

14 November 2022

Allianz and Heimstaden Bostad Expand Partnership

Allianz Real Estate, on behalf of Allianz companies (Allianz), and Heimstaden Bostad inject SEK 7,000 million (EUR 650 million) in new equity in their existing Swedish joint venture, using the proceeds to repay debt. Simultaneously, Allianz and Heimstaden Bostad form a new joint venture comprising Allianz's German residential real estate portfolio.

Commenting on the Transaction:

"After a successful cooperation in the first year in Sweden, we are very pleased to further expand our partnership with Heimstaden Bostad into Germany. With two experienced, likeminded partners working together, we are well positioned to deliver the ESG improvements needed to meet our decarbonization targets," says Nicole Pötsch, Head of Investments & Strategic Development for North & Central Europe, Allianz Real Estate.

"We are happy to join forces once again with Allianz, a partner who matches our ambitions and commitment to responsible and sustainable housing. Together we create a strong voice in the residential real estate sector, and we look forward to working with Allianz Real Estate in strengthening our German footprint, adding new, strategically important locations to our portfolio. Following the transaction, Allianz becomes our third largest institutional partner with more than SEK 15 billion (approx. EUR 1.4 billion) invested with us," says Christian Fladeland, Chief Investment Officer at Heimstaden.

Equity Issue in Swedish Joint Venture

In December 2022, Heimstaden Bostad and Allianz's joint venture, Heimstaden Eagle AB will issue SEK 7,000 million in new equity to repay debt to Heimstaden Bostad, where Allianz will provide SEK 3,938 million (EUR 365 million) and Heimstaden Bostad will provide SEK 3,062 million (EUR 285 million). Accordingly, the net cash effect for Heimstaden Bostad is SEK 3,938 million (EUR 365 million).

Formation of German Joint Venture

Heimstaden Bostad and Allianz form a new joint venture through Heimstaden Bostad's cash investment of EUR 262 million (SEK 2,815 million) in Allianz's German residential real estate portfolio. The new joint venture will own 38 properties with 3,135 homes located in Düsseldorf, Greater Munich, Cologne, Bonn, Berlin, and Stuttgart with a current occupancy of 97%. The joint venture adopts Heimstaden Bostad's sustainability programme and has committed EUR 84 million to ESG improvements, mainly focused on energy optimization with the goal of reducing greenhouse emission in line with the Paris Agreement.

The transaction is conditional upon merger clearance by the German Federal Cartel Office and is expected to be completed in December 2022.

Structure and Financing

The new joint venture will be funded with equity, including Heimstaden's EUR 262 million investments as well as external debt financing targeted at 30% LTV to be obtained during 2023.

Joint Venture Ownership Structure

	Capital share, %	Votes, %
Heimstaden Bostad	43.75%	50.5%
Allianz	56.25%	49.5%

Heimstaden Bostad was advised by Greenberg Traurig, DLA Piper, Sweco and PwC.

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Heimstaden Bostad is a leading European residential real estate company with around 154,000 homes across 9 countries with a property value of SEK 337 billion. We acquire, develop, and manage properties with an evergreen perspective. Guided by our Scandinavian heritage and values Care, Dare and Share - our 2,200 colleagues fulfil our mission to enrich and simplify our customers' lives through Friendly Homes. Read more at www.heimstadenbostad.com.

This information is such that Heimstaden Bostad AB (publ) is required to publish in accordance with the EU Market Abuse Regulation. The information was submitted, through the agency of the above contact persons, for publication on 14 November 2022 at 21:00 CET.

About Allianz Real Estate and PIMCO

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Source: Allianz Real Estate, data as at 30th September 2022.

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