

## Statement from the board of directors of Hemfosa in relation to SBB's public offer

*The board of directors of Hemfosa unanimously recommends the shareholders of Hemfosa to accept the public offer made by SBB.*

### **Background**

This statement is made by the board of directors of Hemfosa Fastigheter AB (publ) ("Hemfosa" or the "Company") pursuant to section II.19 of Nasdaq Stockholm's Takeover rules (the "Takeover Rules").

Samhällsbyggnadsbolaget i Norden AB (publ) ("SBB") has today, through a press release, announced a public offer to the shareholders of Hemfosa to acquire all the common shares and preference shares in Hemfosa (the "Offer"). The total consideration in the Offer consists of a combination of common shares of series B in SBB and cash for common shares in Hemfosa and common shares of series D in SBB and cash for preference shares in Hemfosa.

SBB offers each shareholder in Hemfosa the following consideration alternatives<sup>1</sup>.

### *Offer for Hemfosa common shares (the "Common Base Case Consideration")<sup>2</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>3</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 Offer values, as of today, each common share in Hemfosa to SEK 126.15 and each preference share in Hemfosa to SEK 194.63 and the total value of the Offer for all outstanding shares in Hemfosa corresponds to approximately MSEK 23,521<sup>4</sup>.

SBB offers Hemfosa's shareholders a Mix & Match Facility, whereby each of the Hemfosa common and preference shareholders, subject to the restrictions set out below, may elect to

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<sup>1</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>2</sup> Assuming no election is made under the Mix & Match Facility for common shares (see below).

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

<sup>4</sup> Based on (i) the closing price of SBB Class B common shares of SEK 23.85 per share on Nasdaq Stockholm on 14 November 2019 and the 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 outstanding common shares and 10,999,999 outstanding preference shares in Hemfosa as of 15 November 2019.

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receive as much share consideration or as much cash consideration as possible for their Hemfosa shares. In aggregate, up to a total of 512,701,953 SBB Class B common shares and 33,879,997 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>5</sup> This proportion will not be varied as a result of elections made under a 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.

Hemfosa common shareholders that are registered as owner of 50 or less common shares, and Hemfosa preference shareholders that are registered as owner of 25 or less preference shares, are entitled to elect to receive an all cash consideration for their shares.

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,
  - 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>6</sup> per common share of SEK 83.75 as of 30 September 2019.
  
- *In regard to the Preference Base Case Consideration:*
  - 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.

The acceptance period for the Offer is expected to commence around 19 November 2019 and end around 20 December 2019. The Offer is conditional upon, inter alia, being accepted to the extent that SBB becomes the owner of shares corresponding to more than 90 percent of the total number of shares in Hemfosa on a fully diluted basis as well as the receipt of all of the for the Offer and the acquisition of Hemfosa 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. SBB has reserved the right to waive these conditions, in whole or in part, and other conditions for completion of the Offer.

The board of directors has after a written request from SBB allowed SBB to conduct a limited due diligence review of Hemfosa in connection with the preparations for the Offer. In connection therewith, SBB has met with Hemfosa's management. SBB has not received any information which has not previously been made public and which could constitute insider

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<sup>5</sup> Based on full participation 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.

<sup>6</sup> Net Asset Value per common share.

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information. Hemfosa has also conducted a limited due diligence review of certain operational, financial and legal information regarding SBB.

For further information regarding the Offer, please refer to the press release published by SBB today and the offer document in respect of the Offer which will be published before the acceptance period commences.

The board of directors has retained SEB Corporate Finance and Swedbank Corporate Finance as financial advisors and Cederquist as legal advisor in connection with the Offer.

## ***The board of directors' recommendation***

The board of directors' opinion of the Offer is based on a number of factors that the board of directors has considered relevant in relation to the evaluation of the Offer. These factors include, but are not limited to, Hemfosa's present position, the expected future development and potential and thereto related opportunities and risks.

The board of directors has analysed the Offer using methods generally used in evaluating tender offers, including Hemfosa's and SBB's valuation relative to comparable listed companies, offer premiums in previous tender offers on Nasdaq Stockholm, the stock market's expectations of Hemfosa's and SBB's profitability- and share price development and the board of directors' expectation on Hemfosa's long term value development based on expected future cash flows.

