

**SUPPLEMENT NO. 2 DATED 4 AUGUST 2022
TO THE BASE PROSPECTUS DATED 16 MARCH 2022**

Heimstaden

Heimstaden AB (publ)
(incorporated with limited liability in Sweden)

€4,000,000,000
Euro Medium Term Note Programme

This supplement no. 2 (the "**Supplement**") is supplemental to, and must be read in conjunction with, the base prospectus dated 16 March 2022 (as supplemented, the "**Base Prospectus**") and the supplement dated 4 May ("**Supplement 1**") each prepared by Heimstaden AB (publ) (the "**Issuer**") with respect to its €4,000,000,000 Euro Medium Term Note Programme (the "**Programme**") and constitutes a supplement for the purposes of Article 23 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Regulation. The Central Bank only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of the Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of this Supplement

The purpose of this Supplement is to:

- (a) update the Risk Factors section of the Base Prospectus, namely "*Management agreements with Heimstaden Bostad*" following the announcement of the sale of country management operations from Heimstaden AB to Heimstaden Bostad; and
- (b) update certain paragraphs of the "*Description of the Issuer*" and "*Description of Heimstaden Bostad*" sections of the Base Prospectus following the announcement of the sale of country management operations from Heimstaden AB to Heimstaden Bostad.

RISK FACTORS

1. Management agreements with Heimstaden Bostad

The risk factor entitled "*Management agreements with Heimstaden Bostad*" beginning on page 16 of the Base Prospectus shall be deleted.

DESCRIPTION OF THE ISSUER

2. General Information

The section entitled "*General Information*" beginning on page 95 of the Base Prospectus shall be deleted and replaced with the following:

"General Information

The Issuer's legal and commercial name is Heimstaden AB (publ) ("**Heimstaden AB**"), its corporate registration number is 556670-0455 and it was incorporated on 31 July 2004.

Heimstaden AB is incorporated in Sweden and registered with the Swedish Companies Registration Office (*Bolagsverket*). Heimstaden AB is a public limited liability company (*publikt aktiebolag*) subject to the Swedish Companies Act (*aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (*årsredovisningslagen (1995:1554)*). Heimstaden AB's registered office is Östra Promenaden 7A, SE-211 28 Malmö, Sweden. The telephone number of Heimstaden AB is +46 (0)770-111-040.

Heimstaden AB is an industrial investor which owns, directly and indirectly, several partly and wholly-owned subsidiaries as well as associated entities (*intressebolag*) through which the Issuer's operations are conducted and the Issuer's properties are owned. The Issuer is also the investment and asset manager of Heimstaden Bostad.

All group level employees are employed by the Issuer Group, while employees in country management operations are employed by Heimstaden Bostad and its subsidiaries.

The Issuer is currently present in several European markets. The Issuer is the parent company of the Group. A significant part of the Issuer's and the Group's operations, assets and income concerns the subsidiary Heimstaden Bostad, which is owned by the Issuer together with various investors, among others, Alecta, Folksam Group, Sandvik Pension Fund, Ericsson Pension Fund and the Swedish Pension Agency (*Pensionsmyndigheten*). As at 31 March 2022, the Issuer owned approximately 51.6% of the votes and approximately 45.6% of the capital (where capital means Heimstaden Bostad's net asset value excluding non-controlling interest and hybrid bonds with accrued interest). The Issuer has a group management agreement with Heimstaden Bostad, whereby the Issuer provides Heimstaden Bostad with group level services such as accounting functions, transaction teams, HR function, and senior executives. Additionally, the Issuer has other holdings, with the largest being a residential property portfolio in Iceland comprising 1,678 units.

In October 2019, a revised shareholders' agreement was signed for Heimstaden Bostad which enabled the Issuer to bring in several institutional owners. In December 2019, Folksam Group became the second largest institutional owner of Heimstaden Bostad through its companies Folksam Sak and Folksam Livs as well as KPA Pension, and in 2021 the Swedish Pensions Agency (*Pensionsmyndigheten*), Försäkringsbranschens Pensionskassa ("**FPK**") and a Swiss pension fund entered as new investors in Heimstaden Bostad. In 2022, Allianz Real Estate ("**Allianz**") became an equity investor through a joint venture – see further "*Investments in Associates and Joint Ventures – Allianz and Heimstaden Bostad joint venture*". 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 combination of having a fully committed and knowledgeable industrial owner supported by long-term institutional partners, provides Heimstaden Bostad with access to the expertise and financial strength needed to identify and capitalise on attractive investment opportunities."

