

*The Offer is not being made, and this press release may not be distributed, directly or indirectly, in or into, nor will any tender of shares be accepted from or on behalf of holders in, any jurisdiction in which the making of the Offer, the distribution of this press release or the acceptance of any tender of shares would contravene applicable laws or regulations or require further offer documents, filings or other measures in addition to those required under Swedish law.*

Press release  
15 November 2019

## **SBB announces a recommended public offer to the shareholders of Hemfosa**

**Samhällsbyggnadsbolaget i Norden AB (publ) (“SBB”) hereby announces a recommended public offer to the shareholders of Hemfosa Fastigheter AB (publ) (“Hemfosa” or the “Company”), to acquire all the common shares and preference shares in Hemfosa (the “Offer”). The common shares and preference shares in Hemfosa are admitted to trading on Nasdaq Stockholm, Large Cap. SBB’s Class B common shares and Class D common shares are admitted to trading on Nasdaq Stockholm, Large Cap.**

- At announcement, the Offer values each Hemfosa common share at SEK 126.15 and each Hemfosa preference share at SEK 194.63 and the total offer value for all shares in Hemfosa is approximately SEK 23,521 million (the “**Total Offer Value**”).<sup>1</sup>
- The total Offer consideration consists of a combination of SBB Class B common shares and cash for Hemfosa common shares and a combination of SBB Class D common shares and cash for Hemfosa preference shares. SBB is offering each Hemfosa shareholder the following consideration alternatives.<sup>2</sup>

### *Offer for Hemfosa common shares (the “**Common Base Case Consideration**”)*<sup>3</sup>

- in respect of 55 percent of the number of Hemfosa common shares tendered by such shareholder, 5.5 SBB Class B common shares per Hemfosa common share; and
- in respect of the remaining 45 percent of the number of Hemfosa common shares tendered by such shareholder, SEK 120.00 in cash per Hemfosa common share.

### *Offer for Hemfosa preference shares (the “**Preference Base Case Consideration**”)*<sup>4</sup>

- in respect of 55 percent of the number of Hemfosa preference shares tendered by such shareholder, 5.6 SBB Class D common shares per Hemfosa preference share; and
  - in respect of the remaining 45 percent of the number of Hemfosa preference shares tendered by such shareholder, SEK 195.00 in cash per Hemfosa preference share.
- The Total Offer Value of approximately SEK 23,521 million, is comprised of the total offer value for the common shares of approximately SEK 21,380 million (the “**Total Common Offer Value**”)

---

<sup>1</sup> The Total Offer Value of approximately SEK 23,521 million is based on (i) a closing price of SBB Class B common shares of SEK 23.85 per share on Nasdaq Stockholm on 14 November 2019 and a closing price of SBB Class D common shares of SEK 34.70 per share on Nasdaq Stockholm on 14 November 2019, and (ii) 169,488,249 number of outstanding Hemfosa common shares and 10,999,999 outstanding Hemfosa preference shares as of 15 November 2019.

<sup>2</sup> In the event that Hemfosa should pay any dividend or make any other value transfer prior to the settlement of the Offer, the consideration in the Offer will be reduced correspondingly.

<sup>3</sup> Assuming no election is made under the Common Mix & Match Facility (see below).

<sup>4</sup> Assuming no election is made under the Preference Mix & Match Facility (see below).

and the total offer value for the preference shares of approximately SEK 2,141 million (the “**Total Preference Offer Value**”).<sup>5</sup>

- SBB offers Hemfosa shareholders a Mix & Match Facility, whereby each of the Hemfosa common and preference shareholders, subject to the restrictions set out below, may elect to receive as much share consideration or as much cash consideration as possible for tendered Hemfosa shares. In aggregate, up to a total of 512,701,953 SBB Class B common shares and 33,879,996 SBB Class D common shares will be issued as consideration under the Offer, and up to a total of SEK 10,118 million will be paid in cash.<sup>6</sup> This proportion will not be varied as a result of elections made under the Mix & Match Facility. In order for the individual shareholders in Hemfosa to receive a higher proportion of a certain requested consideration alternative under the Mix & Match Facility, other shareholders must have made reverse elections to a corresponding extent.
- The Offer represents a premium of:
  - *In regard to the Common Base Case Consideration:*
    - 22.7 percent compared to the closing price of SEK 102.80 of the Hemfosa common shares on Nasdaq Stockholm on 14 November 2019, the last trading day before the announcement of the Offer.
  - *In regard to the Preference Base Case Consideration:*
    - 1.1 percent compared to the closing price of SEK 192.50 of the Hemfosa preference shares on Nasdaq Stockholm on 14 November 2019, the last trading day before the announcement of the Offer.
- Hemfosa common shareholders with 50 or less Hemfosa common shares, and Hemfosa preference shareholders with 25 or less Hemfosa preference shares, are entitled to elect an all cash consideration alternative.
- The board of directors of Hemfosa unanimously recommends that Hemfosa shareholders accept the Offer. The recommendation is supported by a fairness opinion provided by Handelsbanken Capital Markets.
- The acceptance period for the Offer is expected to commence around 19 November 2019 and end around 20 December 2019.

