which has been prepared in accordance with the Annual Reports Act (Sw. årsredovisningslagen) and IFRS and the interpretation statement from the IFRS Interpretation Committee (IFRIC) as adopted by the EU. The annual reports for the financial years 2019 and 2020 have been audited by the Company's auditors Peter von Knorring and Ingemar Rindstig, Ernst & Young AB, in accordance with what is stated in the accompanying audit reports. Other financial information in the Prospectus has not been audited or reviewed by the Company's auditors, unless expressly stated.

The financial information for the periods January–March 2020 and January–March 2021 has been taken from the Company's unaudited interim reports for the periods January–March 2020 and January–March 2021, which have been prepared in accordance with IFRS. The interim report for January–March 2020 has not been audited or reviewed by the Company's auditors. The interim report for January–March 2021 has been reviewed by the Company's auditors.

Some information in the Company's annual reports for the financial years 2019 and 2020 as well as the interim reports for the periods has been incorporated by reference and comprises a part of the Prospectus, see the section *“Legal considerations and other information – Documents incorporated by reference”* below.

Heimstaden's consolidated profit and loss account in brief

	Q1 2021 (reviewed)	Q1 2020 (not audited or reviewed)	2020 (audited)	2019 (audited)
Amounts in MSEK				
Rental income	2,066	1,497	6,992	4,863
Service income fee*	190	69	–	–
Property expenses	–1,010	–709	–3,125	–2,138
Net operating income	1,246	857	3,867	2,725
Corporate central administration expenses	–87	–65	–229	–172
Other operating income	0	26	57	27
Other operating expenses	–23	0	–2	–46
Share of net profits of associates and joint ventures	–3	–3	56	196
Operating profit before inventory properties and fair value adjustments	1,133	814	3,749	2,729
Change in fair value of investment properties	4,380	1,933	7,977	6,517
Income from sell of properties	48	–19	188	–
Operating profit	5,561	2,728	11,914	9,247
Financial income	–	23	99	57
Financial expenses – Interest-bearing liabilities	–362	–325	–1,371	–1,152
Net foreign exchange gains losses	–511	118	400	–133
Change in fair value of interest derivatives	123	–129	–178	–107
Financial expenses – Rights of use assets	–	–8	–36	–29
Other financial income	–	–	–	6
Other financial items	–62	–38	–188	–186
Profit before tax	4,749	2,370	10,640	7,703
Current tax expense	–151	–146	–395	–259
Deferred tax expense	–875	–559	–1,892	–1,443
Profit for the period	3,723	1,665	8,353	6,001
Other comprehensive income	2,518	–768	–4,493	432
Comprehensive income	6,241	897	3,860	6,433
<i>Profit for the period attributable to:</i>				
The Parent Company's shareholders	2,177	857	4,431	4,099
Non-controlling interests	1,546	808	3,922	1,902
<i>Comprehensive income for the period attributable to:</i>				
Parent Company's ordinary shareholders	3,682	367	1,699	4,378
Parent Company's Preference Shareholders	12	12	47	47
Non-controlling interests	2,548	518	2,144	2,008
Average number of outstanding ordinary shares	13,204,000	13,204,000	13,204,000	13,204,000
Average number of outstanding Preference Shares	2,343,750	2,343,750	2,343,750	2,343,750
Earnings per ordinary share (basic and diluted)	274	23	108	322

*Service income was separated from the entry rental income as from and including Q1 2021, which is why a separate number of the service income for the full years 2020 and 2019 are not available.

Heimstaden's consolidated balance sheet in brief

Amounts in MSEK	2021-03-31 (reviewed)	2020-03-31 (not audited or reviewed)	2020-12-31 (audited)	2019-12-31 (audited)
ASSETS				
Non-current assets				
Intangible fixed assets	80	73	74	72
Investment properties	179,519	131,745	144,428	113,719
Right of use assets	–	1,152	749	895
Property, plant and equipment	850	55	60	30
Investments in associated companies and joint ventures	–	337	371	337
Derivative financial instruments	–	942	–	–
Other non-current financial assets	1,299	667	931	580
Total fixed assets	181,748	134,971	146,613	115,633
Current assets				
Inventory properties and tenant-owned homes in progress	1,344	767	1,292	865
Accounts receivable	138	136	86	23
Other current receivables	727	524	2,106	1,062
Prepaid income and accrued income	397	532	308	337
Cash and cash equivalents	17,342	7,527	10,906	10,687
Total current assets	19,949	9,484	14,698	12,974
TOTAL ASSETS	201,697	144,456	161,311	128,606
EQUITY AND LIABILITIES				
Equity				
Share capital	78	78	78	78
Other capital contributions	6,466	6,466	6,466	6,466
Hybrid bond	3,867	3,867	3,867	2,975
Other reserves	–863	–	–2,380	326
Retained profit	20,274	14,665	18,176	13,963
Attributable to Parent Company's shareholders	29,821	25,076	26,206	23,808
Non-controlling interests	65,314	40,519	49,959	36,134
Total equity	95,137	65,595	76,166	59,942
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	49,753	41,054	39,153	39,743
Non-current unsecured interest-bearing liabilities	38,560	24,484	27,963	17,066
Non-current liability, financial leasing	777	1,154	748	896
Derivative financial instruments	343	–	433	65
Other liabilities	834	–	903	–
Deferred tax liabilities	6,395	4,209	5,446	3,640
Total non-current liabilities	96,660	70,901	74,646	61,411
Current liabilities				
Current interest-bearing liabilities	1,649	266	1,611	1,137
Current unsecured interest-bearing liabilities	5,173	5,200	6,354	4,000
Trade payable	484	603	477	332
Current liabilities	–	172	–	202
Other current liabilities	1,432	933	917	994
Prepayments	1,152	785	1,126	569
Financial instruments	10	–	14	–
Total current liabilities	9,900	7,960	10,499	7,254
TOTAL EQUITY AND LIABILITIES	201,697	144,456	161,311	128,606

Heimstaden's consolidated statement of cash flow in brief

Amounts in MSEK	Q1 2021 (reviewed)	Q1 2020 (not audited or reviewed)	2020 (audited)	2019 (audited)
Operating activities				
Profit before tax	4,749	2,370	10,640	7,703
Adjustments to reconcile profit before tax to net cash flows				
– Net gain from fair value adjustment on investment property	–4,425	–1,914	–8,165	–6,517
– Net change in fair value of derivative financial instruments	–123	129	178	107
– Financial expenses – net	415	348	–	–
Other non-cash items	660	–79	–370	–51
Change in working capital				
Change in inventory properties and tenant-owned homes in progress	–	–	–	–113
Change in current receivables	–225	–195	–293	–62
Change in current liabilities	307	118	–92	360
Cash flow from operating activities	1,358	777	1,898	1,427
Interest paid	–474	–299	–	–
Interest received	0	23	–	–
Paid tax	–153	–188	–364	–159
Net cash flow from operating activities	731	313	1,535	1,267
Investing activities				
Acquisitions of investment properties	–13,653	–7,023	–12,894	–10,990
Capital expenditure on investment properties and development projects	–1,364	–587	–2,988	–2,607
Acquisitions of other non-current assets	–	–	–	–16
Deposits paid for acquisitions	1,495	514	–1,025	–536
Other investments	–	–	–	–4
Other receivables, upcoming acquisitions	–	–	140	–231
Proceeds from property sales	–	–	–	14
Investments in subsidiaries	–	–	–	–72
Investments in associated companies and joint ventures	23	–2	–14	–14
Change in loans and borrowings to associated companies and joint ventures	–	–142	–381	–361
Change in financial assets	–105	–5	–28	–46
Cash flow from investing activities	–13,605	–7,245	–17,190	–14,864
Financing activities				
Contributions from non-controlling interests	7,144	4,000	7,610	8,644
Dividends paid to non-controlling interests	–2,107	–	–894	–465
Dividends, paid to the Company's shareholders, Preference Shares	–12	–12	–47	–47
Dividends, hybrid bond	–318	–111	–294	–100
Costs of issuance	–50	–71	–153	–34
Issue hybrid bond	8,073	950	6,139	11,523
Issue unsecured bonds	–	–	16,132	–
Repayment of interest-bearing liabilities	–1,834	–712	–12,404	–59
Settlement of derivative financial instruments	–	–	113	–
Dividend from loan repayment	8,348	–	–	–
Cash flow from financing activities	19,244	4,044	16,202	19,461
Cash flow for the year	6,370	–2,888	546	5,863
Cash and cash equivalents at the beginning of the year	10,906	10,687	10,687	4,775
Net currency exchange effect in cash and cash equivalents	65	–272	–327	48
Cash and cash equivalents at the end of the year	17,342	7,527	10,906	10,687

Selected key figures for Heimstaden consolidated

This section presents selected key figures for Heimstaden consolidated, including certain key figures that are not measures of financial results or financial position according to IFRS (so-called alternative key figures). The alternative key figures are based on information taken from Heimstaden's audited annual reports for the financial years 2019 and 2020, and unaudited interim reports for the periods January–March 2020 and January–March 2021 as well as internal accounting and reporting systems that are subject to Heimstaden's internal control of the financial reporting. The alternative key figures that Heimstaden presents are not accepted measures of financial results according to IFRS.

Heimstaden believes that these measures provide valuable complementary information to investors and the Heimstaden's management as they enable evaluation of the Company's performance.

Alternative key figures should not be considered as substitutes for profit and loss account, balance sheet or cash flow items that are calculated in accordance with IFRS. The alternative key figures do not necessarily indicate whether Heimstaden's cash flow will be sufficient or available to meet Heimstaden's liquidity needs and are not necessarily indicative of Heimstaden's historical results.

Nor are alternative key figures intended as any form of indication regarding Heimstaden's future results. Since not all companies calculate these and other alternative key figures in the same way, the way in which Heimstaden has chosen to calculate the alternative key figures presented in the Prospectus may mean that these key figure are not comparable with similar measures presented by other companies.