3. Recent developments

At the end of the section entitled "*Recent Developments*" beginning on page 100 of the Base Prospectus, the following shall be inserted:

"Heimstaden Bostad Buys the Operational Organisation from Heimstaden AB

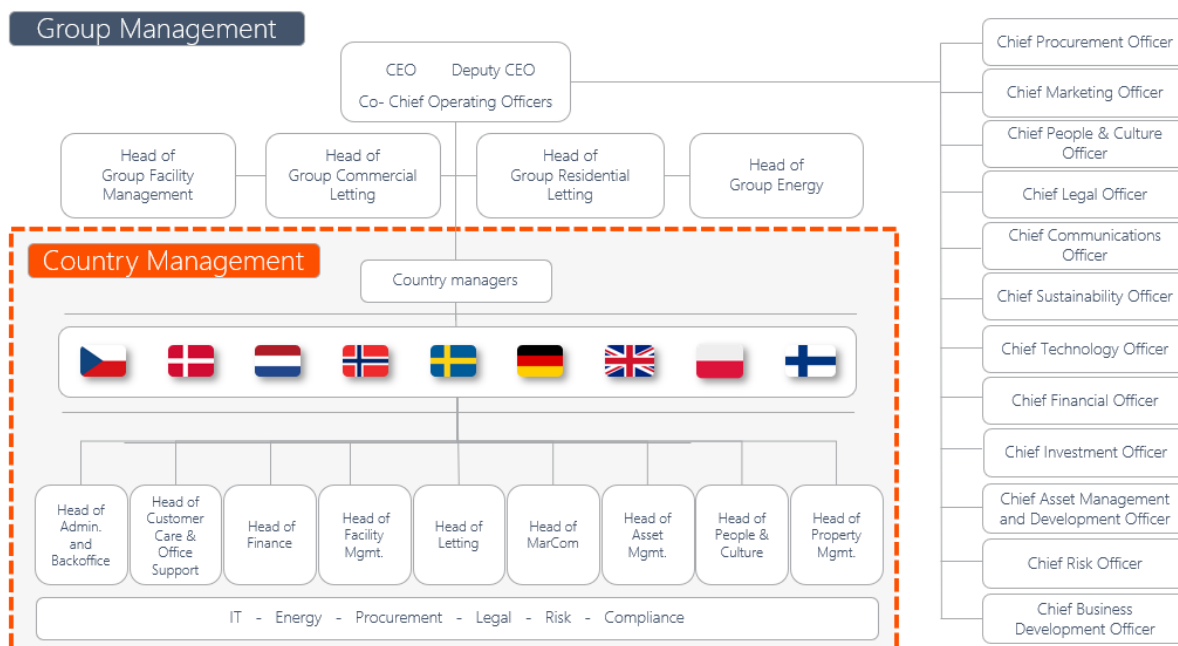
On 1 July 2022, Heimstaden Bostad acquired certain operational and organisational functions from Heimstaden AB (publ). The transaction value is SEK 3 billion and includes companies employing approximately 2,000 people in nine countries, carrying out local management of Heimstaden Bostad's properties and central IT services. In addition to the strategic rationale, such as cleaner structure and responsibilities between Heimstaden Bostad and Heimstaden AB and improved scalabilities, there will also be a cost saving for Heimstaden Bostad. At the same time, the group management agreement with Heimstaden AB, referred to in the section entitled "*General Information*", has been extended until 2047. Management have estimated that annual cash flow in Heimstaden AB will be reduced by approximately SEK 150 million (based on annualised costs for the portfolio as of the date of the sale and following an evaluation of the services provided). The transaction and agreements were negotiated between Heimstaden AB and the main institutional owners of Heimstaden Bostad and approved by the board of directors of Heimstaden Bostad and all other shareholders. The transaction was completed on 1 July 2022, and the purchase price was settled in cash.

