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## **SBB launches voluntary offer to acquire Entra ASA to create the leading European social infrastructure player**

### **Publication of combined offer document and exempted document**

## **PART I: SUMMARY**

### **Introduction**

Further to the announcement made by Samhällsbyggnadsbolaget i Norden AB ("SBB") on 24 November, SBB hereby announces the launch of the voluntary tender offer (the "Offer") to acquire all outstanding shares in Entra ASA ("Entra"), not owned by persons in or from jurisdictions where making of the Offer is unlawful.

Under the terms of the Offer, Entra shareholders are offered NOK 165 per Entra share, delivered as NOK 115.5 in cash (the "Cash Consideration") and an amount of NOK 49.5 in new SBB Class B Shares (the "Share Consideration"). This represents a premium of 26.3% compared to Entra's three month volume-weighted average share price on 23 November 2020<sup>1</sup>, and a premium of 14.8% compared to Entra's closing share price on 23 November 2020. Under the terms of the Offer, which represents an equity value of NOK 30 billion<sup>2</sup> for Entra's entire share capital, Entra shareholders would receive 70% of the consideration as cash, with 30% delivered as SBB Class B Shares.<sup>3</sup>

### **A Compelling Offer for Entra Shareholders**

SBB believes that its Offer is highly attractive for Entra shareholders across a number of aspects:

- **Compelling strategic logic:** The combination would create the pre-eminent social infrastructure company in Europe. It would have a uniquely-positioned portfolio of social infrastructure properties, with a well-diversified tenant base, virtually perpetual leases and almost full occupancy underpinned by the strong sovereign credit ratings of the Nordic countries. This would be underpinned by a robust balance sheet, with improved credit metrics that would position the combined group to reach the target of a BBB+ credit rating during 2021.
- **Value creation:** SBB expects the transaction to be accretive to earnings<sup>4</sup> in the first year following completion. SBB has identified pre-tax run-rate synergies of approximately SEK 260 million per annum from significant operating and financing optimisation.

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<sup>1</sup> Referencing Entra's volume-weighted average share price for the three months to and including 23 November 2020 of NOK 130.66 (source: Bloomberg).

<sup>2</sup> On the basis of 182,132,055 Entra shares outstanding.

<sup>3</sup> Provided that SBB does not use its right to, in whole or in part, settle the share consideration in cash.

<sup>4</sup> Funds From Operations per share.

- **Attractive premium:** The offer price of NOK 165 per Entra share delivers full and fair value, and an attractive premium to Entra shareholders, together with an opportunity to participate in further upside in the combined group. The Offer Price is effectively at the all-time high share price since the IPO of the company of NOK 165.20 (prior to 24 November 2020).
- **Offer price certainty:** SBB's offer contains 70% cash consideration. Further, the terms of the share consideration deliver highly certain value to Entra shareholders, given it is denominated as a fixed value per Entra share.
- **Opportunity to participate in the combined group:** The terms of the Offer provide Entra shareholders with shares in the combined group and, therefore, a pro rata share of the strategic and financial benefits of the combination. Those shareholders seeking increased exposure to the combined group through the Offer can seek to do this through the mix-and-match facility as described below.
- **High Offer certainty:** The Offer is highly deliverable, is supported by certain funds financing, and is not subject to approval by SBB shareholders.

### **Engagement with Entra**

As announced on 24 November 2020, SBB respects the accomplishments of the board and management team of Entra. It remains SBB's desire and intention to work collaboratively with Entra in order to agree on a friendly transaction. While SBB respectfully awaits a recommendation from Entra's board of directors, SBB has chosen to launch the Offer to provide Entra's shareholders with an opportunity to accept the Offer prior to year-end.

SBB shared the terms of the Offer with the board of Entra prior to the announcement on 24 November. SBB did not receive feedback from the board of Entra prior to SBB's Offer being announced. This proposal represented a meaningful improvement to a previous offer which was shared in private with the board of Entra, and which was rejected by the board of Entra.

Whilst SBB is disappointed that it has been unable to achieve constructive engagement with the Board of Entra, SBB would welcome the opportunity to work with Entra to deliver this transaction for the benefit of all shareholders, including access to any confirmatory due diligence commensurate with other parties.