Key figures calculated according to IFRS for Heimstaden consolidated

	Q1 2021	Q1 2020	2020	2019
Property-related key data				
Lettable area as of the statement of financial position date, sqm	8,113,837	6,692,369	7,029,969	4,031,310
Number of apartments as of the statement of financial position date	114,041	97,792	103,345	54,863
Financial key data				
Net cash flow from the operating activities, MSEK	731	313	1,535	1,267
Average fixed interest rate maturity including derivate, number of years	2.7	2.5	2.8	2.6
Average loan tenor, number of years	11.1	10.3	10.1	10.1
Data per share				
Number of ordinary shares outstanding at the end of the period	13,204,000	13,204,000	13,204,000	13,204,000
Number of Preference Shares outstanding at the end of the period	2,343,750	2,343,750	2,343,750	2,343,750
Average number of ordinary shares outstanding	13,204,000	13,204,000	13,204,000	13,204,000
Average number of Preference Shares outstanding	2,343,750	2,343,750	2,343,750	2,343,750

Alternative key figures that are not calculated according to IFRS for Heimstaden consolidated

	Q1 2021	Q1 2020	2020	2019
Residential occupancy ratio, residential units (number), %	95.7	96.3	95.5	96.9
Real occupancy ratio, residential units (number), %	97.6	98.0	97.3	–
Proportion of residential area of the statement of financial position date, %	91.5	92.7	93.1	90.8
Net operating income margin, %	60.3	57.2	58.6	56.0
Equity ratio, %	47.2	45.4	47.2	46.6
Average interest rate, %	1.7	1.8	1.8	1.9
Net debt	77,792	63,478	64,175	51,259
Net loan-to-value ratio (LTV), %	43.3	48.2	44.4	45.1
Net debt / total assets, %	38.6	43.9	39.8	39.9
Secured loan-to-value, %	25.5	28.6	25.3	31.8
Solvency ratio, %	47.2	45.4	47.2	46.6
Net asset value on balance date, MSEK	101,532	69,804	81,611	63,582
Debt/EBITDA, multiple	19.5	21.4	19.5	21.3

Definitions of key figures that are not calculated according to IFRS for Heimstaden consolidated

Key figures that are not calculated according to IFRS	Definition	Explanation of use
Economic occupancy, residential, %	Net rental income divided by gross rental income plus assessed market rent for unrented apartments.	The key figure shows the proportion of the rental income that is earned compared to the theoretically possible.
Real economic occupancy, residential, %	Net rental income divided by gross rental income plus assessed market rent for unrented apartments, adjusted for voluntary vacancies due to standard increases.	The key figure shows the proportion of rental income that is earned compared to theoretically possible, adjusted for voluntary vacancies.
Proportion of residential area of the statement of financial position date, %	Residential space divided by total property area.	The key figure shows the proportion of property area consisting of residential space.
Net operating income margin, %	Net operating income as a percentage of rental income.	The key figure shows the Company's rental income in relation to net operating income.
Equity ratio, %	Equity as a percentage of the total assets.	The key figure shows the proportion of the Company's assets that are financed by equity.
Average interest rate, %	Average interest on balance sheet date for interest-bearing liabilities taking into account interest rate derivatives.	The key figure shows the Company's average interest rate.
Net debt	Interest-bearing liabilities less financial assets and cash equivalents.	The key figure shows how much of the liabilities that do not correspond to liquid assets.
Net loan-to-value ratio (LTV), %	Net liabilities as a share of total property value.	The key figure shows the proportion of the property value that is encumbered by debt.
Net debt / total assets, %	Net debt as a share of total assets.	The key figure shows how much of the business is encumbered with debt.
Secured loan-to-value, %	Secured loans as a share of total assets.	The key figure shows the proportion of the business constituted by collateral for loans.
Solvency ratio, %	Equity as a percentage of total assets.	The key figure shows the portion of the Company's debt that has been financed by equity.
Net asset value on balance date, MSEK	Equity with addition of deferred tax debt.	The key figure provides an adjusted and supplementary measure of the size of equity.
Debt/EBITDA, multiple	12-month average interest-bearing liabilities divided by profit before financial items with reversal of depreciation.	The key figure highlights the relationship between the Company's liabilities and profitability measure EBITDA.

Reconciliations of alternative key figures that are not defined according to IFRS for Heimstaden consolidated

	Q1 2021	Q1 2020	2020	2019
Economic occupancy, residential, %				
Rental income rental premises	1,977	1,405	1,698	–
Theoretical rental income from vacant units	84	51	77	–
Theoretical rental income	2,061	1,457	1,775	–
Residential occupancy ratio, %	95.7	96.3	95.5	–
Real occupancy ratio residential, %	Q1 2021	Q1 2020	2020	2019
Theoretical rental income	2,061	1,457	1,775	–
Adjusted for planned vacancies	–47	–29	–46	–
Adjusted theoretical rental income	2,014	1,428	1,729	–
Real occupancy ratio, %	97.6	98.0	97.3	–
Proportion of residential space on balance sheet date, %	Q1 2021	Q1 2020	2020	2019
Residential space on balance sheet date	7,420,968	6,201,954	6,546,148	3,660,839
Premises space on balance sheet date	692,869	490,415	483,821	370,471
Total space on balance sheet date	8,113,837	6,692,369	7,029,161	4,031,310
Proportion of residential space on balance sheet date, %	91.5	92.7	93.1	90.8
Operating net, %	Q1 2021	Q1 2020	2020	2019
Rental income	2,066	1,497	6,992	4,863
Net operating income	1,246	857	3,867	2,725
Operating net, %	60.3	57.2	55.3	56.0
Equity ratio, %	Q1 2021	Q1 2020	2020	2019
Equity	95,137	65,595	76,166	59,942
Interest-bearing subordinated shareholder loans	–	–	–	–
Equity including interest-bearing shareholder loans	95,137	65,595	76,166	59,942
Balance sheet total	201,697	144,456	161,311	128,606
Equity/assets ratio including shareholder loans, %	47.2	45.4	47.2	46.6
Net debt	Q1 2021	Q1 2020	2020	2019
Interest-bearing liabilities	95,134	71,005	75,081	61,946
Cash and cash equivalents	–17,342	–7,527	–10,906	–10,687
Net debt	77,792	63,478	64,175	51,259
Net loan-to-value ratio (LTV), %	Q1 2021	Q1 2020	2020	2019
Net debt	77,792	63,478	64,175	51,259
Investment properties	179,519	131,745	144,428	113,719
Net loan-to-value ratio (LTV), %	43.3	48.2	44.4	45.1
Net debt/total assets, %	Q1 2021	Q1 2020	2020	2019
Net debt	77,792	63,478	64,175	51,259
Total assets	201,697	144,456	161,311	128,606
Net debt/total assets, %	38.6	43.9	39.8	39.9
Secured loan-to-value, %	Q1 2021	Q1 2020	2020	2019
Long-term secured interest-bearing liabilities	49,753	41,054	39,153	39,743
Current secured interest-bearing liabilities	1,649	266	1,611	1,137
Total assets	201,697	144,456	161,311	128,606
Loan-to-value rate secured loans, %	25.5	28.6	25.3	31.8

Solvency ratio, %	Q1 2021	Q1 2020	2020	2019
Equity	95,137	65,595	76,166	59,942
Total debt	106,560	78,861	85,145	68,665
Solvency ratio, %	47.2	45.4	47.2	46.6
 Net asset value on balance date, MSEK	 Q1 2021	 Q1 2020	 2020	 2019
Equity	95,137	65,595	76,166	59,942
Deferred tax liability	6,395	4,209	5,446	3,640
Net asset value	101,532	69,804	81,611	63,582
 Debt/EBITDA*, multiple	 Q1 2021	 Q1 2020	 2020	 2019
Interest-bearing liabilities	79,458	65,483	73,426	58,399
EBITDA	4,076	3,050	3,760	2,735
Debt/EBITDA, multiple	19.5	21.4	19.5	21.3
*Calculation of EBITDA	Q1 2021	Q1 2020	2020	2019
Operating profit before development properties and adjustments of real value	4,068	3,060	3,749	2,729
Depreciations	9	10	12	6
EBITDA	4,076	3,050	3,760	2,735

Selected historical financial information for Heimstaden Isolated

The financial information for the financial years 2019 and 2020 as well as for the period January–March 2021 has been taken from Heimstaden's internal accounting system and refers to Heimstaden Isolated.

Heimstaden chooses to present these figures as Heimstaden believes that they provide valuable information to investors regarding the ability to pay dividends to Preference Shareholders. Heimstaden believes that these figures better show the assets, liabilities and cash flow that an investor in the Company directly, or indirectly, has access to. The figures have not been reviewed or audited by the Company's auditors.

	Q1 2021	Q1 2020	2020	2019
Assets				
Proportion of Heimstaden Bostad's net asset value	37,525	27,201	30,402	23,101
Investment properties	622	388	622	388
Assets	38,147	27,589	31,024	23,489
Net debt				
Interest-bearing secured debt	198	200	301	200
Interest-bearing unsecured debt	7,733	3,000	4,000	3,000
Cash and cash equivalents	-3,640	-3,684	-3,270	-6,342
Net debt	4,292	-484	1,031	-3,142
Loan-to-value ratio (LTV), %				
Net debt	4,292	-484	1,031	-3,142
Assets	38,147	27,589	31,024	23,489
Loan-to-value ratio %	11.3	-1.8	3.3	-13.4
Net debt, including 100% hybrid bonds				
Interest-bearing secured debt	198	200	301	200
Interest-bearing unsecured debt	7,733	3,000	4,000	3,000
Hybrid bonds	3,867	3,867	3,867	2,975
Cash and cash equivalents	-3,640	-3,684	-3,270	-6,342
Net debt, including 100% hybrid bonds	8,158	3,383	4,898	-167
Loan-to-value rate, including hybrid bonds, %				
Net debt, including hybrid bonds	8,158	3,383	4,898	-167
Assets	38,147	27,589	31,024	23,489
Loan-to-value rate, including hybrid bonds, %	21.4	12.3	15.8	-0.7
Adjusted profit before financial costs				
Operating income	287	181	262	147
Operating expenses	-240	-158	-218	-136
Dividend ordinary shares	1,636	400	400	0
Dividend A-preference shares	277	184	184	127
Dividend B-preference shares	553	349	349	246
Adjusted profit before financial costs	2,512	957	977	384
Interest coverage ratio (ICR), multiple				
Adjusted profit before financial costs	2,512	957	977	384
Financial costs	-141	-102	-113	-106
Interest coverage ratio (ICR), multiple	17.9	9.4	8.7	3.6
Interest coverage ratio (ICR), including hybrid dividends, multiple				
Adjusted profit before financial costs	2,512	957	977	384
Financial costs	-141	-102	-113	-106
Dividend hybrid	-244	-120	-230	-45
Interest coverage ratio (ICR), including hybrid dividends, multiple	6.5	4.3	2.9	2.5

Capitalisation and other financial information

The tables in this section present the Group's capitalisation and interest-bearing indebtedness at group level as of 31 March 2021. For further information on Heimstaden's share capital and shares, see the section "Shares, share capital and ownership".

The tables in this section should be read together with the section "Selected historical financial information" and the reports that have been partially incorporated by reference (see the section "Legal considerations and other information – Documents incorporated by reference").

Capitalisation

The table shows information on the Group's equity and indebtedness as of 31 March 2021. Only interest-bearing liabilities are reported.

Amount in MSEK	31 March 2021
Current liabilities	
Against a guarantee or surety*	0
Against a security*	1,649
Without a guarantee/surety or security*	5,173
Total current liabilities	6,822
Non-current liabilities	
Against a guarantee or surety*	12,286
Against security*	49,753
Without a guarantee/surety or security*	26,273
Total non-current liabilities	88,312
Equity	
Share capital	78
Other paid-in capital	6,466
Reserves, etc.	88,593
Total equity	95,137

*The items correspond to a part of the item Interest-bearing debt in the Company's reviewed interim report for the period 1 January–31 March 2021.

Net indebtedness

The Group's indebtedness as of 31 March 2021 is presented below.

Amount in MSEK	31 March 2021
(A) Cash and bank	17,342
(B) Other cash equivalents	–
(C) Other financial assets	727
(D) Liquidity (A) + (B) + (C)	18,069
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debts)	1,690
(F) Current portion of non-current debts	5,132
(G) Current financial debt (E) + (F)	6,822
(H) Net current financial debt (G) – (D)	-11,247
(I) Non-current financial liabilities (excluding current and debt instrument)*	50,529
(J) Debt instrument	38,560
(K) Non-current accounts payable and other liabilities	–
(L) Non-current financial indebtedness (I) + (J) + (K)	89,089
(M) Total financial debt (H) + (L)	77,842

*The item "Non-current debts" consists of leasing debt according to IFRS amounting to MSEK 777.