Ilija Batljan, founder and CEO of SBB, comments: “*With this transaction we are creating the largest social infrastructure property owner in the Nordics. The combined company would have an attractive and stable property portfolio characterised by exposure against the Nordic welfare states with long term leases, high occupancy rates and a diversified tenant base. It is a portfolio with notable low risk due to its unique combination of community service properties with the Swedish and Norwegian state as the largest tenants and Swedish rent-regulated residential properties. Our goal is that SBB will have a BBB+ rating within 12 months and we estimate that the combined group over time will receive an improved credit rating, which has the potential to significantly reduce the cost of funding. Responsible ownership and sustainability as a central part of our business model are an important part of our core philosophy and we believe that in this regard we are the right partner for Hemfosa and that our companies together would have a very exciting future*”.

---

<sup>5</sup> Based on 169,488,249 outstanding common shares and 10,999,999 outstanding preference shares in Hemfosa and a closing price of SBB Class B common shares of SEK 23.85 per share on Nasdaq Stockholm on 14 November 2019, the last trading day before the announcement of the Offer and a closing price of SBB Class D common shares of SEK 34.70 per share on Nasdaq Stockholm on 14 November 2019, the last trading day before the announcement of the Offer.

<sup>6</sup> Based on full acceptance in the Offer. At a lower acceptance level, the number of shares to be issued, and the total amount of cash to be paid, will be reduced proportionately to maintain the aggregate proportions in the Offer of new SBB shares issued and cash paid.

Ilija Batljan concludes: “We believe that the Offer represents an opportunity for the existing shareholders of Hemfosa to realise immediate value while retaining exposure to the development of the combined organisation and the synergy realisation”.

Jens Engwall comments: “I founded Hemfosa over 10 years ago and I am positive about the opportunities that are created by the combination with SBB. Together we are now building the largest player within social infrastructure in the Nordics, and I look forward to continue as a shareholder in the combined company.”

### **Background and reasons for the Offer**

SBB is a major Nordic social infrastructure property company with focus on community service properties in the Nordics and Swedish rent-regulated residential properties. Similar to Hemfosa, SBB has built a portfolio of social infrastructure properties consisting primarily of community service properties, but in addition SBB also has Swedish rent-regulated residential properties in its portfolio, with a property value of SEK 30.8 billion as of 30 September 2019.

SBB has successfully demonstrated long-term value enhancement of its portfolio with low-risk assets: community service properties in the Nordics and Swedish rent-regulated residential properties. SBB has built its business based on strong relationships with municipalities and SBB takes its responsibilities to the community very seriously by also developing building rights for social infrastructure. Responsible ownership and the goal of meeting general societal objectives is an important part of SBB’s core philosophy and SBB believes that in this regard SBB is the right partner for Hemfosa and that the companies together would have a very exciting future.

SBB believes the combined company, with a larger portfolio and greater geographical coverage, would be even better positioned as a partner to the Nordic welfare states and other important stakeholders. The strengthened market position and diversification further enhance the combined business profile with rating agencies; it is thus estimated that the combined business over time will benefit from an improved credit rating, which has the potential to reduce the cost of funding for the combined group. In aggregate, SBB believes that the combination of the businesses will realise synergies of circa SEK 300 million per annum run-rate after tax. Circa SEK 260 million per annum run-rate after tax of synergies are expected to come from financial synergies expected to be realised in the next 12 months. Additionally, operational synergies are expected to be circa SEK 40 million per annum run-rate after tax and realisable in the next 12 months. SBB has also identified unrealised value stemming from the developments of building rights for social infrastructure realisable in Hemfosa’s portfolio upon zoning being granted. Furthermore, SBB believes there are additional value creation opportunities from reduction in renovation and refurbishment costs due to economies of scale and profits from property transactions.

SBB is a long-term investor in high-quality social infrastructure assets and part of SBB’s additive recurring income streams is real estate transactions. A strategic priority for SBB in 2020, post-acquisition, will be debt reduction through a disposal programme. A material amount of disposals have already been identified in the combined portfolio, predominantly from non-core and mature assets where an opportunity to crystalize value is seen.

SBB is highly committed to achieving a BBB+ rating in the next 12 months and material acquisitions will only be considered within the bounds of this strategic goal. It is still a significant demand for community service assets within segments that is not prioritised for SBB, which include most of the identified disposals. SBB is confident of completing transactions under the disposal programme at attractive premiums to book value, which is something that SBB has demonstrated historically through its previous divestments.

To support the combined business in obtaining the above mentioned improved credit rating, SBB will launch a rights issue of approximately SEK 1.5 billion in parallel with the Offer (the “**Rights Issue**”). The Rights Issue is expected to be completed before the end of the acceptance period in the Offer and

only existing SBB shareholders will have the right to participate in the Rights Issue, i.e. SBB shares to be paid as part of the consideration for tendered Hemfosa shares under the Offer will not entail a right to participate in the Rights Issue. SBB's Board of Directors and management have great confidence in the merits of the combination of the companies and several members of SBB's Board of Directors and management have thus committed to subscribe for shares in and fully guarantee the Rights Issue offering at a subscription price of SEK 23.00 per SBB Class B common share implying a discount of 3.6 percent to the closing price on Nasdaq Stockholm on 14 November 2019. The Rights Issue will result in the issuance of 65,443,061 new SBB Class B common shares. For further information on the Rights Issue, see separate press release made public by SBB.

