



Press release  
21 July 2023

## SBB creates a residential subsidiary which will issue SEK 2.36 billion of preference shares

Samhällsbyggnadsbolaget i Norden AB (publ) ("SBB") has, through the newly established subsidiary SBB Residential Property AB<sup>1</sup>, entered into a capital raise agreement with an investment fund managed by Morgan Stanley Real Estate Investing ("MSREI"). Pursuant to the agreement, SBB Residential Property AB will issue SEK 2.36 billion of preference shares ("Preference Shares") to MSREI (the "Transaction"). The Preference Shares will be issued by an entity to be named SBB Residential Property AB forming a new group within SBB. Following the Transaction, MSREI will hold a minority stake in SBB Residential Property AB.

SBB will continue to control, operate and consolidate SBB Residential Property AB, which currently comprises rent-regulated residential properties in Sweden with fair value of approximately SEK 6.2 billion as per 30 June 2023. The residential portfolio will in its entirety be operated and managed by SBB through an asset management agreement with SBB. SBB and MSREI have a mutual interest in enhancing the collaboration and supporting the further value creation within the portfolio.

The Preference Shares have no maturity date and no payment obligation, and rely on the return of capital on an exit or by SBB redeeming the shares. SBB may at any time direct SBB Residential Property AB to redeem all (but not part) of the Preference Shares subject to a redemption price equal to an internal rate of return, on a SEK basis, of 13 percent per annum up until and including year 5, subject to step-up provisions<sup>2</sup> thereafter and customary early redemption provisions. Certain exit rights after year 5 have been provided on the Preference Shares.

SBB will use the proceeds to strengthen its liquidity and financial profile. The Transaction provides further flexibility for the ongoing strategic review announced by SBB on 29 May 2023.

*"We are delighted to partner with Morgan Stanley Real Estate Investing, one of the leading investors globally in real estate. The transaction confirms the strong value proposition within our residential portfolio. The capital raise demonstrates the range of capital options available to SBB, further enhances our strategic flexibility and strengthens our group financial position. Together with other successful initiatives we have taken as part of our strategic review, we are working towards a transition to a stronger long-term financial profile"* says Leiv Synnes, CEO of SBB.

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<sup>1</sup> Currently named Goldcup 33419 AB (under name change to SBB Bostadsfastigheter Holding 1 AB).

<sup>2</sup> If not redeemed by year 5, the redemption price increases by four percentage points from and including year 6 increasing by one percentage point per annum each year thereafter.



The Transaction is subject to customary closing conditions but not competition clearance. Closing will occur as soon as all closing conditions have been fulfilled, which is expected to occur around mid-August 2023. The IFRS treatment of the Preference Shares will be reviewed post-closing of the Transaction.

Vinge and Wistrand served as legal advisors to SBB. SBF Fonder served as commercial and technical advisor to MSREI, while Cederquist served as legal advisor. SBF Fonder will also provide ongoing management services to MSREI with regards to the investment.

**For further information, please contact:**

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This information constitutes insider information that Samhällsbyggnadsbolaget i Norden AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, on 21 July 2023 02:15 CEST.

*Samhällsbyggnadsbolaget i Norden AB (publ) (SBB) is the Nordic region's leading property company in social infrastructure. The Company's strategy is to long term own and manage social infrastructure properties in the Nordics and rent regulated residential properties in Sweden, and to actively work with property development. Through SBB's commitment and engagement in community participation and social responsibility, municipalities and other stakeholders find the Company an attractive long-term partner. The Company's series B shares (ticker SBB B) and D shares (ticker SBB D) are listed on Nasdaq Stockholm, Large Cap. Further information about SBB is available at [www.sbbnorden.se](http://www.sbbnorden.se).*