The following savings are expected for Heimstaden Bostad:

- *Savings on margins* – costs will be reduced; previously Heimstaden Bostad paid a fee for all country management services to Heimstaden AB.
- *VAT synergies* - Transferring the management companies to Heimstaden Bostad makes it possible across all markets to create VAT groups consisting of the respective management companies and the local property holding companies benefitting from the country management services.
- *Scalability* – the value of the platform will grow as Heimstaden Bostad grows.

The above will also represent an advantage for Heimstaden AB – because it will result in a cleaner manager structure with focus on group functions while property operations are handled by Heimstaden Bostad. Previously Heimstaden AB was comprised of two rather different businesses: an investment and development-focused group management organisation, and a property operations-focused country management organisation.

Below is an overview of the group management owned by Heimstaden AB and the country management owned by Heimstaden Bostad.



Heimstaden Bostad has raised equity and repurchased parts of outstanding hybrid bonds

On 18 July 2022, Heimstaden Bostad announced that it would be repurchasing outstanding hybrid bonds with a nominal amount of EUR 868 million, fully financed by SEK 6,885 million (EUR 649 million) of equity, raised from existing shareholders. The transaction settled on 26 July 2022. Following the equity issue, Heimstaden AB continues to hold the majority of votes in Heimstaden Bostad. Below is an overview of the repurchased amounts across the different hybrids.

ISIN	First reset date	Issued (EUR)	Repurchased (EUR)
XS2010037765.....	19.02.2025	800,000,000	204,439,000
XS2125121769.....	15.04.2026	500,000,000	162,710,000
XS2397251807.....	13.01.2027	600,000,000	109,747,000
XS2294155739.....	01.05.2027	800,000,000	149,079,000
XS2357357768.....	29.01.2028	600,000,000	241,810,000
Total.....		3,300,000,000	867,785,000

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DESCRIPTION OF HEIMSTADEN BOSTAD

4. General Information

In the section entitled *"General Information"* beginning on page 110 of the Base Prospectus, the sixth paragraph shall be deleted and replaced with the following:

"Heimstaden Bostad's success is, to a large extent, dependent on Heimstaden AB (publ) and certain of its subsidiaries continuing to provide group level functions."

5. Group Structure

The section entitled "*Group Structure*" beginning on page 110 of the Base Prospectus, as amended by Supplement 1, shall be deleted and replaced with the following:

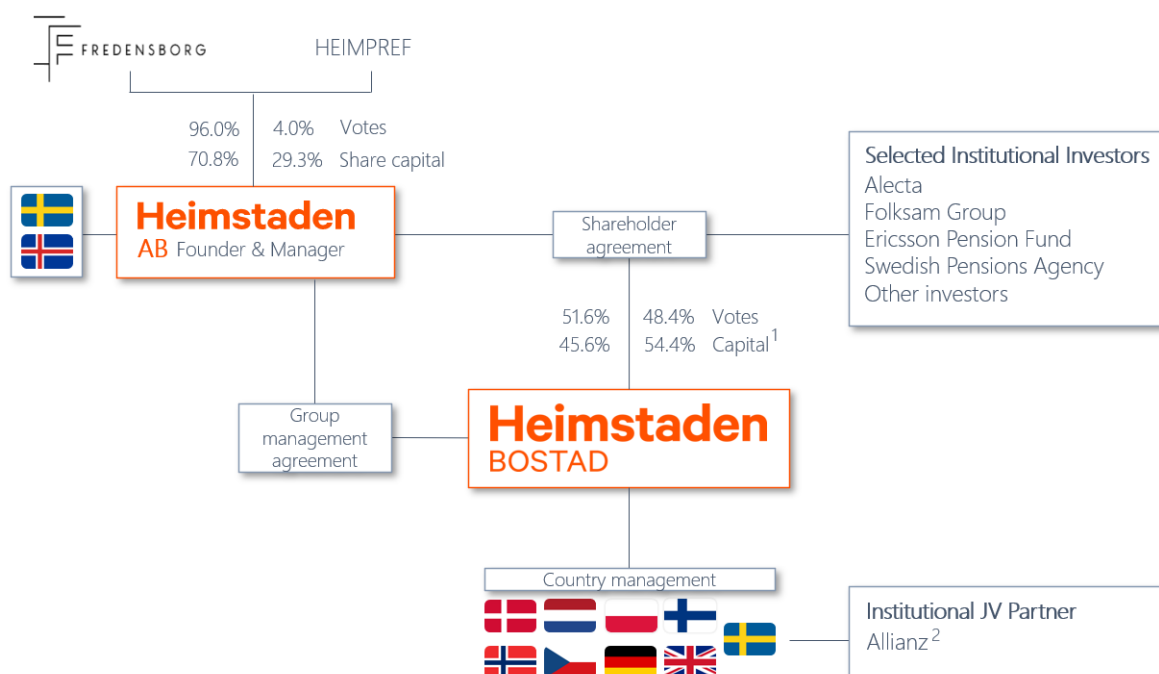
"Group Structure

The below provides an overview of the investors in Heimstaden Bostad (based on voting rights) as of 31 March 2022:

- Heimstaden AB (through subsidiary): 51.6%;
- Alecta: 33.3%;
- Folksam Group: 11.2%;
- Swedish Pensions Agency: 1.3%;
- Other Investors: 1.3%;
- Ericsson Pension Fund: 1.2%.

Heimstaden's majority owner is Fredensborg AS, a Norwegian investment company indirectly owned by Ivar Tollefsen. The rights of the shareholders in Heimstaden Bostad are contained in the articles of association of Heimstaden Bostad and Heimstaden Bostad is managed in accordance with those articles and with the provisions of Swedish law.

The illustration below provides an overview of the ownership structure of Heimstaden Bostad based on voting rights and capital as of 31 March 2022, but with Heimstaden Bostad owning the country management operations as of 1 July 2022.



Note:

⁽¹⁾ Capital means Heimstaden Bostad's net asset value excluding non-controlling interest and hybrid bonds with accrued interest. The calculation is based on figures as of 31 March 2022.

⁽²⁾ Allianz, through a joint venture, see section "*Allianz and Heimstaden Bostad joint venture*".

6. Employees

The section entitled "*Employees*" on page 138 of the Base Prospectus shall be deleted and replaced with the following:

"Employees

Country management of Heimstaden Bostad's properties and property-owning companies are managed by subsidiaries of Heimstaden Bostad. Country management includes (but is not limited to) daily management of properties and facilities, local marketing, finance and administrative functions as well as central IT services. Group level employees are employed by Heimstaden AB and its subsidiaries, including senior management. Group level functions includes (but are not limited to) accounting and finance functions, investment and transaction teams, HR functions, and senior executives."

7. Recent Developments

At the end of the section entitled "*Recent Developments*" beginning on page 138 of the Base Prospectus, the following shall be inserted:

"Heimstaden Bostad Buys the operational organisation from Heimstaden AB

On 1 July 2022, Heimstaden Bostad acquired certain operational and organisational functions from Heimstaden AB (publ). The transaction value is SEK 3 billion and includes companies employing approximately 2,000 people in nine countries, carrying out local management of Heimstaden Bostad's properties and central IT services. In addition to the strategic rationale, such as cleaner structure and responsibilities between Heimstaden Bostad and Heimstaden AB and improved scalabilities, there will also be a cost saving for Heimstaden Bostad. At the same time, the group management agreement with Heimstaden AB, referred to in the section entitled "*Description of the Issuer – General Information*" above, has been extended until 2047. The transaction and agreements were negotiated between Heimstaden AB and the main institutional owners of Heimstaden Bostad and approved by the board of directors of Heimstaden Bostad and all other shareholders. The transaction was completed on 1 July 2022, and the purchase price was settled in cash.

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Other Information

To the extent that there is any inconsistency between (a) any statements in or incorporated by reference into this Supplement and (b) any other statement in or incorporated by reference into the Base Prospectus, the statements in this Supplement will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus has arisen or been noted since the publication of the Base Prospectus.