SBB recognises that the management team and employees of Hemfosa have built a highly successful company with an attractive portfolio of social infrastructure properties in the Nordics. SBB expects the proposed combination of the businesses to be positive for the Company and provide attractive employment opportunities for the Hemfosa employees. To realise the integration benefits, the integration of Hemfosa and SBB will likely entail some changes to the organisation, operations and employees of the combined group. The specific initiatives to be implemented pursuant to the integration will be determined following completion of a detailed review of the combined business in the period following the completion of the Offer. Before completion of the Offer, it is too early to say which initiatives will be taken and the impact these would have. There are currently no decisions on any changes to SBB's or Hemfosa's employees and management or to the existing organisation and operations of Hemfosa, including the terms of employment, employment rate and locations of the business.

### **The Offer**

At announcement, the Offer values each Hemfosa common share at SEK 126.15 and each Hemfosa preference share at SEK 194.63 and the Total Offer Value is approximately SEK 23,521 million.<sup>7</sup> The Total Offer Value is comprised of the Total Common Offer Value of approximately SEK 21,380 million and the Total Preference Offer Value of approximately SEK 2,141 million.<sup>8</sup>

No commission will be charged in connection with the Offer.

#### ***Offer for common shares in Hemfosa***

The total Offer consideration for Hemfosa common shares consists of a combination of cash and SBB Class B common shares. Subject to the potential adjustment of each individual Hemfosa shareholder's consideration due to elections made under the Common Mix & Match Facility as described below, SBB is offering each Hemfosa shareholder (the Common Base Case Consideration)<sup>9</sup>:

- in respect of 55 percent of the number of Hemfosa common shares tendered by such shareholder, 5.5 SBB Class B common shares per Hemfosa common share;<sup>10</sup> and
- in respect of the remaining 45 percent of the number of Hemfosa common shares tendered by such shareholder, SEK 120.00 in cash per Hemfosa common share.

---

<sup>7</sup> The Total Offer value of approximately SEK 23,521 is based on (i) a closing price of SBB Class B common shares of SEK 23.85 per share on Nasdaq Stockholm on 14 November 2019 and a closing price of SBB Class D common shares of SEK 34.70 per share on Nasdaq Stockholm on 14 November 2019, and (ii) 169,488,249 number of outstanding Hemfosa common shares and 10,999,999 outstanding Hemfosa preference shares as of 15 November 2019.

<sup>8</sup> Based on 169,488,249 outstanding common shares and 10,999,999 outstanding preference shares in Hemfosa and a closing price of SBB Class B common shares of SEK 23.85 per share on Nasdaq Stockholm on 14 November 2019, the last trading day before the announcement of the Offer and a closing price of SBB Class D common shares of SEK 34.70 per share on Nasdaq Stockholm on 14 November 2019, the last trading day before the announcement of the Offer.

<sup>9</sup> Assuming no election is made under the Common Mix & Match Facility (see below). In the event that Hemfosa should pay any dividend or make any other value transfer prior to the settlement of the Offer, the consideration in the Offer will be reduced correspondingly.

<sup>10</sup> Based on the closing price of SBB Class B common shares of SEK 23.85 per share on Nasdaq Stockholm on 14 November 2019, 5.5 SBB Class B common shares equates to a value per Hemfosa common share of SEK 131.18.

The cash paid to Hemfosa common shareholders is below referred to as the “**Common Cash Consideration**” and the shares paid to Hemfosa common shareholders is referred to as the “**Common Share Consideration**”.

As an alternative, each Hemfosa common shareholder that is registered as owner of 50 or less Hemfosa common shares, is entitled to elect to receive an all cash consideration of SEK 120.00 per common share for all, but not only for some, of such shareholder’s Hemfosa common shares.

The Common Base Case Consideration in the Offer represents premiums of:

- 22.7 percent compared to the closing price of SEK 102.80 of the Hemfosa common shares on Nasdaq Stockholm on 14 November 2019, the last trading day before the announcement of the Offer;
- 27.2 percent compared to the volume-weighted average share price of the Hemfosa common shares on Nasdaq Stockholm during the last month up to and including 14 November 2019; and
- 50.6 percent compared to Hemfosa’s EPRA NAV<sup>11</sup> per common share of SEK 83.75 as of 30 September 2019.