Indirect liabilities and contingent liabilities

On 31 March 2021, the Group had external contingent liabilities and external pledged securities of a total of approximately SEK 70.9 billion.

Working capital statement

It is Heimstaden's view that the existing operating capital on the date of the Prospectus is sufficient for Heimstaden's relevant needs in the next twelve-month period. Operating capital here refers Heimstaden's ability to obtain access to cash and cash equivalents in order to fulfil its payment obligations after which they are due for payment.

Material financial agreements

Bonds

From 2019 to 2020, the Company has issued three listed senior, unsecured corporate bond loans with a total nominal amount of MSEK 4,150.¹⁾ In addition, the Company has issued a hybrid bond for a nominal amount of MSEK 4,000 and a senior, unsecured corporate bond loan denominated in euro at a nominal amount of MEUR 350. All bonds are listed on Nasdaq Stockholm.

The overall terms for the bond loans are set out in the tables below. Moreover, the terms and conditions contain customary provisions on early redemption and certain commitments (including, among other, restrictions regarding provision of security for other's debt as well as change of control ownership).

Overall terms for the bond loans

Issued amount	Framework amount	Due date	Interest type	Day count convention	ISIN
MSEK 1,750	MSEK 1,750	31 May 2023	Variable	STIBOR 3M + 3.25 per cent	SE0012622249
MSEK 1,200	MSEK 5,000	15 January 2024	Variable	STIBOR 3M + 3.30 per cent	SE0014991345
MSEK 1,200	MSEK 5,000	15 October 2025	Variable	STIBOR 3M + 4.00 per cent	SE0014991352
MEUR 350	MEUR 450	9 March 2026	Fixed	4.25 per cent	SE0015657903
MSEK 4,000	MSEK 5,000	N/A	Variable	STIBOR 3M + 5.90 per cent	SEK ISIN: SE0012455111 EUR ISIN: SE0012455129

MTN programme

On 28 January 2021, Heimstaden announced that the Company had established a bond programme for so-called medium term notes (the "MTN programme"). The MTN programme forms part of the Company's debt financing and has a framework of MSEK 10,000 under which Heimstaden has the opportunity to raise loans in SEK, EUR or NOK on an ongoing basis in the capital market with a term of at least one year. The maturity date is determined according to the conditions at the time of each issue and taking into account regulatory and legal restrictions for the borrower and the relevant currencies at any given time.

Heimstaden Bostad

Heimstaden Bostad has prepared three bond programmes for so-called euro medium term notes (the "EMTN programme"). The first programme was prepared on 14 November 2018 and has a framework of MEUR 2,500 (the "EMTN programme 1"). The second programme was prepared on 21 November 2019 and has a framework of MEUR 4,000 (the "EMTN programme 2"). The third programme was prepared on 4 August 2020 and has a framework of MEUR 8,000 (the "EMTN programme 3").

Heimstaden Bostad has issued corporate bond loans and its subsidiaries have also issued corporate bond loans within the framework of the EMTN programmes. Five bonds are denominated in SEK, six bonds in EUR and six in NOK. In addition, Heimstaden Bostad has issued three hybrid bonds at a total nominal amount of MEUR 2,100, all denominated in EUR. All bond loans denominated in NOK are listed on Oslo Børs. The remaining bond loans and hybrid bonds are listed on Euronext Dublin.

The overall terms for the bond loans are set out in the tables below. The terms for each bond loan otherwise contains customary provisions on early redemption and certain commitments (including, among other things, restrictions regarding provision of security for other's debt as well as provisions regarding change of control ownership).

1) Two tap issues were carried out in January 2021 within the frameworks of bond programme 2020/2024 (ISIN SE0014991345) and bond programme 2020/2025 (ISIN SE0014991352) of MSEK 700 each.

Bonds listed in SEK

Issued amount (MSEK)	EMTN programme	Due date	Interest type	Day count convention	ISIN
1,000	1	7 September 2022	Variable	STIBOR 3M + 2.00 per cent	XS1918010833
1,200	3	26 May 2022	Variable	STIBOR 3M + 1.75 per cent	XS2179086983
500	2	29 December 2022	Variable	STIBOR 3M + 1.30 per cent	XS2194280736
400	3	25 February 2025	Fixed	1.368 per cent	XS2259781230
800	3	February 2025	Variable	STIBOR 3M + 1.30 per cent	XS2259800121

Bonds listed in EUR

Issued amount (MEUR)	EMTN programme	Due date	Interest type	Day count convention	ISIN
700	1	5 September 2023	Fixed	2.125 per cent	XS1958655745
500	2	21 January 2026	Fixed	1.125 per cent	XS2105772201
50	3	4 May 2035	Fixed	2.8 per cent	XS2168047087
50	3	4 May 2035	Fixed	2.8 per cent	XS2161838276
700*	3	3 March 2027	Fixed	1.375 per cent	XS2225207468
500*	3	12 January 2023	Variable	EURIBOR 3M + 0.6 per cent	XS2284258345

*Bonds have been issued by Heimstaden Bostad's Dutch subsidiary Heimstaden Bostad Treasury B.V. Heimstaden Bostad has provided a guarantee for the loan under the EMTN programme 3.

Bonds listed in NOK

Issued amount (MNOK)	EMTN programme	Due date	Interest type	Day count convention	ISIN
500	1	7 June 2024	Variable	NIBOR 3M + 2.40 per cent	NO0010838899
400	3	25 February 2025	Fixed	2.019 per cent	NO0010906951
400	3	February 2025	Variable	NIBOR 3M + 1.35 per cent	NO0010906944
1,250	3	22 April 2026	Variable	NIBOR 3M + 95	NO0010976327
350	3	24 April 2028	Variable	NIBOR 3M + 115	NO0010976335
200	3	22 April 2024	Variable	NIBOR 3M + 75	NO0010976319

Hybrid bonds

Issued amount (MEUR)	Non-call period (years)	Due date	Interest type	Day count convention	ISIN
800	5.25	N/A	Fixed	3.248 per cent	XS2010037765
500	5.50	N/A	Fixed	3.375 per cent	XS2125121769
800	6.25	N/A	Fixed	2.625 per cent	XS2294155739

Ongoing and decided significant investments

Investments are a natural part of the Group's operations and take place continuously in ongoing projects. After December 31, 2020 and until March 31, 2021, Heimstaden invested MSEK 13,653 in acquisitions of properties and subsidiaries, MSEK 1,364 pertained to investments in properties, of which MSEK 46 pertains to built-to-sell in Norway, MSEK –1,495 pertained to down payment, for agreed acquisitions, MSEK –23 pertained to changes in loans to associated companies, and MSEK 105 pertained to other investments. Furthermore, Heimstaden has signed acquisitions of MSEK 659 relating to investments until the end of 2021. All ongoing and decided significant investments have and will be financed with cash and existing loans.

Other than as stated above, Heimstaden has not made any significant investments since 31 December 2020 or provided any fixed commitments regarding significant investments.

Recent development and current trends

The latest development trends since 31 December 2020 are presented in the sections "Risk factors" and "Business overview". In addition to what is described in the aforementioned section as well as in this section under "– Significant changes after 31 March 2021", as of the date of the Prospectus, there are no known trends, uncertainties, requirements, commitments or events that with reasonable likelihood will have a material effect on the Company's prospects during the financial year.

Significant changes after 31 March 2021

After the publication of the interim report relating to the period 1 January to 31 March 2021 Heimstaden Bostad acquires 1,118 residential units located in Linköping for SEK 2.5 billion from municipal housing company Stångåstaden, the transaction closes in July 2021. Other than as stated above, no significant changes have occurred in the Company's financial position or earnings since 31 March 2021.

Board of Directors, Executive Management and Auditor

Board of Directors

According to Heimstaden's Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of 15 board members with a minimum of zero and a maximum of five deputies. The Board of Directors currently consists of four ordinary members, including the Chairman of the Board, without deputies, elected by the Annual General Meeting on 8 April 2021 for the period until the end of the Annual General Meeting of 2022. The table below shows the members of the Board of Directors, their position and when they were elected onto the Board for the first time.

Overview of members of the Board of Directors

Name	Position	Board Member of Heimstaden since
Ivar Tollefsen	Chairman of the Board	2005
John Giverholt	Board Member	2018
Fredrik Reinfeldt	Board Member	2021
Vibeke Krag	Board Member	2021

Information is presented below about Board Members regarding date of birth, position and what year they were elected onto the Board of Directors for the first time, main education, previous assignments in the last five years and shareholding in Heimstaden. Assignments in subsidiaries within the Group have been excluded. All members' shareholdings relate to holdings as of the date of the Prospectus.



Ivar Tollefsen

Born: 1961

Position: Chairman of the Board (since 2005).

Main education: –

Current assignments: Owner and Chairman of the Board of Fredensborg 1994 AS as well as Chairman of the Board or Board member of subsidiaries of Fredensborg 1994 AS. Board member of Båtgutta AS. Part-owner with full responsibility of Dacapo Eiendom ANS and Rosenlundkvarteret 1 ANS. Holding by Ivar Tollefsen.

Previous assignments in the last five years: Chairman, Board member or signatory of Fredensborg 1994 AS (as well as subsidiaries of Fredensborg 1994 AS).

Shareholding in Heimstaden: Indirect via company 13,204,000 ordinary shares and 200,000 Preference Shares.



John Giverholt

Born: 1952

Position: Board member (since 2018).

Main education: BSc in Business Administration, University of Manchester. State authorised auditor, NHH Norwegian School of Economics.

Current assignments: Chairman of the Board of Gammel Nok Holding AS (with assignments in group companies) and Ortomedic AS. Board member of Formica Capital AB, Awilhelmsen AS, Fredensborg 1994 AS and Fredensborg AS, Carucel AS, Scatec ASA, Aars AS and Ferd Sosiale Entreprenører AS. Deputy Board member of Søylen Næringseiendom AS, Søylen Eiendom AS and Bogstadveien Invest AS.

Previous assignments in the last five years: Board-member of Gjensidige Forsikring ASA, Ferd AS and Elopak AS.

Shareholding in Heimstaden: –



Fredrik Reinfeldt

Born: 1965

Position: Board member (since 2021).

Main education: BSc in Business and Economics, Stockholm University.

Current assignments: Owner of Fredrik Reinfeldt AB. Chairman of the Board of Centrum for AMP. Political advisor to Nordic Capital. Advisor to Mastercard.

Previous assignments in last five years: Chairman of the Board of EITI. Board member of Max Matthiessen. Senior advisor to Bank of America Merrill Lynch.

Shareholding in Heimstaden: –



Vibeke Krag

Born: 1962

Position: Board member (since 2021).

Main education: Candidate of Law, University of Copenhagen.

Current assignments: Board Member of Nykredit A/S, Nykredit Realkredit A/S, Gjensidige ASA, ATP and Konkurrence og Forbrugerstyrelsen. Editor of Karnov, Erhvervsjuridisk Tidsskrift. Nomination Committee member at University of Copenhagen.

