

Press Release

6 October 2023

Heimstaden Divests Icelandic Portfolio

Heimstaden AB has today agreed to divest 100% of the shares in the Icelandic residential real estate company Heimstaden ehf. to Fredensborg AS. The transaction will close in October 2023.

Heimstaden ehf. is the largest residential real estate company in Iceland with appr. 1,625 homes and ongoing projects of 41 units, located primarily in Reykjavik and its surrounding areas. As of June 30, 2023, its property book value stands at approximately SEK 6.0 billion (ISK 75.4 billion).

In 2021, Heimstaden AB acquired Heimstaden ehf. from Fredensborg AS, achieving an annualised return on investment of appr. 18% post-acquisition, corresponding to an accounting profit of SEK 0,6 billion for the parent company upon realisation (consolidated accounting loss of SEK 0.4 billion).

The purchase price paid upon closing of the transaction amounts to ISK 18.7 billion (appr. SEK 1.5 billion*). A further deferred purchase price in the range ISK 10.9 -12.1 billion (appr. SEK 0.87-0.97 billion*) will be paid when Fredensborg AS has completed the exit strategy of Heimstaden ehf., as initiated by Heimstaden AB. In addition, the purchase price mechanism includes a performance based earn out element based on the total consideration received by Fredensborg AS at an exit from Heimstaden ehf. If the exit strategy isn't completed within 36 months after closing and the deferred purchase price remains unsettled, Heimstaden AB can, under specific conditions, request a transaction reversal.

The divestment follows the communicated strategy to continue the deleveraging of Heimstaden AB and the proceeds will be used for liability management purposes.

CEO Helge Krogsbøl comments:

"The sale of Heimstaden's Icelandic portfolio offers an attractive opportunity to accelerate our exit from the Icelandic market, advance our deleveraging, and capture a significant portion of the ongoing exit strategy's upside."

Related-Party Transaction

Heimstaden AB is to comply with best practice on the stock market, inter alia meaning that some related party transactions must be approved by the general meeting. In statement 2023:45 concerning this transaction, the Swedish Securities Council has stated that it is compliant with best practice on the stock market for the board in Heimstaden AB to resolve on a potential transaction with Fredensborg AS, provided that Heimstaden AB, in conjunction with the transaction, publishes a statement of the acquisition in accordance with Chapter 16 a, Section 7, second paragraph of the Swedish Companies Act, including a fairness opinion prepared by an independent expert regarding the transaction.

Heimstaden

Since Fredensborg AS is Heimstaden AB's largest shareholder, the Board has prepared a statement on the acquisition corresponding to the requirements in the Swedish Companies Act and a fairness opinion on the acquisition has been obtained from KPMG. The Board's statement and the fairness opinion are available on Heimstaden AB's website and is attached to this release.

**based on the intraday ISK/SEK exchange rate on the 27th of September 2023 and will be updated in accordance with the share purchase agreement concerning the transaction.*

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Heimstaden is a leading European residential real estate manager and investor with around 162,000 homes across 10 countries with a property value of SEK 347 billion. We acquire, develop, and manage properties with an evergreen perspective. Guided by our Scandinavian heritage and values Care, Dare and Share – we fulfil our mission to enrich and simplify our customers' lives through Friendly Homes. Heimstaden is listed on Nasdaq First North Growth Market. Read more at www.heimstaden.com. Certified Adviser is Erik Penser Bank aktiebolag.

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