#### *Mix & Match Facility for Hemfosa common shareholders*

SBB offers Hemfosa common shareholders a Mix & Match Facility (the “**Common Mix & Match Facility**”), through which each Hemfosa common shareholder is, subject to the restrictions set out below, given the possibility to elect, either:

- (i) to receive as much Common Cash Consideration as possible for tendered Hemfosa common shares (in addition to the default cash entitlement of SEK 120.00 per Hemfosa common share in respect of 45 percent of the number of Hemfosa common shares tendered by such shareholder), and thus as little Common Share Consideration as possible,<sup>12</sup> or
- (ii) to receive as much Common Share Consideration as possible for tendered Hemfosa common shares (in addition to the default share entitlement of 5.5 SBB Class B common shares per Hemfosa common share in respect of 55 percent of the number of Hemfosa common shares tendered by such shareholder), and thus as little Common Cash Consideration as possible.<sup>13</sup>

In aggregate, up to a total of 512,701,953 SBB Class B common shares will be issued, and up to a total of SEK 9,152 million will be paid in cash as consideration for Hemfosa common shares.<sup>14</sup> This proportion will not be varied as a result of elections made under the Common Mix & Match Facility. In order for individual shareholders in Hemfosa to receive a higher proportion of a certain requested consideration alternative under the Common Mix & Match Facility, other shareholders must have made the reverse elections to a corresponding extent. If no election is made under the Common Mix & Match Facility, the Hemfosa common shares tendered will be tendered for the Common Base Case Consideration.

---

<sup>11</sup> Net Asset Value Per Ordinary Share.

<sup>12</sup> A cash consideration of SEK 120.00 per Hemfosa common share would represent a premium of 16.7 percent compared to the closing price of SEK 102.80 of the Hemfosa common shares on Nasdaq Stockholm on 14 November 2019, the last trading day before the announcement of the Offer, and 21.0 percent compared to the volume-weighted average share price of the Hemfosa common shares on Nasdaq Stockholm during the last month up to and including 14 November 2019.

<sup>13</sup> A share consideration of 5.5 SBB Class B common shares per Hemfosa common share would represent a premium of 27.6 percent compared to the closing price of SEK 102.80 of the Hemfosa common shares on Nasdaq Stockholm on 14 November 2019, the last trading day before the announcement of the Offer, and 32.3 percent compared to the volume-weighted average share price of the Hemfosa common shares on Nasdaq Stockholm during the last month up to and including 14 November 2019, based on the closing price of SEK 23.85 of the SBB Class B common shares on Nasdaq Stockholm on 14 November 2019.

<sup>14</sup> Based on full acceptance in the Offer, and assuming all Hemfosa shareholders holding 50 or less Hemfosa common shares elect to receive 100 percent of the consideration in cash. At a lower acceptance level, the number of shares to be issued, and the total amount of cash to be paid, will be reduced proportionately to maintain the aggregate proportions in the Offer of new SBB shares issued and cash paid.

Hemfosa shareholders should be aware that the value of the Common Share Consideration will change over time in line with the SBB Class B common share price, which entails that elections made under the Common Mix & Match Facility may result in a higher or lower value per Hemfosa common share than the value of the Common Base Case Consideration.

If tenders made by Hemfosa common shareholders under the Common Mix & Match Facility are not fully matched, they will be scaled down on a pro rata basis in relation to the number of shares tendered by the respective shareholder.

### *Offer for preference shares in Hemfosa*

The total Offer consideration for Hemfosa preference shares consists of a combination of cash and SBB Class D common shares. Subject to the potential adjustment of each individual Hemfosa shareholder's consideration due to elections made under the Preference Mix & Match Facility as described below, SBB is offering each Hemfosa preference shareholder (the Preference Base Case Consideration)<sup>15</sup>:

- in respect of 55 percent of the number of Hemfosa preference shares tendered by such shareholder, 5.6 SBB Class D common shares per Hemfosa preference share;<sup>16</sup> and
- in respect of the remaining 45 percent of the number of Hemfosa preference shares tendered by such shareholder, SEK 195.00 in cash per Hemfosa preference share.

The cash paid to Hemfosa preference shareholders is below referred to as the “**Preference Cash Consideration**” and the shares paid to Hemfosa preference shareholders is referred to as the “**Preference Share Consideration**”.

As an alternative, each Hemfosa preference shareholder that is registered as owner of 25 or less Hemfosa preference shares, is entitled to elect to receive an all cash consideration of SEK 195.00 per preference share for all, but not only for some, of such shareholder's Hemfosa preference shares.

The Preference Base Case Consideration in the Offer represents premiums of:

- 1.1 percent compared to the closing price of SEK 192.50 of the Hemfosa preference shares on Nasdaq Stockholm on 14 November 2019, the last trading day before the announcement of the Offer; and
- 1.7 percent compared to the volume-weighted average share price of the Hemfosa preference shares on Nasdaq Stockholm during the last month up to and including 14 November 2019.

### *Mix & Match Facility for Hemfosa preference shareholders*

SBB offers Hemfosa shareholders a Mix & Match Facility (the “**Preference Mix & Match Facility**”), through which each Hemfosa preference shareholder is, subject to the restrictions set out below, given the possibility to elect, either:

- (i) to receive as much Preference Cash Consideration as possible for tendered Hemfosa preference shares (in addition to the default cash entitlement of SEK 195.00 per Hemfosa preference share in respect of 45 percent of the number of Hemfosa preference shares

---

<sup>15</sup> Assuming no election is made under the Preference Mix & Match Facility (see below). In the event that Hemfosa should pay any dividend or make any other value transfer prior to the settlement of the Offer, the consideration in the Offer will be reduced correspondingly.