The board of directors considers Hemfosa to be a high-quality property company with proven ability to generate growth. The growth targets set in connection with Hemfosa's IPO in March 2014 have been met. The successful growth was an important factor in the decision to distribute Nyfosa AB to the common shareholders in November 2018. As a solid and focused company, Hemfosa is well positioned for the future.

According to the assessment of the board of directors, SBB has successfully demonstrated a long term increase in value of its property portfolio, comprised of community service properties in the Nordics and Swedish regulated rental apartments.

The board of directors' assessment is that a merger of Hemfosa and SBB resulting in a common, larger portfolio and increased geographical scope would give the companies an improved market position. The board of directors has also assessed the disclosed possible synergies of the Offer and shares SBB's view of the potential synergy effects with regards to financing as expressed in the offer announcement. In respect of the operational synergy effects, the board of directors has not been provided with detailed calculations or integration plans and is hence not able to assess the possibility of realizing such synergies. The board of directors notes that SBB intends to carry out a fully guaranteed rights issue of common shares of series B amounting to approximately SEK 1,500 million at a subscription price of SEK 23 per share concurrently with, but not conditional upon, the Offer to support the possibility of an improved credit rating.

Handelsbanken Capital Markets has been assigned by the board of directors to issue a fairness opinion according to which the Offer, as of today's date, from a financial point of view, is fair to Hemfosa's common shareholders and preference shareholders (based on, and under the conditions stated in the fairness opinion). The opinion is attached to this statement.

Based on these considerations, the board of directors considers the Offer to correspond, in all relevant aspects, to Hemfosa's intrinsic value and future growth opportunities, as well as thereto related opportunities and risks. The board of directors further notes that the Common

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Base Case Consideration represents a premium of 22.7 percent compared to the closing price for common shares in Hemfosa on Nasdaq Stockholm on 14 November 2019 and that the Preference Base Case Consideration represents a premium of 1.1 percent compared to the closing price for preference shares in Hemfosa on Nasdaq Stockholm on 14 November 2019. The board of directors also notes that the redemption price for a preference share in accordance with Hemfosa's articles of association is SEK 195 from and including 12 December 2019.

Regarding the respective values of the share based consideration for the common shares and for the preference shares, shareholders are encouraged to follow the respective values of SBB's B shares and D shares during the acceptance period, and to note that the respective values of the share based consideration for the common shares and for the preference shares will change over time in line with changes in the SBB class B common share price and the SBB class D common share price. This entails that elections made under the so called Mix & Match Facility as described above may result in a higher or lower value per common share or preference share in Hemfosa than the respective values of the Common Base Case Consideration and the Preference Base Case Consideration.

**On this basis, the board of directors unanimously recommends the common shareholders and the preference shareholders of Hemfosa to accept the Offer.**

### ***Impact for Hemfosa employees***

Under the Takeover Rules, the board of directors must, based on the statements made by SBB in its announcement of the Offer, present its opinion regarding the impact that the implementation of the Offer may have on Hemfosa, particularly in terms of employment, and its opinion regarding SBB's strategic plans for Hemfosa and the effects it is anticipated that such plans will have on employment and on the places in which Hemfosa conducts its business.

SBB has stated the following in respect of the management and employees of Hemfosa:

*"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."*

Although the board of directors, as stated above, has not been provided with detailed calculations or integration plans in respect of the operational synergy effects, the board of directors assumes that the above statements are correct and has no reason to take a different view in any relevant aspect.

This statement shall in all respects be governed by and construed in accordance with Swedish law. Disputes arising from this statement shall be settled exclusively by Swedish courts.

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Stockholm, 15 November 2019  
Hemfosa Fastigheter AB (publ)  
*The board of directors*

**For further information, please contact:**

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*This information is information that Hemfosa Fastigheter AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the chairman of the board, at 07.15 CET on 15 November 2019.*

This statement has been made in a Swedish and English version. In case of any discrepancies between the Swedish and the English version, the Swedish version shall prevail.

*Attachment – Fairness Opinion*

**About Hemfosa Fastigheter**

Hemfosa is a Swedish property company focused on community service properties in the Nordic region, with the Swedish state and municipalities as its largest tenants. This provides stable revenue flows and a healthy yield. Hemfosa also aims to create value through active participation in the transaction market. At September 30, 2019, Hemfosa owned properties with a total property value of approximately SEK 40 billion. The company's ordinary share has been listed since March 2014, and the preference share since December 2014, both on Nasdaq Stockholm. Read more at [www.hemfosa.se](http://www.hemfosa.se).

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