### **Comments from the CEO of SBB**

*"We firmly believe that our NOK 165 Offer is the most attractive proposition for Entra shareholders, which offers a meaningful premium, certain value given the large cash component, certainty on the value of the stock component given our offer structure and an opportunity to participate in the upside of a strong industrial combination. We are building the leading social infrastructure company in Europe, and Entra's strong management and high-quality portfolio would further strengthen our position as the preferred social infrastructure provider of choice in the Nordics. We welcome the opportunity to have constructive engagement with the Board of Entra to deliver on these strategic and financial benefits."*

*"We are aware that another bid may materialise, but we are confident that this alternative bid, if and when it is confirmed, will be inferior compared to ours, not least because of the inherent deal uncertainty it seems to involve and share price risk. In our offer, price is set at NOK 165 per share, regardless of where the SBB share price moves between now and towards the end of the offer period. Our offer consists of 70 % in cash consideration, which we believe represents a significant advantage, and we are offering the same bid to all shareholders as we believe every shareholder should be treated equally."*

## **PART II: FURTHER DETAILS**

### **Background and Transaction Rationale**

SBB has a demonstrated track-record of long-term value enhancement of its portfolio. Its strategy is focused on stable, low-risk assets with high-quality tenants, community service properties in the Nordics and Swedish rent-regulated residential properties. Responsible ownership and the goal of meeting general societal objectives are an integral part of SBB's core philosophy and SBB believes that it in this regard is the right partner for Entra.

Accordingly, a business combination with Entra presents a strong strategic rationale, with a clear industrial logic, significant synergies and strong balance sheet, in particular:

- The proposed combination is expected to create substantial value for all shareholders by creating the pre-eminent social infrastructure company in Europe, which is the world's safest real estate asset class;
- SBB is already a trusted partner for local municipalities in the Nordic region with a high quality and unique property portfolio across attractive locations, providing a well-diversified and low risk tenant base;
- The combined company will further benefit from those relationships in the region to further grow in that market and deliver long-term value for all shareholders and other stakeholders;
- SBB has demonstrated a robust track-record of long term growth and value creation for its shareholders over the past years (portfolio growth of 51% CAGR whilst delivering 64% CAGR in EPRA NAV over the past 3 years)<sup>5</sup>; and
- SBB benefits from a strong and diversified balance sheet with clear commitment and path to BBB+ rating and unrivalled capital markets access.

### **Key Offer Terms and Structure**

Under the Offer terms, Entra shareholders are offered NOK 165 per Entra share, which will be delivered as a combination of NOK 115.5 in cash and an amount of NOK 49.5 in new SBB Class B Shares. Accordingly, 70% of the consideration will be delivered in cash, while 30% of the consideration will be delivered as share consideration.

The number of SBB Class B common shares that will be delivered under the Share Consideration will be calculated based on the volume-weighted average share price of the SBB Class B Share during the last three trading days before the Offer is declared unconditional by SBB, and based on the SEK/NOK exchange rate of Norges Bank on the last of these three trading days. SBB reserves the right to settle the Share Consideration partially or wholly in cash at its sole discretion.

Further, SBB offers shareholders of Entra a mix & match facility, whereby each shareholder, subject to the restrictions set out in the Combined Offer Document (as defined below), may elect to receive as much cash consideration or as much share consideration as possible for the tendered shares in Entra.

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<sup>5</sup> SBB Gross Asset Value and EPRA Net Asset Value grew from SEK 21.1bn to SEK 81.2bn and SEK 6.2bn to SEK 30.9bn, respectively, from H1 2017 to Q3 2020.

Following completion of the proposed transaction, assuming 100% acceptance of the Offer, existing SBB shareholders will hold c.83.5% of the combined company's total shares<sup>6</sup> and Entra shareholders will hold c.16.5%.

In addition to the attractive premium levels that the Offer provides as described earlier in this announcement, the Offer provides Entra shareholders with the opportunity to participate in the strategic and financial benefits of the combination through the Share Consideration. The Offer Price also delivers full value relative to Entra's asset value. Specifically, the Offer Price represents a premium of 3.1% to the EPRA Net Asset Value of Entra based on the unaudited interim report as at 30 September 2020.<sup>7</sup>

### **Offer Timeline and Conditionality**

The Offer features an accelerated transaction timeline and limited conditions to closing. The shareholders of Entra may accept the Offer in the period from and including today, 27 November 2020, to and including 25 December 2020 at 06:00 hours (CET). SBB may at its sole discretion extend the offer period (one or more times), but the offer period will in no event be extended beyond 5 February 2021 at 16:30 hours (CET).

Settlement is expected to commence as soon as SBB has announced that the conditions for the Offer have been fulfilled or that SBB has decided to complete the Offer by waiving any unfulfilled conditions. Settlement is expected to take place on or around 12 January 2021 under the current timetable. Completion of the Offer is subject to customary conditions including, but not limited to, 90% minimum acceptance of the Offer, satisfactory due diligence, and clearance from the Norwegian Competition Authority, as further set out in the Combined Offer Document. The resolution to issue the SBB Class B Shares for the Share Consideration will be resolved by SBB's board of directors based on an existing authorisation granted by the annual general meeting held on 27 April 2020 and is, as such, not subject to any approval by the general meeting.

There are no financing conditions for the Offer and the Cash Consideration in the Offer will be fully financed through a combination of cash on balance sheet, available credit lines and debt financing provided on a certain funds basis. The complete terms and conditions for the Offer, including procedures for how to accept the Offer and detailed information regarding settlement, are set out in the Combined Offer Document (as defined below).