<sup>16</sup> Based on the closing price of SBB Class D common shares of SEK 34.70 per share on Nasdaq Stockholm on 14 November 2019, 5.6 SBB Class D common shares equates to a value per Hemfosa common share of SEK 194.32.

tendered by such shareholder), and thus as little Preference Share Consideration as possible,<sup>17</sup> or

- (ii) to receive as much Preference Share Consideration as possible for tendered Hemfosa preference shares (in addition to the default share entitlement of 5.6 SBB Class D common shares per Hemfosa preference share in respect of 55 percent of the number of Hemfosa preference shares tendered by such shareholder), and thus as little Preference Cash Consideration as possible.<sup>18</sup>

In aggregate, up to a total of 33,879,996 SBB Class D common shares will be issued, and up to a total of SEK 965 million will be paid in cash as consideration for Hemfosa preference shares.<sup>19</sup> This proportion will not be varied as a result of elections made under the Preference Mix & Match Facility. In order for individual shareholders in Hemfosa to receive a higher proportion of a certain requested consideration alternative under the Preference Mix & Match Facility, other shareholders must have made the reverse elections to a corresponding extent. If no election is made under the Preference Mix & Match Facility, the Hemfosa preference shares tendered will be tendered for the Preference Base Case Consideration.

Hemfosa shareholders should be aware that the value of the Preference Share Consideration will change over time in line with the SBB Class D common share price, which entails that elections made under the Preference Mix & Match Facility may result in a higher or lower value per Hemfosa preference share than the value of the Preference Base Case Consideration.

If tenders made by Hemfosa preference shareholders under the Preference Mix & Match Facility are not fully matched, they will be scaled down on a pro rata basis in relation to the number of shares tendered by the respective shareholder.

### ***Fractions***

No fractions of SBB Class B common shares or SBB Class D common shares will be delivered to shareholders in Hemfosa accepting the Offer. If a shareholder in Hemfosa tenders a number of Hemfosa shares in the Offer and the share consideration to be delivered for these shares does not amount to an even number of full new SBB Class B common shares and/or SBB Class D common shares, consideration for excess fractions of shares will be paid in cash.

### **Rights under Hemfosa's incentive programs**

The Offer does not include warrants, or other rights, issued by Hemfosa to employees under Hemfosa's incentive programs. SBB will procure for a fair treatment in connection with the Offer for the participants in such program in accordance with the Takeover Rules issued by Nasdaq Stockholm.

### **Recommendation from the board of directors of Hemfosa**

The board of directors of Hemfosa unanimously recommend the shareholders of Hemfosa to accept the Offer. The board of directors of Hemfosa has received a fairness opinion from Handelsbanken Capital

---

<sup>17</sup> A cash consideration of SEK 195.00 per Hemfosa preference share would represent a premium of 1.3 percent compared to the closing price of SEK 192.50 of the Hemfosa preference shares on Nasdaq Stockholm on 14 November 2019, the last trading day before the announcement of the Offer, and 1.9 percent compared to the volume-weighted average share price of the Hemfosa preference shares on Nasdaq Stockholm during the last month up to and including 14 November 2019.

<sup>18</sup> A share consideration of 5.6 SBB Class D common shares per Hemfosa preference share would represent a premium of 0.9 percent compared to the closing price of SEK 192.50 of the Hemfosa preference shares on Nasdaq Stockholm on 14 November 2019, the last trading day before the announcement of the Offer, and 1.6 percent compared to the volume-weighted average share price of the Hemfosa preference shares on Nasdaq Stockholm during the last month up to and including 14 November 2019, based on the closing price of SEK 34.70 of the SBB Class D common shares on Nasdaq Stockholm on 14 November 2019.

<sup>19</sup> Based on full acceptance in the Offer, and assuming all Hemfosa shareholders holding 25 or less Hemfosa preference shares elect to receive 100 percent of the consideration in cash. At a lower acceptance level, the number of shares to be issued, and the total amount of cash to be paid, will be reduced proportionately to maintain the aggregate proportions in the Offer of new SBB shares issued and cash paid.

Markets concluding that, subject to the qualifications and assumptions set out therein, the Offer from a financial point of view, is fair to the common and preference shareholders of Hemfosa.

### **SBB's shareholding in Hemfosa**

Neither SBB nor any of its affiliated parties currently holds or controls any shares or any other financial instruments in Hemfosa.

Neither SBB nor any of its affiliated parties has acquired or agreed to acquire any shares in Hemfosa, or any other financial instruments that give a financial exposure equivalent to a shareholding in Hemfosa, during the six month-period preceding the announcement of the Offer.

SBB may acquire, or enter into arrangements to acquire, shares in Hemfosa outside the Offer and any purchases made or arranged will be disclosed in accordance with applicable rules.

### **Statement by shareholders**

Jens Engwall, holding approximately 1.4 percent of the shares and 1.5 percent of the voting rights in Hemfosa, has stated that he is positive to the Offer, but has not entered into any undertaking, or other arrangement, to accept the Offer.