Previous assignments in the last five years: Board Member of Norlys Energi A/S (and subsidiaries of Norlys Energi A/S) and Forenet Kredit.

Shareholding in Heimstaden: –

Executive Management

Heimstaden's Executive Management currently consist of 14 employees. Information is presented below on the Executive Management regarding year of birth, position, the year when the position started and year of employment, main education, current assignments, previous assignments in the last five years and shareholding in Heimstaden. Assignments in subsidiaries within the Group have been excluded. All Executive Management's shareholdings relate to current holdings on the date of the Prospectus.



Patrik Hall

Born: 1965

Position: Chief Executive Officer (since 2003; employed since 2001).

Main education: Army Officer – Lieutenant, Swedish Military Academy, Skövde and Stockholm.

Current assignments: Owner and Chairman of the Board of Halwad Invest AB.

Previous assignments in the last five years: –

Shareholding in Heimstaden: 900 Preference Shares.



Magnus Nordholm

Born: 1974

Position: Deputy Chief Executive Officer (since 2018; employed since 2008).

Main education: MSc in Economics, School of Business, Economics and Law, University of Gothenburg.

Current assignments: CEO and Board member of Fredensborg Investment AS. Owner and Board Member of North Island Reim AB. Chairman of the Board of Udviklingsselskabet af 31 oktober 2017 A/S, A Place to A/S (and subsidiaries of A Place to A/S), Fjellhvil Utvikling AS, Estatia Resort Holding AS, Estatia Resort Nor AS and Romania Invest AS. Board member of Storsand Utvikling AS, Probond AS, Nordic Depository Services (Sweden) AB and Atriet A/S. Deputy Board member of Norefjell Arena AS and Estatia Resort Hotels AS.

Previous assignments in last five years: Diverse board positions, etc. of Fredensborg 1994 AS (and subsidiaries of Fredensborg 1994 AS).

Shareholding in Heimstaden: –



Helge Krogsbøl

Born: 1968

Position: Chief Operating Officer (since 2018; employed since 2018).

Main education: BSc in Marketing, The Norwegian School of Marketing, Oslo.

Current assignments: Owner and Chairman of the Board of Krog Forvaltning AS. Chairman of the Board of Grefsenveien 55 AS. Board member of Bankveien 10 Borettslag, Sjømannsveien 1 Tomteselskap AS and Sjømannsveien 1 Utvikling AS.

Previous assignments in last five years: Senior VP Business area of Pandox AB. Partner/part-owner of Room2Room.

Shareholding in Heimstaden: –



Arve Regland

Born: 1972

Position: Chief Financial Officer (since 2019; employed since 2019).

Main education: MSc in Economics, BI Norwegian Business School, and MBA, Norwegian School of Economics.

Current assignments: Chairman of the Board of Taxus Holding AS, Bjerke Eiendom AS, Simsas AS and K9 Invest AS. Chief Financial Officer of Fredensborg AS.

Previous assignments in the last five years: CEO of Entra ASA and Chairman of the Board or Board member of subsidiaries of Entra ASA.

Shareholding in Heimstaden: –



Karmen Mandic

Born: 1971

Position: Chief Marketing & Communications Officer (since 2015; employed since 2015).

Main education: BSc in Business Administration, Lund University.

Current assignments: –

Previous assignments in the last five years: –

Shareholding in Heimstaden: –



Suzanna Malmgren

Born: 1971

Position: Chief Human Resources Officer (since 2017; employed since 2017).

Main education: MSc in Business Administration, Uppsala University.

Current assignments: Deputy Board member of Kortirion 2 AB.

Previous assignments in the last five years: –

Shareholding in Heimstaden: –



Katarina Skalare

Born: 1963

Position: Chief Sustainability Officer (since 2018; employed since 2018).

Main education: BA in Social Sciences, Malmö University.

Current assignments: Board Member of Brf Östbo. Owner and Board Member of Hållbart by Skalare AB. Chairman of the Steering Group for Sustainability Forum, Lund University

Previous assignments in the last five years: Sustainability Manager/Strategist, Kraftgringen AB. Participant in reference group research programme Women on Boards and Measures for Energy & Climate Efficiency, KTH. Member of Committee on Corporate Responsibility & Anti-Corruption, ICC Sweden. Member of Swedish Red Cross – Malmö district.

Shareholding in Heimstaden: –



Christian Winther Fladeland

Born: 1986

Position: Co-chief Investment Officer (since 2020; employed since 2019).

Main education: MSc in Economics, University of Copenhagen.

Current assignments: Chief Executive Officer of Fladeland Invest ApS. Chairman of the Board of Atriet A/S, Udviklingsselskabet af 31. oktober 2017 A/S and Hvidovre Bolig ApS. Board member of Core Advise AS and A Place to A/S (and subsidiaries of A Place to A/S).

Previous assignments in the last five years: –

Shareholding in Heimstaden: –



Søren Vendelbo Jacobsen

Born: 1980

Position: Co-Chief Investment Officer (since 2020; employed since 2020).

Main education: MSc in Economics, University of Copenhagen.

Current assignments: Board Member of Ventec Invest ApS and Hvidovre Bolig ApS.

Previous assignments in the last five years: Chairman of the Board of Sampension Student Housing II A/S (with assignments in group companies), Komplementarselskabet Opp Vejle ApS, Bernstorffsvej 135 ApS, Opp vildbjerg skole A/S, Opp Hobro tinglysningsret A/S, Opp Ørstedskolen A/S, Opp Randers p-hus A/S, Lyngby Søpark ApS, Opp Vejle P/S, Komplementarselskabet Opp Retten i Svendborg ApS, Opp Retten i Svendborg P/S, Komplementarselskabet Slagelse Sygehus ApS, Opp Slagelse Sygehus P/S, K/S Strømmen, Aalborg, Ejendomsselskabet Frederiksholms Kanal 6 P/S, Ejendomsselskabet Hedeager Holding P/S, Ejendomsselskabet Hedeager 42 P/S, Ejendomsselskabet Hedeager 44 P/S, K/S Kristensen Partners V and K/S Teknikerbyen, Virum. Chief Executive Officer and Board Member of Arkitekternes Ejendomsselskab P/S, Sorte Hest Ejendomspartnerselskab. Chief Executive Officer of Bondön Wind ApS, Ulvemosen Wind Park ApS, Sampension Renewables GP ApS, Board member of K/S Kristensen Partners, Britannia Invest A/S, Deas Invest I Holding A/S, Deas Invest I A/S, Core German Residential II Kommanditaktieselskab, Ejendomsselskabet Vodroffsvej 26 P/S and NGF Denmark Holding ApS (with assignments in group companies).

Shareholding in Heimstaden: –



Roger Reksten Stølsnes

Born: 1974

Position: Chief Risk Officer (since 2021; employed since 2021).

Main education: PhD in Risk Assessment and Crisis Management and MSc in Offshore Technology, Stavanger University. Degree in Building and Construction, Bergen University

Current assignments: Owner and Board member of Risklite AS. Owner, Board member and CEO of Stølsnes Eiendom AS. Deputy Board member of Brødrene Stølsnes Byggmester-forretning AS.

Previous assignments in the last five years: VP and Head of Group Risk Management at Telenor AS.

Shareholding in Heimstaden: –



Christian Vammervold Dreyer

Born: 1974

Position: Chief Communications Officer (since 2020; employed since 2020).

Main education: Economy and real estate, BI Business School.

Current assignments: Chief Communications Officer of Fredensborg AS. Owner and Chairman of the Board of Vammervold Holding AS.

Previous assignments in the last five years: Chief Executive Officer for Eiendom Norge. Board member of Eiendomsmeglerskolen AS and Reklamasjonsnemnda for Eiendomsmeglingstjenester.

Shareholding in Heimstaden: –



Anders Thorsson

Born: 1967

Position: Chief Procurement Officer (since 2020; employed since 2019).

Main education: MSc in Civil Engineering, Road and Water, Lund University.

Current assignments: –

Previous assignments in last five years: Chief Procurement Officer, Lindab AB.

Shareholding in Heimstaden: 125 Preference Shares.



Rodin Lie

Born: 1970

Position: Chief Technology Officer (since 2020; employed since 2020).

Main education: MSc in Computer Science, University of Bergen.

Current assignments: Owner and Chief Executive Officer and Chairman of the Board of Rodin Lie Invest.

Previous assignments in the last five years: Chief Digital Officer, Innovation Norway. Chief Digital Officer, Advokatselskapet Selmer.

Shareholding in Heimstaden: –



Paul Spina

Born: 1987

Position: Chief Asset Management & Development Officer (since 2020; employed since 2020).

Main education: BA in Economics, Fordham University.

Current assignments: –

Previous assignments in the last five years: Head of Project Delivery at WeWork International. Development Director, Tri-State at WeWork.

Shareholding in Heimstaden: –

Additional information about the Board members and the Executive Management

All of the Company's Board members and members of the Executive Management can be reached via the Company's address, Heimstaden AB (publ), Östra Promenaden 7 A, SE-211 28 Malmö, Sweden.

There are no family ties or the like between any Board members and the Executive Management.

Ivar Tollefsen is an indirect owner of the Company, see section "Shares, share capital and ownership – Ownership". John Giverholt indirectly owns shares in the Company as he holds a total of 21,326 shares in two Norwegian companies which constitute a financial interest corresponding to the same number of shares in the Company's parent company, Fredensborg AS. Patrik Hall and Magnus Nordholm each own 5,080 shares in Heimstaden Bostad. As stated above, Ivar Tollefsen, John Giverholt and Magnus Nordholm hold board positions in Fredensborg AS and/or subsidiaries of Fredensborg AS. Therefore, situations could arise where the interests of Board members or Executive Management differ from the interests of the Company or other shareholders. Furthermore, Christian Fladeland indirectly holds a minority stake (less than 10 per cent) in Keystone Investment Management A/S which provides advice and management to major international investors regarding real estate investment in Denmark. Such real estate investments can sometimes include residential real estate assets. A conflict of interest could arise for Christian Fladeland, for example if Keystone Investment Management A/S were to provide advice to the Company. As far as the Company is aware, none of the Board members or Executive Management has any private or other interests that may conflict with the Company's interests. There are no agreements between the Company and major shareholders, customers, suppliers or other parties according to which any Board member is elected onto the Board of Directors or Executive Management are added as Executive Management.

In the last five years, no Board members or members of the Executive Management have been convicted of fraud-related cases, involved in or represented a company that has been declared bankrupt or has been subject to compulsory liquidation or bankruptcy administration or has been barred by a court from being a member of a company's administration, management or supervisory bodies or to exercise management or overarching functions of company. In the last five years, no regulatory or supervisory authority (including recognised professional associations) has officially bound any Board member or member of the Executive Management and/or issued penalties for such an offence.

Auditor

The Company's auditors are, since 8 April 2021, Jonas Svensson at the auditing company Ernst & Young Aktiebolag and, since 15 April 2015, the auditing company Ernst & Young Aktiebolag, with Peter von Knorring as Chief Auditor since 15 April 2015. Jonas Svensson was elected and the auditing company Ernst & Young Aktiebolag was re-elected at the Annual General Meeting of 2021 for the period until the end of the Annual General Meeting of 2022. Jonas Svensson and Peter von Knorring are authorised auditors and members of the professional association FAR. The auditing company Ernst & Young Aktiebolag is a registered auditing company. Ingemar Rindstig of the auditing company Ernst & Young Aktiebolag was one of the Company's two auditors as well as the auditing company Ernst & Young Aktiebolag during the period of 15 April 2015–8 April 2021.

