

## **Serneke has reached an agreement-in-principal to divest a majority stake of Karlatornet to Oaktree**

**Serneke has reached an agreement-in-principle with Oaktree Capital Management ("Oaktree") to divest 80 per cent of Karlatornet, situated on the Karlastaden estate in the Lindholmen area of Gothenburg. Serneke will remain as a shareholder in Karlatornet and continue to act as main contractor for the construction of the tallest building in the Nordic region.**

"This agreement naturally represents a huge milestone for the continued development of Karlastaden and for all of Serneke. This is something we have worked extremely hard to achieve for a long time. We are very pleased that we have reached a principle agreement with Oaktree that, once closed, offers a robust financial solution and a high-quality realization of the Karlatornet project," says Ola Serneke, CEO of Serneke Group.

Oaktree and Serneke will, according to the agreement-in-principal, co-own and jointly develop the Karlatornet project into a unique destination in Gothenburg, composing about 95,000 square meters and more than 600 residential apartments, a 300-key Clarion Choice Hotel, more than 8,000 square meters of office and retail spaces and an observation deck. The total project value is estimated to exceed SEK 6 billion.

Oaktree is an international investment company with operations in 14 countries worldwide and headquarters in Los Angeles. With total capital under management of about USD 120 billion, Oaktree has an extensive experience of high-end real estate development projects.

Serneke will continue to act as main contractor for the Karlatornet project and enter into a turn-key contract with an order value in excess of SEK 3 billion, which will be added to Serneke's order backlog in the quarter the transaction closes. The transaction is expected to have a positive effect on operating profit and generate positive cash flow.

Closing of the transaction is conditional upon finalization of senior financing and transaction documentation and customary conditions that are all due to be completed during the first months of 2020. Serneke and Oaktree have agreed financing terms with an international bank regarding the senior financing, which will provide all remaining funds to complete the project.

Following a transaction, Serneke remains as sole owner of the remaining building rights in Karlastaden, consisting of approximately 150,000 square meters of mixed-use development divided into seven blocks. Serneke will now explore different possibilities for completing the development of the remaining Karlastaden, which involves intensifying dialogues with potential investment partners.

Pangea Property Partners and Setterwalls Advokatbyrå act as advisers to Serneke in the transaction.



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This information is such that Serneke is required to disclose under the EU Market Abuse Regulation. The information was submitted under the auspices of the contact person stated above, for publication on January 16, 2020, at 07:30 a.m. CET.

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*Serneke is a rapidly growing corporate group active in construction contracts and project development. The Group was founded in 2002 and today has income of nearly SEK 7 billion and nearly 1,200 employees. Through novel thinking, the Company drives development and creates more effective and more innovative solutions for responsible construction. The Company builds and develops housing, commercial buildings, industrial facilities, public buildings, roads and civil engineering projects, and other infrastructure. The Company's customers are public and commercial clients. The Company's operations are nationwide and organized into five regions in Sweden: South, West, East, Mid Sweden and North. Serneke has its headquarters in Gothenburg and offices in Stockholm, Malmö, Alingsås, Borås, Eskilstuna, Halmstad, Helsingborg, Jönköping, Karlstad, Luleå, Skövde, Strömstad, Trollhättan, Uppsala, Varberg, Växjö and Örebro. The Company's Class B shares (SRNKE) have been listed on the Nasdaq Stockholm exchange since November 2016.*

*Further information about Serneke Group AB is available at [www.serneke.se](http://www.serneke.se)*