### **Conditions for the Offer**

Completion of the Offer is conditional upon:

- (1) the Offer being accepted to such an extent that SBB becomes the owner of shares representing more than 90 percent of the outstanding shares in Hemfosa on a fully diluted basis;
- (2) no other party announcing an offer to acquire shares in Hemfosa on terms that are more favorable to the shareholders of Hemfosa than the Offer;
- (3) with respect to the Offer and the acquisition of Hemfosa, receipt of all necessary regulatory, governmental or similar clearances, approvals and decisions, including from competition authorities, in each case on terms which, in SBB's opinion, are acceptable;
- (4) neither the Offer nor the acquisition of Hemfosa being rendered wholly or partially impossible or significantly impeded as a result of legislation or other regulation, any decision of a court or public authority, or any similar circumstance;
- (5) no circumstances having occurred which could have a material adverse effect or could reasonably be expected to have a material adverse effect on Hemfosa's financial position or operation, including Hemfosa's sales, results, liquidity, equity ratio, equity or assets;
- (6) no information made public by Hemfosa or disclosed by Hemfosa to SBB being inaccurate, incomplete or misleading, and Hemfosa having made public all information which should have been made public; and
- (7) Hemfosa not taking any action that is likely to impair the prerequisites for making or completing the Offer.

SBB reserves the right to withdraw the Offer in the event that it is clear that any of the above conditions is not satisfied or cannot be satisfied. However, with regard to conditions (2)-(7), the Offer may only be withdrawn where the non-satisfaction of such condition is of material importance to SBB's acquisition of Hemfosa.

SBB reserves the right to waive, in whole or in part, one, several or all of the conditions set out above, including, with respect to condition (1), to complete the Offer at a lower level of acceptance.

### **SBB in brief**

SBB is a Swedish public limited liability company incorporated in Sweden and operating under Swedish law. SBB's registered office is in Stockholm, Sweden. SBB's Class B and D common shares are admitted to trading on Nasdaq Stockholm main market under the symbols "SBB B" and "SBB D" and the preference shares are traded on Nasdaq First North Premier Growth Market under the symbol "SBB PREF". More information is available on [www.sbbnorden.se](http://www.sbbnorden.se).

SBB is a major Nordic social infrastructure property company. SBB owns a property portfolio with low risk assets across Sweden, Norway, Finland and Denmark with a market value of SEK 30.8 billion as of 30 September 2019. The group generates most of its income from the management of its social infrastructure property portfolio, which includes (i) community service properties, such as elderly care homes, schools and group housing for people with disabilities, in Sweden, Norway, Finland and Denmark, (ii) rent-regulated residential properties in Sweden, and (ii) additional recurring income streams from renovations, property development activities and real estate transactions.

### **Hemfosa in brief**

Hemfosa is a community service properties specialist working with health care, education and the judicial system, amongst others, in the Nordic region. On Hemfosa's premises police, teachers and medical doctors work and Hemfosa actively tries to adapt their properties to their needs. As of 30 September 2019, Hemfosa owned properties in Sweden, Norway and Finland with a fair value of SEK 39.8 billion.

Hemfosa's operational organization consists of a strong, locally anchored proprietary management organization that is supported by Group-wide functions. In Sweden, Hemfosa's property portfolio is divided into five regions: North, Stockholm, Mid, West and South. Each region is headed by a regional manager with operational responsibility for the properties in the region. Hemfosa has offices in Falun, Gothenburg, Halmstad, Härnösand, Karlskrona, Karlstad, Kristianstad, Norrköping, Oslo, Sundsvall, Västerås, Växjö and Umeå. The Norwegian organization has five local administrative offices and is led from the Oslo office. In Finland, a country manager has recently been appointed and today she performs all the tasks together with a local cooperation partner. At the headquarters in Stockholm are Hemfosa's group-wide functions. These consists of Transaction and Analysis, Finance, Legal, Market/Communications. On 31 December 2018 the number of employees amounted to 71 people. Learn more at [www.hemfosa.se](http://www.hemfosa.se).

### **Financial effects for SBB**

The below unaudited financial information relates to information retrieved from each of SBB's and Hemfosa's reported financial results. SBB's and Hemfosa's historical financial statements have been reported in accordance with International Financial Reporting Standards as adopted by the EU. The below unaudited financial information is only an aggregation of each of SBB's and Hemfosa's reported financial information for the relevant time period in order to provide an illustration of the combined company's earnings and standing under the assumption that the activities were conducted within the same group from the beginning of the period presented.

The aggregation should not be viewed as pro forma since adjustments have not been made for the effects of the transaction, differences in any accounting policies or transaction costs. The information set forth below does not necessarily reflect the results or the financial position that SBB and Hemfosa together would have had if they had conducted their operations as a group during the same period. For instance, expected synergies have not been taken into account. This information is also not indicative of what the

combined company's future earnings will be. SBB currently intends to commence reporting consolidated accounts for the combined company after the closing of the transaction.