Shares, share capital and ownership structure

Shares and share capital

According to Heimstaden's Articles of Association, the share capital shall amount to a minimum of SEK 60,000,000 and a maximum of SEK 240,000 000 divided into a minimum of 60,000,000 shares and a maximum of 240,000,000 shares. Shares can be issued in two types; ordinary shares and Preference Shares. Ordinary shares may be issued to a number corresponding to the maximum number of shares that can be issued according to the Articles of Association. Preference Shares may be issued at a number corresponding to a maximum of half of the total share capital.

As of the date of the Prospectus, Heimstaden's share capital amounted to SEK 77,738,750 divided into 155,477,500 shares (of which, 132,040,000 ordinary shares and 23,437,500 Preference Shares). As of the date of the Prospectus, the value quota of the shares amounted to SEK 0.50.

All shares in the Company are issued in accordance with Swedish law and are fully paid and denominated in SEK. The shares are not subject to restrictions on free transfer. The shares' rights can only be changed in accordance with the procedures specified in the Swedish Companies Act (2005:551).

Authorisation to issue shares

The Annual General Meeting on 8 April 2020 resolved to authorise the Board of Directors, within the framework of the Articles of Association in force at any given time, on one or more occasions until the 2022 Annual General Meeting, with or without deviation from the shareholders' preferential rights, to decide on an increase in Heimstaden's share capital through a new issue of a maximum of 40,000,000 Preference Shares against cash payment, with a provision for non-cash or set-off or otherwise with conditions. The purpose of the authorisation and the reason for allowing deviations from the shareholders' preferential rights is to enable the Company to raise capital (including according to an accelerated schedule) as part of the Company's work to continue its growth, including acquisitions and investments in existing holdings (both directly and indirectly) and to achieve a more appropriate capital structure in order to promote increased liquidity in the Preference Shares and a larger group of shareholders in the Company. On the date of the Prospectus, the authorisation has been exercised for the Rights Issue.

Changes in the share capital and the number of shares through the Rights Issue and the Directed Issue

Increase in share capital and the number of shares

The Rights Issue will, upon full subscription, result in the number of shares in Heimstaden increasing from 155,477,500 shares (of which 132,040,000 ordinary shares and 23,437,500 Preference Shares) to 167,196,250 (of which 132,040,000 ordinary shares and 35,156,250 Preference Shares), which corresponds to an increase in the number of shares of approximately 7.5 per cent and an increase in the number of votes of approximately 0.09 per cent. At the same time, the share capital will increase by SEK 5,859,375, from SEK 77,738,750 to SEK 83,598,125.

The possible Directed Issue will, upon full subscription, and taking into account the Rights Issue, result in the number of shares in Heimstaden increasing from 167,196,250 shares (of which, 132,040,000 ordinary shares and 35,156,250 Preference Shares) to 190,633,750 (of which, 132,040,000 ordinary shares and 58,593,750 Preference Shares), which corresponds to an increase in the number of shares of approximately 12.3 per cent and an increase in the number of votes of approximately 1.7 per cent. At the same time, the share capital will increase by SEK 11,718,750, from SEK 83,598,125 to SEK 95,316,875.

In total, the Rights Issue and the possible Directed Issue, upon full subscription, will result in the number of shares in Heimstaden increasing from 155,477,500 shares (of which, 132,040,000 ordinary shares and 23,437,500 Preference Shares) to 190,633,750 (of which, 132,040,000 ordinary shares and 58,593,750 Preference Shares), which corresponds to an increase in the number of shares of approximately 22.6 per cent and an increase in the number of votes of approximately 2.6 per cent. At the same time, the share capital will increase by SEK 17,578,125, from SEK 77,738,750 to SEK 95,316,875.

Dilution

For those Preference Shareholders who abstain 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 possible Directed Issue and 2.5 per cent of the total number of votes in Heimstaden after the Rights Issue and the possible Directed Issue. If the existing Preference Shareholders with preferential rights subscribe for all Preference Shares in the Rights Issue, a dilution effect arises for the existing

Preference Shareholders, taking into account the 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.

Net asset value

The table below shows the net asset value as of 31 March 2021, which can be compared with the subscription period of SEK 32 per Preference Share in the Offer.

	Before the Offer (31 March 2021)	During the Offer
Equity, MSEK	95,137	
Number of shares (per the date of the Prospectus)	155,477,500	
Net asset value per share, SEK	611.90	32

Certain rights associated with the shares

Annual General Meeting

Notice of the Annual General Meeting shall be given by announcement in The Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) and by keeping the notice available on the Company's website. At the time of the notice, information about the notice having taken place shall be announced in Svenska Dagbladet. The shareholder who is entered in the share register six banking days before the meeting, or alternatively if the shares are nominee-registered, has requested the nominee to register the shares with voting rights no later than four banking days before the meeting, and who has notified his participation to the Company no later than the date stated in the notice is entitled to participate in the General Meeting. In order to participate in the Annual General Meeting, the person who has had his or hers shares registered with a nominee must, in addition to registering, have the shares registered in his or hers own name so that he or she is registered to vote in the Annual General Meeting share register no later than four banking days before the meeting.

Right to vote

Each ordinary share entitles the holder to ten (10) votes and each Preference Share entitles the holder to one (1) vote.

Preferential rights of new shares

If the Company decides to issue shares of multiple types through a cash issue or set-off issue, holders of shares of the type issued shall have preferential rights to subscribe for new shares in proportion to the number of shares of the same type that the holder previously owns (primary preferential rights). Shares that are not subscribed for with primary preferential rights shall be offered to all shareholders for subscription (subsidiary preferential rights). If offered shares are not sufficient for the subscription that takes place with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the total number of shares they previously own in the Company, regardless of whether their shares are ordinary shares or Preference Shares. To the extent that this cannot be done in the case of certain share(s), the distribution shall take place by drawing lots.

If the Company decides to issue shares of only one type through a cash issue or set-off issue, holders of shares of the type issued shall have preferential rights to subscribe for new shares in proportion to the number of shares of the same type that the holder previously owns (primary preferential rights). Shares that are not subscribed for with primary preferential rights shall be offered to all shareholders for subscription (subsidiary preferential rights). If offered shares are not sufficient for the subscription that takes place with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the total number of shares they previously own in the Company, regardless of whether their shares are ordinary shares or Preference Shares. To the extent that this cannot be done in the case of certain share(s), the distribution shall take place by drawing lots.

If the Company decides to issue warrants or convertibles through a cash issue or set-off issue, the shareholders shall have a preferential right to subscribe for warrants as if the issue concerned the shares that may be subscribed for due to the warrants and preferential rights to subscribe for convertibles as if the issue concerned the shares that the convertibles may be replaced for.

What has been prescribed above shall not entail any restriction on the possibility of making a decision on a cash issue or set-off issue with deviation from shareholders' preferential rights.

Increasing the share capital through a bonus issue by issuing shares may only take place by issuing ordinary shares. In this case, only ordinary shareholders have preferential rights to the new ordinary shares distributed according to the number of ordinary shares they previously own. What is now stated shall not restrict the possibility of issuing shares of a new type through a bonus issue, after the required amendment to the Articles of Association.

Right to dividends

The newly-issued Preference Shares provide the right to a dividend first from the first record date that falls after the Rights Issue has been registered with the Swedish Companies Registration Office.

Decisions on distribution of profits are made by the Annual General Meeting. Dividends may only be paid in such an amount that after the dividend there is full coverage for the Company's restricted equity (the so-called amount block) and only if the dividend appears justifiable with regard to (i) the requirements that the nature, scope and risks of the business place on the size of equity, and (ii) the Company's consolidation needs, liquidity and position in general (the so-called prudential rule). As a general rule, the Annual General Meeting may not decide on the dividend of an amount higher than the Board of Directors has proposed or approved. According to the Swedish Companies Act, holders of at least one tenth of all shares in the Company have the right to request a dividend (to all shareholders) of the Company's profits. If such a request is made, the Annual General Meeting shall decide on the distribution of half of what remains of the year's profit according to the approved balance sheets after deductions

have been made for (i) capitalised loss exceeding unrestricted funds, (ii) amounts required by law or the Articles of Associations to be set aside for restricted equity capital and, (iii) amounts required by the Articles of Associations to be used for any other purpose than dividends to the shareholders. However, the Annual General Meeting is not obliged to decide on a dividend higher than five (5) per cent of the Company's equity.

All ordinary shareholders and Preference Shareholders who are registered in the share register kept by Euroclear as of the record date determined by the Annual General Meeting and the record date stated in the Company's Articles of Association are entitled to dividends. The dividend is normally paid to shareholders through Euroclear as a cash amount per share, but payment can also be made by other means than cash (dividend in kind). If shareholders cannot be reached through Euroclear, the shareholder's claim on the Company regarding the dividend amount remains and such claim is subject to a ten-year limitation period. In the event of limitation, the dividend amount accrues to the Company.

The Preference Shares have a preferential right over the ordinary shares to an annual dividend of SEK 2.00 per Preference Share with quarterly payment from the first payment occasion

(“**Preference dividend**”). Dividends presuppose that the Annual general meeting decides on this. Record dates for the Preference Dividend are 5 January, 5 April, 5 July and 5 October. In the case where such a date is a banking day, the record date shall be the date preceding the banking day. The Preference Shares do not otherwise provide any right to a dividend. In the event that no Preference Dividend is paid, or if only a dividend below the Preference Dividend is paid, the Preference Shares shall entail the right to receive, in addition to future Preference Dividends, an amount evenly distributed on each Preference Share, corresponding to the difference between what was paid above and the amount paid (“**Accrued Amount**”) before a new issue of additional Preference Shares or value transfers to holders of ordinary shares may take place. An Accrued Amount shall be calculated by a factor corresponding to an annual interest rate of ten (10) per cent, whereby the calculation shall take place starting from the quarterly time when payment of part of the Preference Dividend has taken place, (or should have taken place in case no Preference Dividend has taken place at all). Dividend on the Accrued Amount also presupposes that the Annual General Meeting decides on the dividend.

Redemption

Reduction of share capital, though not below the minimum capital, may take place through the redemption of a certain number of shares or all Preference Shares following a decision by the Board of Directors. When a decision on redemption is made, an amount corresponding to the reduction amount shall be allocated to the reserve fund if the necessary funds are available.

The distribution of the Preference Shares to be redeemed shall take place *pro rata* proportionate to the number of Preference Shares owned by each Preference Shareholder. If the distribution according to the above is not equal, the Board of Directors shall decide on the distribution of excess Preference Shares that are to be redeemed. If the decision is approved by all holders of Preference Shares, however, the Board of Directors may decide on which Preference Shares are to be redeemed.