	<u>SBB</u>	<u>Hemfosa</u>	<u>Combined company</u>
		<i>(SEK million)</i>	
<b>For the nine months period ended 30 September 2019</b>			
Rental income .....	1,400	2,128	3,528
Net operating income .....	903	1,526	2,429
Profit for the period.....	1,337	1,497	2,834
Property value .....	30,776	39,773	70,549
<b>For the financial year ended 31 December 2018</b>			
Rental income .....	1,680	2,525	4,205
Net operating income .....	1,071	1,792	2,863
Profit for the period .....	1,690	2,360	4,050
Property value .....	25,243	36,049	61,292

Pro forma financial information will be included in the offer document relating to the Offer and may vary significantly from the combined financial information contained herein. The pro forma information included in the offer document relating to the Offer will be prepared in accordance with the applicable EU regulations.

### **Rights Issue in SBB**

To support the combined business in obtaining the above mentioned improved credit rating, SBB will launch a rights issue of approximately SEK 1.5 billion in parallel with the Offer (the Rights Issue). The Rights Issue is expected to be completed before the end of the acceptance period in the Offer and only existing SBB shareholders will have the right to participate in the Rights Issue, i.e. SBB shares to be paid as part of the consideration for tendered Hemfosa shares will not entail a right to participate in the Rights Issue. SBB's Board of Directors and management have great confidence in the merits of the combination of the companies and several members of SBB's Board of Directors and management have thus committed to subscribe for shares in and fully guarantee the Rights Issue offering at a subscription price of SEK 23.00 per SBB Class B common share implying a discount of 3.6 percent to the closing price on Nasdaq Stockholm on 14 November 2019. The Rights Issue will result in the issuance of 65,443,061 new SBB Class B common shares. For further information on the Rights Issue, see separate press release made public by SBB.

### **Statement from the Swedish Securities Council**

The Swedish Securities Council has, in its statement AMN 2019:43, (i) granted SBB an exemption from the obligation to make the Offer to shareholders domiciled in the United States, (ii) approved an extension of the period for preparing and filing the offer document with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) from four weeks after the announcement of the Offer to six weeks after such date, (iii) expressed its opinion on the consideration structure in the Offer, (iv) expressed that any purchases of shares from certain U.S. shareholders outside the Offer should not be considered as so called side transactions, subject to certain conditions, and (v) expressed its opinion regarding terms of potential side transactions. For a complete statement (only in Swedish), see [www.aktiemarknadsnamnden.se](http://www.aktiemarknadsnamnden.se).

The Swedish Securities Council reminded in its statement of the fundamental requirement that an offer should be characterized by simplicity and clarity. Against this background, focus has been to present the consideration structure in the Offer in an as simple and clear way as possible.

## **Important notice for U.S. Shareholders**

The Offer is not being made in the United States. However, SBB may, in accordance with the statement from the Swedish Securities Council (see above) seek to enter into bilateral arrangements outside the Offer with certain “qualified institutional buyers”, or “QIBs”, as defined in Rule 144A under the the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) in the United States to acquire shares in Hemfosa. Any such arrangements will be made on the same terms as those in the Offer (including the Mix & Match Facility) and be conditional upon the Offer being declared unconditional.

### **Financing**

The Offer is not subject to any financing condition. The Offer, in regard to the total cash consideration payable under the Offer, is fully financed by SBB’s own balance sheet and a new bridge facility arranged by J.P. Morgan Securities plc (“**J.P. Morgan**”) as sole mandated lead arranger. The conditions to drawdown are usual and customary for a facility of this type.

As part of the consideration in the Offer, SBB may issue up to a total of 512,701,953 new SBB Class B common shares and up to a total of 33,879,996 new SBB Class D common shares to Hemfosa shareholders for the payment of the total share consideration under the Offer, which would give Hemfosa shareholders a 37.4 percent ownership of capital and 16.3 percent of the votes in the combined business on a post SBB Rights Issue basis.<sup>20</sup> The resolution to issue such shares will be resolved by SBB’s board of directors based on an authorisation granted by the annual general meeting held on 29 April 2019 and is, as such, not subject to any approval by the general meeting.

### **Due diligence**

SBB has, in connection with the preparations for the Offer, conducted a limited due diligence review of confirmatory nature of Hemfosa. Hemfosa has advised SBB that SBB has not received any inside information in connection with the due diligence review.

### **Indicative timetable**

The acceptance period for the Offer is expected to commence around 19 November 2019 and end around 20 December 2019. An offer document regarding the Offer is expected to be made public shortly before the commencement of the acceptance period. Assuming that the Offer is declared unconditional no later than around 23 December 2019, settlement is expected to begin around 3 January 2020.

The transaction requires the approval of the Swedish merger control authority. SBB will file the transaction shortly after its announcement and relevant clearances are expected to be obtained prior to the end of the acceptance period.

SBB reserves the right to extend the acceptance period for the Offer and to postpone the settlement date.

### **Compulsory acquisition and delisting**

In the event that SBB, whether in connection with the Offer or otherwise, becomes the owner of shares representing more than 90 percent of the outstanding shares in Hemfosa, SBB intends to commence a compulsory acquisition procedure under the Swedish Companies Act to acquire all remaining shares in

---

<sup>20</sup> Assuming 100 percent acceptance of the Offer.

Hemfosa. In connection therewith, SBB intends to promote a de-listing of the Hemfosa shares from Nasdaq Stockholm.