The Preference Shares can be redeemed, wholly or in part, as follows:

- (a) until 1 June 2025 with an amount corresponding to SEK 37.50 as well as (i) any accrued part of Preference Dividend as well as (ii) any Accrued Amount calculated with an annual interest rate of ten (10) per cent, and
- (b) from 1 June 2025 and for the period thereafter with an amount corresponding to SEK 33.00 as well as a supplement according to (i) and (ii) in paragraph (a) above.

The redemption amount for each redeemed Preference Share must be less than the share's value quota.

Right in connection with liquidation

In the event of the Company's dissolution such as liquidation or bankruptcy, the Preference Shares entail preferential rights over the ordinary shares corresponding to what follows from the redemption provision described above. This means that Preference Shares in the event of the Company's dissolution are entitled to an amount corresponding to (i) SEK 37.50 if the Company is dissolved in the period from 1 June 2015 to 1 June 2025 and (ii) SEK 33.00 if the Company is dissolved in the period from 1 June 2025 and during the period thereafter, in each case with an addition for any accrued part of Preference Dividend and any Accrued Amount calculated with annual interest as above and before distribution to holders of ordinary shares takes place. Preference Shares shall otherwise not entail any right to a share.

Limitation of issuance of Preference Shares and transfer of value in some cases

As long as Preference Shares are issued and as long as the so-called preference share ratio exceeds $\frac{1}{2}$, no decision may be made on a new issue of additional Preference Shares or value transfer to holders of ordinary shares. The Preference Share ratio is defined and calculated as $(AxB)/C$ where:

- A is the redemption amount according to paragraph (b) in the section “*– Certain rights associated with the shares – Redemption*” above at the time of decision (including any accrued portion of the Preference Dividend¹⁾ and any Accrued Amount and regardless of how long they accrued since 1 June 2015);

1) The accrued portion of the Preference Dividend refers to the accrued Preference Dividend for the period beginning with the day after the most recent record date for dividends on Preference Shares up to and including the date of payment of the redemption amount. The number of days shall be calculated based on the actual number of days in relation to 90 days.

- B is the total number of registered Preference Shares with the addition of decided, but not registered, new issues of Preference Shares, Preference Shares that may be added through conversion or exercise of convertibles and warrants and preference Shares that may be issued under other financial instruments, with deduction partly for such Preference Shares that the Company holds itself and partly for such Preference Shares that are subject to redemption after a decision of the Annual General Meeting or the Board of Directors; and
- C is the Group's (where the Company is the Parent Company) book equity according to the latest interim report issued by the Company with a deduction for any proposal not decided on or value transfer to ordinary shareholders carried out and possible proposal but not decided on or Preference Dividend carried out according to the section "*Right to dividend*" above.

Central securities storage

Heimstaden's shares are registered in a record register in accordance with the Financial Instruments Accounts Act (1998:1479) (Sw. *Lagen om värdepapperscentraler och kontoföring av finansiella instrument*). The register is maintained by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden. No share certificates have been issued for the ordinary shares or the Preference Shares and no share certificates will be issued for the new Preference Shares. All rights attached to the shares are added to the person registered in the share register kept by Euroclear. ISIN code for the Preference Shares is SE0015949037.

Information on public takeover bids and redemption of minority shares

The Company is not covered by national legislation regarding public takeover offers. There have also been no public takeover bids regarding the Company's shares during the current or previous financial year. A shareholder who himself or through subsidiaries holds more than 90 per cent of the shares in a Swedish limited liability company has the right to redeem the remaining shares in the company. Owners of the remaining shares have a corresponding right to have their shares redeemed by the majority holder. The procedure for such redemption of minority shares is regulated in more detail in the Swedish Companies Act.

Warrants and convertible notes

The Company had as of 31 December 2020 and on the day of this Prospectus, no outstanding warrants or convertible notes.

Ownership structure

The table below shows Heimstaden's owners as of 30 April 2021 (including thereafter known changes).

Ownership structure as of 30 April 2021

Name	Number of ordinary shares	Number of Preference Shares	Share capital (%)	Votes (%)
Fredensborg AS	132,040,000	2,000,000	86.21	98.40
ICA-Handlarnas Förbund Finans AB	0	2,500,000	1.61	0.19
Familjen Kamprads Stiftelse	0	1,317,190	0.85	0.10
Stift Karl Bjerkes Stipendiefond	0	1,145,000	0.74	0.09
Tryggers Carl, Stift för Vetenskap	0	950,000	0.61	0.07
Pension, Futur	0	942,850	0.61	0.07
Volvo Pensionsstiftelse	0	625,000	0.40	0.05
Nordnet Pensionsförsäkring AB	0	586,960	0.38	0.04
Försäkringsaktiebolaget, Avanza Pension	0	545,530	0.35	0.04
Swedbank Försäkring	0	485,092	0.31	0.04
Other	0	12,342,011	7.94	0.91
Total	132,040,000	23,437,500	100	100

In accordance with the information in the table above, Fredensborg AS, which is 100 per cent owned by Ivar Tollefsen, holds approximately 86.21 per cent of the total number of shares and approximately 98.40 per cent of the total number of votes in the Company before the implementation of the Offer. Even after the implementation, Fredensborg AS will have the opportunity to exercise a significant influence over the Company and significant influence over matters that the Company's shareholders vote on, including dividends on the Preference Shares, approval of the profit and loss account and balance sheet, election and removal of Board members, capital increases, reductions of the share capital

and amendments to the Company's Articles of Association. This means that other shareholders' ability to exercise influence in the Company through the right to vote may be limited.

To ensure that control over the Company is not abused, the Company follows the applicable rules for corporate governance, which are found in the Swedish Companies Act and the Annual Accounts Act (Sw. *Årsredovisningslagen*), among others. By following such rules, the Company ensures that good corporate governance is maintained where the responsibility is clearly

divided between the owner, the Board of Directors and management.

Shareholder agreements

As far as the Board of Directors is aware, there are no shareholder agreements or other agreements between shareholders in Heimstaden that aim to have joint influence over the Company. The Board of Directors is also not aware of any agreements or equivalent arrangements that could lead to control of the Company being changed.

Dividends policy

Dividends on ordinary shares are affected by market conditions, investment alternatives, financial position and capital structure and, together with dividends on Preference Shares, are paid to the maximum to such an extent that the Group complies with established financial policy and has the necessary cash to operate in accordance with the business model and vision. At present, the focus is on growth while maintaining financial strength, whereby dividends on ordinary shares in the next few years are judged to be restrained.

Dividends on Preference Shares amount to SEK 2.00 per Preference Share with quarterly payments in accordance with the provisions of the Articles of Association.

Dividends in the last financial year

For the financial year 2020, a dividend of SEK 1,000,000,000 was paid to ordinary shareholders (corresponding to a dividend amount of approximately SEK 75.73462587 per ordinary share) and a dividend of SEK 46,875,000 to Preference Shareholders (corresponding to a dividend amount of SEK 2.00 per Preference Share) to be paid quarterly with SEK 0.50 per payment occasion, with record dates 5 July 2021, 5 October 2021, 5 January 2022 and 5 April 2022. For the financial year 2020, a dividend of a maximum of SEK 80,000,000 (corresponding to SEK 2.00 per Preference Share) was paid on the Preference Shares of a maximum of 40,000,000, which may be issued with the authorisation of the Board of Directors to decide on new issues on one or more occasions until the Annual General Meeting of 2022, *i.e.*, on the Preference Shares that may be issued through the Rights Issue and the Directed Issue. The dividend on the shares that may be issued shall be paid quarterly at SEK 0.50 per payment occasion with record dates 5 July 2021, 5 October 2021, 5 January 2022 and 5 April 2022.

Restrictions for dividends

There are no restrictions on dividends or special procedures for shareholders domiciled outside Sweden and payment is made in the same way as shareholders domiciled in Sweden. However, shareholders who do not have a tax domicile in Sweden usually pay Swedish coupon tax.

Legal considerations and supplementary information

Approval of the Prospectus and validity period

The Prospectus has been prepared as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. This Prospectus has been approved by the Swedish Financial Supervisory Authority as the competent authority, in accordance with the Prospectus Regulation. The Swedish Financial Supervisory Authority has approved the Prospectus only insofar as it meets the requirements of completeness, comprehensibility and consistency specified in the Prospectus Regulation. This approval should not be construed as any kind of support for the Issuer or the quality of the securities referenced in the Prospectus. Investors should make their own assessment of whether it is appropriate to invest in these securities. The Swedish Financial Supervisory Authority postal address is Box 7821, SE-103 97 Stockholm, Sweden and the telephone number is +46 (0)8-408 980 00. The Swedish Financial Supervisory Authority has the website address www.fi.se.

The Prospectus is valid for twelve months from 18 May 2021. The obligation to make supplements to the Prospectus due to new circumstances, factual errors or material errors ceases when the Preference Shares have been admitted to trading on the Nasdaq First North Growth Market.

General company information

The Company is a Swedish public limited company which was founded on 31 July 2004 and was registered with the Swedish Companies Registration Office on 5 November 2004. The Company's current company name, Heimstaden AB (publ), was registered at the Swedish Companies Registration Office on 7 January 2009. Heimstaden's company registration number is 556670-0455 and its LEI code 549300WD2QBD89VBPV88. The Company is based in Malmö, Sweden and its address is Östra Promenaden 7 A, SE-211 28 Malmö, Sweden. The Company's telephone number is +46 (0)770-111 050 and its website address is www.heimstaden.com. The information on the Company's website is not included in the Prospectus, except to the extent it has been incorporated into the Prospectus by reference, see the section "*Documents incorporated by reference*". The business is conducted in accordance with the Swedish Companies Act. The Company's trade name is Heimstaden.

Subscription commitments regarding the Rights Issue

Heimstaden's largest shareholder Fredensborg AS, which holds approximately 86.21 per cent of the shares and 98.40 per cent of the votes, has committed to subscribing for new Preference Shares corresponding to its *pro rata* share of the Rights Issue. The commitment corresponds to approximately 8.5 per cent of the total number of new Preference Shares and approximately MSEK 32. The subscription commitment was entered into in May 2021. No compensation is paid for subscription commitments. The subscription commitment is not secured. Furthermore, Fredensborg AS has undertaken to Joint Bookrunners for a period of 180 days after the Board of Directors' decision on the Rights Issue, with certain exceptions, not to transfer or otherwise dispose of, directly or indirectly, any existing Preference Shares or such Preference Shares that are subscribed for in the Rights Issue. See also the section "*Risk factors – Risk factors that are specific and significant for the Preference Shares and the Offer – Risks associated with subscription commitment*". Fredensborg AS's address is Stensbergsgata 27, NO-0170 Oslo, Norway.

Material agreements

The following agreements, presented in summary form, constitute the Group's material agreements entered into outside the Group's normal operations during the past two years or which contain rights, duties and obligations that are of material importance to the Group as a whole as of the date of the Prospectus.

Heimstaden Bostad

Shareholder Agreement

Heimstaden's subsidiary Heimstaden Investment AB and other shareholders of Heimstaden Bostad in the form of institutional investors have entered into a shareholders agreement dated 24 June 2013 ("**Shareholders Agreement**"). The Shareholders Agreement has been amended several times, most recently 20 January 2021 and the agreement runs to 2047. According to the agreement, Heimstaden has the right to nominate the majority of Board members of Heimstaden Bostad and the Chairman of the Board must be an independent member. Furthermore, the Shareholders Agreement contains a non-compete clause, which means that Heimstaden does not have the right to conduct business activities that compete with Heimstaden Bostad.

According to the Shareholders Agreement, the shareholders have, as a general rule, a preferential right to buy shares in Heimstaden Bostad in proportion to their ownership in the company. According to the Shareholders Agreement, the overriding principle regarding dividends is that the dividend must be maximised, but taking into account the need for liquidity for acquisitions in the existing portfolio and the need to maintain a liquidity reserve.

The Shareholders Agreement contains provisions regarding Ivar Tollefsen's control of Heimstaden Investment AB and Heimstaden. If Ivar Tollefsen loses control of Heimstaden Investment AB and Heimstaden, directly or indirectly, there is a change of control (**"Change of Control"**). A Change of Control means, among other things, that Heimstaden Investment AB loses the right under the Shareholders Agreement to always have a majority of the votes in Heimstaden Bostad, which would no longer be consolidated in Heimstaden and could also trigger change of control clauses in the Group's finance agreements (see the section *"Capitalisation and other financial information – Material financial agreements"* regarding the Group's material financing agreements that contain Change of Control clauses).

As of 2045, any shareholder who holds more than ten (10) per cent of all ordinary shares in Heimstaden Bostad has the right to initiate an exit process regarding the Shareholders Agreement.

In order to limit and manage risks in relation to change of control clauses in the Group's agreements, Heimstaden may also in the future issue additional ordinary shares through which the ordinary shares' proportion of the share capital is increased through new issues, which can take place at quota value or otherwise for limited remuneration, bonus issues with issuance of ordinary shares or in another similar manner.

Asset Management Agreement

A management agreement has been entered into between several parties associated with the Group, whereby Heimstaden's strategic and administrative responsibilities and the operations of the Group are regulated. Through the agreement, Heimstaden Bostad engages Heimstaden as *"Asset Manager"* which means that during the term of the agreement Heimstaden shall have strategic and administrative responsibility for the Group and thereby, among other things, manage, lead and control the financial and commercial management of the Group. Under the agreement, one part of Heimstaden's assignment is to work with purchasing and sales according to decisions made by the Board of Directors of Heimstaden Bostad. According to the agreement, Heimstaden has the right to engage a manager, who also acceded to the asset management agreement, to perform certain services regarding the properties covered by the agreement.

The asset management agreement runs until 10 October 2032, but Heimstaden Bostad has the right to terminate the agreement with a notice period of 6 months after 31 September 2026, in which case Heimstaden Bostad must pay Heimstaden compensation. Furthermore, Heimstaden Bostad has the right to terminate the agreement, with a notice period of 6 months, if, among other things, a control owner change regarding Heimstaden were to occur. Heimstaden's compensation according to the agreement consists of a variable fee that is based on the Group's gross asset value (GAV) at the time of the respective quarterly financial statements.

Agreement related to property management

Heimstaden Bostad has entered into property management agreements with contractors regarding the daily operations in the form of technical and administrative management of Heimstaden Bostad's property portfolio. The agreement regulates, among other things, the liability relationship between the contractor and Heimstaden. Remuneration to the contractor is paid with an annual calculated amount.

The Group's bonds

The Company and Heimstaden Bostad has on the date of the Prospectus several issued bonds, which are described in the section *"Capitalisation and other financial information – Material financing agreements"* above.

Framework agreement with Magnolia Bostad

On 20 June 2018, Heimstaden entered into a framework agreement with Magnolia Bostad AB which means that Heimstaden agreed to acquire housing projects from Magnolia Bostad at a value of approximately MSEK 9,600. The project portfolio is concentrated in Greater Stockholm and the Öresund region and comprises 14 projects of approximately 5,300 apartments. The agreement is based on the construction of mainly rental apartments at the same time as the parties share the intention to lease part of the building rights as tenant-owners. According to the framework agreement, Heimstaden has the right to transfer its rights and obligations under the agreement to Heimstaden Bostad, which also took place in 2019.

Regulatory proceedings, legal proceedings and arbitration proceedings

Heimstaden has not been a party to any regulatory proceedings, legal proceedings or arbitration proceedings (including proceedings which have not yet been settled or which, to Heimstaden's knowledge, are likely to be initiated) during the last twelve months which have had or could have had significant effects on the Company's or the Group's financial position or profitability.

Transactions with related parties

No related party transactions that individually or together are material to Heimstaden have taken place after 31 December 2020. Also see the notes A 9 and MB-A 6 *"Information about related parties"* on p. 102 and 136–137 in Heimstaden's Annual Report for 2020.

Placing Agreement

The Placing Agreement stipulates that the Joint Bookrunners' commitment to act as intermediaries to buyers to the Preference Shares covered by the Directed Issue is conditional, among other things, upon the guarantees provided by the Company being correct and that no events occur that have a material adverse effect on the Company. The Placing Agreement will give the Joint Bookrunners a right to, if certain circumstances exist, for example if the Company violates its obligations under the Placing Agreement, terminate its obligation and withdraw from the Directed Issue before the Preference Shares are delivered. The Joint Bookrunners will be able to terminate the Placing Agreement up to and including on or around 15 June 2021 if any significant adverse events occur, if the guarantees given by the Company to the Joint Bookrunners should prove to be deficient or if any of the other conditions arising from the Placing Agreement are not met. In such cases, neither delivery nor payment of Preference Shares will be made under the Directed Issue. In accordance with the Placing Agreement, the Company have undertaken to reimburse Joint Bookrunners for certain requirements under certain conditions.

The Company has also undertaken towards Joint Bookrunners, among other things, for a period of 180 days after the Board of Directors' decision on the Rights Issue, with certain exceptions, not to propose to a General Meeting to increase the share capital by issuing Preference Shares or other financial instruments that can be converted or exchanged for Preference Shares or which otherwise implies a right to receive Preference Shares, or the transfer of Preference Shares or other similar financial instruments without the approval of the Joint Bookrunners. The Placing Agreement regulates the quota value issue that will be carried out for issue technical reasons in the potential Directed Issue and, if applicable, the separate directed issue that may be applied in the final allotment stage of the Rights Issue. The quota value issue regulates, among other things, that one of the Joint Bookrunners undertake to pay for the quota value of the Preference Shares in connection with the issue of the Preference Shares in the potential Directed Issue. The undertaking is, among other things, conditional upon the Placing Agreement being complied with.

The Swedish Securities Council

Prior to the possible transaction with Fredensborg AS, as described in the section "*Background and reasons*", Heimstaden has submitted a request to the Swedish Securities Council, mainly regarding the decision-making procedure to be applied. Instead of a possible transaction being approved by a general meeting of Heimstaden, the Swedish Securities Council has stated in statement 2020:51 that it is compatible with good practice in the stock market that a resolution on a possible transaction may be made by the board of directors, provided that Heimstaden, in connection with the transaction, publishes an account of the acquisition in accordance with Chapter 16 a, Section 7, second paragraph of the Swedish Companies Act, including a so-called fairness opinion drawn up by independent experts regarding the current value of the acquired asset.

Advisors and their interests

Joint Bookrunners act as financial advisors in connection with the Offer. Joint Bookrunners have also provided the Company with advice in connection with the structuring and planning of the Offer. Joint Bookrunners receive compensation for such advice. Joint Bookrunners and their related parties have performed and may also in the future perform various financial advisory services and other services for the Company and its related parties, for which they have received and can be expected to receive fees and other remuneration. Within the ordinary course of business, certain Joint Bookrunners and their close associates have made or held investments and actively traded in securities and financial instruments for their own account and on behalf of their clients and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve the Company's securities and instruments.

As of the date of this Prospectus, Nordea is lender and provides derivative arrangements to the Group. The advisers do not own shares in the Company nor do they have, besides what is mentioned above, any other financial interest in the Company.

Information on taxation

The tax legislation in the investor's home country and in Sweden may affect any income received from Preference Shares in Heimstaden. Capital gains taxation and rules on capital losses on the sale of securities depends on each shareholder's specific situation. Special tax rules apply to certain types of investments. Each holder of Preference Shares and subscription rights should therefore consult a tax advisor to obtain information on the specific consequences that may arise in the individual case, including the applicability and effect of foreign tax rules and tax treaties.

Summary of information published in accordance with the EU Market Abuse Regulation

The information Heimstaden has published in accordance with the EU Market Abuse Regulation (596/2014) during the last twelve months and which is relevant as of the date of this Prospectus is summarised below.

Financial reports

On 30 April 2021, Heimstaden published its interim report for the period January–March 2021.

On 18 March 2021, Heimstaden published its annual report and sustainability report for 2020.

On 19 August 2020, Heimstaden published its interim report for the period January–June 2020.

On 28 October 2020, Heimstaden published its interim report for the period January–September 2020.

On 12 February 2021, Heimstaden published its year-end report for the period January–December 2020.

Corporate governance and share-related events

On 8 March 2021, Heimstaden announced the notice to attend the Annual General Meeting, including proposals for a new Board composition, share split and authorisation for a new issue of Preference Shares.

The Group's operating activities

On 18 September 2020, Heimstaden announced that Heimstaden Bostad is acquiring a housing portfolio and established its own management in Berlin.

On 15 December 2020, Heimstaden announced that Heimstaden Bostad is strengthening its operations with the acquisition of a Danish property portfolio.

Bond loan

On 7 October 2020, Heimstaden announced that the Company had issued two unsecured bond loans totalling MSEK 1,000.

On 20 January 2021, Heimstaden announced that the Company is issuing additional bonds of MSEK 1,400 and announced the results of a voluntary repurchase offer and notified early redemptions of outstanding 2021 bonds.

On 26 February 2021, Heimstaden announced that the Company issued senior unsecured bonds of MEUR 350.

Documents incorporated by reference

The following information is incorporated by reference and forms part of the Prospectus. The information is available on Heimstaden's website, www.heimstaden.com. The parts of the following documents that are not incorporated by reference are either not relevant to investors or they are covered by other parts of the Prospectus.

- The Company's reviewed interim report for the period 1 January–31 March 2021. The reference only refers to the comprehensive income statement for the Group on p. 23, balance sheet for the Group on p. 24, statement of changes in equity for the Group on p. 25, cash flow statement for the Group on p. 26, the notes on p. 27–35 and the auditor's report on p. 39.
- The Company's unaudited or reviewed interim report for the period 1 January–31 March 2020. The reference only refers to the comprehensive income statement for the Group on p. 18–19, statement of financial position for the Group on p. 20–22, statement of changes in equity for the Group on p. 22–23, statement of cash flow for the Group on p. 24–25 and the notes on p. 28–32.
- The Company's audited annual report for the financial year 2020. The reference only refers to the comprehensive income statement for the Group on p. 90–91, statement of financial position for the Group on p. 92–94, statement of changes in equity for the Group on p. 95–96, statement of cash flow for the Group on p. 97–98, the notes on p. 99–135 and the auditor's report on p. 145–147.

- The Company's audited annual report for the financial year 2019. The reference only refers to the comprehensive income statement for the Group on p. 98–99, statement of financial position for the Group on p. 100–102, statement of changes in equity for the Group on p. 102–103, statement of cash flow on p. 104–105, the notes on p. 106–128 and the auditor's report on p. 142–144.