### **Applicable law and disputes**

The Offer, and any agreements entered into in connection with the Offer, shall be governed by and construed in accordance with the laws of Sweden. The Takeover Rules issued by Nasdaq Stockholm, and the Swedish Securities Council's rulings regarding the interpretation and application of the Takeover Rules, apply in relation to the Offer. In accordance with the Swedish Takeovers Act, SBB has undertaken towards Nasdaq Stockholm to comply with the Takeover Rules and to submit to any sanctions imposed by Nasdaq Stockholm upon breach of the Takeover Rules. The courts of Sweden shall have exclusive jurisdiction over any dispute arising out of or in connection with the Offer and the City Court of Stockholm shall be the court of first instance.

### **Advisers**

SBB has retained J.P. Morgan, ABG Sundal Collier AB ("**ABGSC**") and Nordea Bank Abp, filial I Sverige ("**Nordea**") as financial advisers and Vinge and Clifford Chance as legal advisers in connection with the Offer.

J.P. Morgan (which is authorised by the Prudential Regulation Authority (the "**PRA**") and regulated in the United Kingdom by the PRA and the Financial Conduct Authority), ABGSC and Nordea are acting exclusively for SBB in connection with the Offer and no one else, and will not be responsible to any person other than SBB for providing the protections afforded to SBB or for providing advice in relation to the Offer, in relation to the contents of this announcement or any transaction, arrangement or other matter referred to in this announcement.

### **Additional information**

Information about the Offer is made available at: [www.sbb-hemfosa.se](http://www.sbb-hemfosa.se)

*For further information, please contact:*

#### **SBB**

Adrian Westman, Head of IR

Phone: +46 73 509 04 00

E-mail: [ir@sbbnorden.se](mailto:ir@sbbnorden.se)

*This is information that Samhällsbyggnadsbolaget i Norden AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was sent for publication, through the agency of the contact person set out above, on 15 November 2019, at 07:00 a.m. (CET).*

### **Invitation to a conference call and webcast by SBB in connection with the offer to acquire Hemfosa**

**SBB invites investors, analysts and media to a conference call and webcast on 15 November 2019 at 10:00 a.m. (CET).**

The presentation will be held by CEO Ilija Batljan in English and will conclude with a Q&A session. Questions can be asked on the telephone conference or in written form through the webcast. No pre-registration is needed.

Webcast link: <https://tv.streamfabriken.com/pressconference-nov2019>

To participate via telephone, please dial-in on the numbers below.

SE: +46851999383

UK: +443333009267

After the presentation, a recording of the webcast will be available on the webcast link.

**Important notice**

This press release has been published in Swedish and English. In the event of any discrepancy in content between the language versions, the Swedish version shall prevail.

The Offer, pursuant to the terms and conditions presented in this press release, is not being made to persons whose participation in the Offer requires that an additional offer document be prepared or registration effected or that any other measures be taken in addition to those required under Swedish law.

The distribution of this press release and any related offer documentation in certain jurisdictions may be restricted or affected by the laws of such jurisdictions. Accordingly, copies of this communication are not being, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any such jurisdiction. Therefore, persons who receive this communication (including, without limitation, nominees, trustees and custodians) and are subject to the laws of any such jurisdiction will need to inform themselves about, and observe, any applicable restrictions or requirements. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, SBB disclaims any responsibility or liability for the violations of any such restrictions by any person.

This press release is not an offer for sale of securities in the United States. The shares to be delivered in connection with the Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged, delivered or otherwise transferred in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws.

For the avoidance of doubt, Nordea is not registered as a broker or dealer in the United States and will not be engaging in direct communications relating to the Offer with investors located within the United States (whether on a reverse-inquiry basis or otherwise).

In accordance with Swedish practice and law, SBB or its affiliates or brokers (acting as agents for SBB or its affiliates, as applicable) and affiliates of its financial advisers may from time to time, and other than pursuant to the Offer, directly or indirectly purchase or arrange to purchase outside the United States, shares in Hemfosa that are the subject of the Offer or any securities that are convertible into, exchangeable for or exercisable for such shares before or during the period in which the Offer remains open for acceptance. These purchases may occur in the open market or in private transactions. Information about such purchases or arrangements to purchase will be disclosed to the extent required by Swedish law or rules or regulations.

The Offer is not being made, and this press release may not be distributed, directly or indirectly, in or into, nor will any tender of shares be accepted from or on behalf of holders in, any jurisdiction in which the making of the Offer, the distribution of this press release or the acceptance of any tender of shares would contravene applicable laws or regulations or require further offer documents, filings or other measures in addition to those required under Swedish law.

The acceptance period for the Offer has not commenced.

Statements in this press release relating to future status or circumstances, including statements regarding future performance, growth and other trend projections and the other benefits of the Offer, are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as “anticipates”, “intends”, “expects”, “believes”, or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of SBB and Hemfosa. Any such forward-looking statements speak

only as of the date on which they are made and SBB has no obligation (and undertakes no such obligation) to update or revise any of them, whether as a result of new information, future events or otherwise, except for in accordance with applicable laws and regulations.