Documents kept available for inspection

The Company's Articles of Association, registration certificate, the complete valuation statements regarding the Group's properties (see section *"Valuation statements"*), documents incorporated by reference and other information published by Heimstaden referred to in the Prospectus is available throughout the validity period of the Prospectus in electronic form on the Company's website, www.heimstaden.com (the information on the website is not included in the Prospectus, with the exception of the information incorporated by reference according to the section *"Documents incorporated by reference"*) and at the Company's office at Östra Promenaden 7 A, SE-211 28 Malmö, Sweden on weekdays during normal office hours.

Third party information

Information obtained from third parties has been reproduced correctly in the Prospectus and, as far as the Issuer is aware and can ascertain from information published by this third party, no facts have been omitted that would make the reproduced information incorrect or misleading.

Valuation reports

Valuation reports regarding the Group properties have been issued by independent expert valuers to Heimstaden. There have been no significant changes since the valuation reports were issued. The valuation reports are presented in Appendix A of the Prospectus. The valuation reports have been issued by Forum Fastighetsekonomi AB, with address Kungsgatan 29, SE-111 56 Stockholm, Sweden, and Newsec Advice AB, with address Stureplan 3, Box 7795, SE-103 96 Stockholm, Sweden, with regard to properties located in Sweden and Aktiv Eiendomsmegling, with address Thorvald Meyers gate 44, 0552 Oslo, Norge, Nyverdi AS, address Mellomdammen 31, 3475 Sætre, Norge, Eie Eiendomsmegling, address Gamle Drammensvei 45, 1369 Stabekk, Norge, Møretakst AS, address Breivika Industriaveg 35, 6018 Ålesund, Norway, Takstmann Øyås AS, address Svartvassvegen 2 6650 Surnadal Norway and Cushman & Wakefield Realkapital, address Kronprinsesse Märthas plass 18, etg Oslo Norway, regarding properties located in Norway. Properties located in the Czech Republic have been valued by Jones Lang LaSalle, s.r.o., with address Na Příkopě 21, 110 00 Praha 1 Czech Republic, properties located in the Netherlands by Cushman & Wakefield, with address Gustav Mahlerlaan 362-364, 1082 ME, Amsterdam, The Netherlands, and properties located in Denmark and Germany by CBRE A/S, with address Rued Langgaards-Vej 6-6, 2300 Copenhagen, Denmark and CBRE GmbH with address Hausvogteiplatz 10, 10117 Berlin, Germany respectively. All valuers have agreed that the valuation reports have been included in the Prospectus. The information in the valuation reports has been reproduced accurately and no information has been omitted in a way that could make the reproduced information incorrect or misleading.

The Group's own valuation of its properties as at March 2021 amounted to SEK 179.5 billion. The aggregate fair values of the portfolios in Sweden as at 31 December according to the valuation reports amount to SEK 49,901,678,000, the aggregate fair values of the portfolio in Denmark as at 31 March 2021 according to the valuation report amount to SEK 55,022,948,303, the aggregate fair values of the portfolios in the Netherlands as at 31 December 2020 according to the valuation report amount to SEK 23,842,466,804, the aggregate fair values of the portfolios in Norway as of 31 December according to the valuation reports amount to SEK 19,053,238,116, the aggregate fair values of the portfolios in the Czech Republic as of 31 December according to the valuation report amount to SEK 14,160,337,665 and the aggregate fair values of the portfolios Germany as at 31 December 2020 according to the valuation reports amount to SEK 14,072,882,736 (based on the exchange rates adopted by the Group as shown below), in total SEK 176,053,551,623, that is, a deviation of 1.68 per cent in relation to the Group's own valuation.

The properties that have been valued in the valuation reports are valued as at dates previous to 31 March 2021, mainly as of 31 December 2020. Investments and other changes in fair value in the period thereafter as well as certain investments prior to the valuation reports are therefore not reflected in the valuation reports (with the exception of that for Denmark), as the valuation reports are prepared with an earlier valuation date than 31 March 2021 (as is further set out and specified in the tables below). Fair values stated as per 31 March 2021, to the extent they differ from the valuations set out in the valuation reports, thus constitute Heimstaden's assessment of the fair value of the properties as at 31 March 2021 and does not constitute an assessment or valuation by the valuers to that effect.

Summaries of valuations per country

Country	Fair value, 2021-03-31, SEK	Purchased after 2021-03-31, included in valuation report	Sold after 2021-03-31, not included in valuation report	Fair value 2021-03-31 plus purchased minus sold properties after 2021-03-31
Sweden	52,092,118,432,	0	0	52,092,118,432,
Denmark	55,031,901,862,	0	0	55,031,901,862,
The Netherlands	23,685,602,998,	0	0	23,685,602,998,
Norway	18,999,169,719	0	0	18,999,169,719
Czech Republic	14,913,042,737,	0	0	14,913,042,737,
Germany	14,347,161,432,	0	0	14,347,161,432,
Total	179,067,997,180	0	0	179,067,997,180
Poland (forward projects) ¹⁾	449,677,460	0	0	449,677,460
Total (incl forward projects)	179,518,674,641	0	0	179,518,674,641

1) Concerns the Group's forward funding projects, with properties the Group therefore does not yet own. The value thus constitutes the Group's investments in the project as per 31 March 2021.

Country	Property valuer	Currency for the valuation report	Valuation date	Exchange rate against SEK, 2021-03-31*	Amount in SEK with specified exchange rate	
					2021-03-31	2021-03-31
Sweden	Forum Fastighetsekonomi AB and Newsec Advice AB	SEK	2020-12-31	1	49,901,678,000	
Denmark	CBRE	DKK	2021-03-31	1.3766	55,022,948,303	
The Netherlands	Cushman & Wakefield	EUR	2020-12-31	10.2381	23,842,466,804	
Norway	Aktiv Eiendomsmegling, Nyverdi AS, Eie Eiendomsmegling, Møretakst AS, Takstmann Øyås AS, Cushman & Wakefield Realkapital	NOK	2020-12-16 – 2021-01-01	1.0243	19,053,238,116	
Czech Republic	Jones Lang LaSalle, s.r.o.	CZK	2020-12-31	0.3916	14,160,337,665	
Germany	CBRE	EUR	2020-12-31	10.2381	14,072,882,736	
Total					176,053,551,623	

*Norges Bank

Country	Fair value as per valuation report (as at the dates for each report set out in the table above, SEK) ¹⁾	Investments from valuation date to 2021-03-31 (SEK)	Value increase from valuation date to 2021-03-31 (SEK)	Foreign currency translation	Valuation report plus investments, value increases and other adjustments from valuation date to 2021-03-31 (SEK)		Fair value 2021-03-31 plus purchased minus sold properties after 2021-03-31 (SEK)	Deviation (%)
					Other adjustments ²⁾	2021-03-31		
Sweden	SEK 49,901,678,000	49,901,678,000	770,551,184	1,009,729,339	–	410,160,249	52,092,118,772	52,092,118,432 0.00%
Denmark	DKK 39,970,178,921	55,022,948,303	–	–	–	8,910,146	55,031,858,449	55,031,901,862 0.00%
The Netherlands	EUR 2,328,798,000	23,366,763,236	89,432,369	–243,129,950	473,841,578	–1,304,237 ³⁾	23,685,602,997	23,685,602,998 0.00%
Norway	NOK 18,601,228,269	17,825,557,050	44,938,769	744,182,593	1,202,084,126	–817,551,543	18,999,210,996	18,999,169,719 0.00%
Czech Republic	CZK 36,160,208,541	13,826,217,338	290,743,162	455,786,577	340,295,660	–	14,913,042,736	14,913,042,737 0.00%
Germany	EUR 1,374,560,000	13,792,101,365	–	271,205,726	283,854,341	–	14,347,161,432	14,347,161,432 0.00%
Total	173,735,265,292	1,195,665,484	2,237,774,286	2,300,075,706	–399,785,385	179,068,995,382	179,068,997,181	0.00%

1) Exchange rates correspond to Norges Bank's exchange rates per valuation date for each report.

2) Includes accrued costs related to construction and land plots and similar.

3) Refers to the sale of an apartment.

4) Refers to the development and construction of condominiums in Oslo, which are intended to be disposed of after completion

Definitions and abbreviations

Carnegie	Carnegie Investment Bank AB (publ)
Directed Issue	The possible new issue of Preference Shares aimed at the public in Sweden and international investors in Sweden and abroad in accordance with the terms of the Prospectus
Euroclear	Euroclear Sweden AB
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data
Heimstaden, the Company or Issuer	Heimstaden AB (publ)
Heimstaden Bostad	Heimstaden Bostad AB
Heimstaden Isolated	Heimstaden consolidated, but excluding Heimstaden Bostad consolidated
IFRS	International Financial Reporting Standards
Joint Bookrunners	Carnegie, Nordea and Swedbank
MEUR	Million Euro
MSEK	Million Swedish kronor
Nordea	Nordea Bank Abp, branch in Sweden
Preference Shares	Preference Shares in the Company
Preference Shareholders	Holder of Preference Shares in the Company
Preference Dividend	The Preference Shares' right to an annual dividend of SEK 2.00 per Preference Share with quarterly payment from the first payment
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market
Directed Issue	The possible new issue of Preference Shares aimed at the public in Sweden and international investors in Sweden and abroad in accordance with the terms of the Prospectus
Swedbank	Swedbank AB (publ)
The Group	The group in which the Company is parent company
The Offer	The Rights Issue and the possible Directed Issue jointly
The Prospectus	This prospectus that has been prepared in connection with the Offer
The Rights Issue	New issue of Preference Shares with preferential rights for existing Preference Shareholders in accordance with the terms of the Prospectus

Addresses

Heimstaden

Heimstaden AB (publ)

Visiting address/Postal address:
Östra Promenaden 7 A
SE-211 28 Malmö, Sweden

Legal advisor

Gernandt & Danielsson Advokatbyrå KB

Visiting address:
Hamngatan 2
SE-111 47 Stockholm, Sweden
Postal address:
Box 5747
SE-114 87 Stockholm, Sweden

Account operator

Euroclear Sweden AB

Visiting address:
Klarabergsviadukten 63
SE-101 23 Stockholm, Sweden
Postal address:
Box 191
SE-101 23 Stockholm, Sweden

Auditor

Ernst & Young Aktiebolag

Postal address:
Box 7850
SE-103 99 Stockholm, Sweden

Joint Bookrunners

Carnegie Investment Bank AB

Visiting address/Postal address:
Regeringsgatan 56
SE-103 38 Stockholm, Sweden

Nordea Bank Abp, branch in Sweden

Visiting address/Postal address:
Smålandsgatan 17
SE-105 71 Stockholm, Sweden

Swedbank AB (publ)

Visiting address/Postal address:
Landsvägen 40
SE-172 63 Sundbyberg, Sweden

Legal advisor to Joint Bookrunners

White & Case Advokat AB

Visiting address:
Biblioteksgatan 12
SE-114 85 Stockholm, Sweden
Postal address:
Box 5573
SE-114 85 Stockholm, Sweden

Certified advisor

Erik Penser Bank AB

Visiting address:
Apelbergsgatan 27
SE-103 91 Stockholm, Sweden
Postal address:
Box 7405
SE-103 91 Stockholm, Sweden