In connection with the Offer, SBB has prepared a combined offer document and an "Exempted Document" (the "**Combined Offer Document**") pursuant to and in accordance with Article 1 (4) (f) of Regulation (EU) 2017/1129 (the "EU Prospectus Regulation"). Oslo Stock Exchange has in its capacity as take-over authority of Norway pursuant to Section 6-14 of the Norwegian Securities Trading Act reviewed and approved the relevant parts of the Combined Offer Document relating to the Offer, as further set out in the Combined Offer Document. The Combined Offer Document serves as a prospectus equivalent document for the purpose of offering shares to the public, cf. Section 7-1 of the Norwegian Securities Act cf. the Prospectus Regulation Article 1 (4) point (f). The Combined Offer Document is not a prospectus within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, and therefore it has not been subject to scrutiny and approval by the relevant competent authority as set out in Article 20 of Regulation 2017/1129.

Subject to regulatory restrictions in certain jurisdictions, the Combined Offer Document is sent to all shareholders in Entra whose address appears in Entra's share register in the VPS as of 27 November 2020. The Combined Offer Document will also, subject to regulatory restrictions in certain jurisdictions,

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<sup>6</sup> Based on total outstanding shares for SBB of 1,501,534,791 (pro forma for 44,533,762 Class B shares to be issued in respect of the Sveaastigheter transaction, and including class A, B, D and preference shares).

<sup>7</sup> Entra EPRA NAV of NOK 160 as of 30 September 2020.

be available at [www.arctic.com/entra](http://www.arctic.com/entra) and via link from <https://corporate.sbbnorden.se/en/section/entra-tender-offer/> (eng) and <https://corporate.sbbnorden.se/sv/section/entra-offentligt-uppkopserbjudande/> (swe) from today, 27 November 2020. Subject to regulatory restrictions in certain jurisdictions, hard copies of the Combined Offer Document may be obtained free of charge from the same date by contacting SBB or Arctic Securities AS.

#### **Advisors:**

Arctic Securities, Citigroup Global Markets Europe AG and Goldman Sachs International are acting as financial advisors to SBB. Arctic Securities is also acting as settlement agent for the Offer. Goldman Sachs is also acting as Mandated Sole Arranger on the bridge facility. Advokatfirmaet Thommessen AS is acting as Norwegian legal counsel to SBB and Advokatfirman Vinge KB is acting as Swedish legal counsel to SBB. Advokatfirmaet Wiersholm AS is acting as Norwegian legal counsel to Arctic Securities.

#### **Contact:**

For further information, please contact:

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The information was sent for publication, through the agency of the contact person set out above, on 27 November 2020, at 08:00 a.m. (CET).

#### **About SBB:**

SBB was established in March 2016, and is the leading Nordic social infrastructure property company. It has a portfolio across Sweden, Norway, Finland and Denmark with a gross asset value of SEK 81 billion as of 30 September 2020. SBB generates most of its income from the management of its social infrastructure property portfolio, which includes (i) community services properties, such as elderly care homes, schools and group housing, in Sweden, Norway, Finland and Denmark and (ii) rent-regulated residential properties in Sweden. SBB also generates additional income streams from property renovations, property development activities and real estate transactions. SBB's business model is to acquire and manage properties and deploy permanent capital to effectively generate sustainable and steady risk-adjusted returns. As of 30 September 2020, community services properties and rent-regulated residential properties accounted for approximately 78% and 16% of the SBB Group's total portfolio by gross asset value, respectively. SBB has built its business based on strong and difficult to replicate relationships with municipalities. SBB takes its responsibilities to the community very seriously by also developing building rights for social infrastructure. SBB's series B shares (ticker SBB B) and D shares (ticker SBB D) are listed on Nasdaq Stockholm, Large Cap. SBB's preference shares (ticker SBB PREF) are listed on Nasdaq First North Premier Growth Market. Certified Adviser is Erik Penser Bank (contact: [certifiedadviser@penser.se](mailto:certifiedadviser@penser.se) / +46 84638300). Please see [www.sbbnorden.se](http://www.sbbnorden.se) for further information about SBB.

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This publication may contain specific forward-looking statements, e.g. statements including terms like "believe," "assume," "expect," "forecast," "project," "may," "could," "might," "will" or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of SBB and those explicitly or implicitly presumed in these statements. Against the background of these uncertainties, readers should not rely on forward-looking statements. SBB assumes no responsibility to up-date forward-looking statements or to adapt them to future events or developments.

The financial advisors to SBB may engage in ordinary course trading activities in securities of Entra ASA, which may include purchases or arrangements to purchase such securities.

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**Notice to U.S. Holders**

The Offer described in this announcement will be made for the shares of Entra ASA, a Norwegian company, and is subject to Norwegian disclosure requirements, which are different from those of the United States. This announcement is neither an offer to purchase nor a solicitation of an offer to sell shares of the Entra ASA. At the time the Offer is commenced, SBB will disseminate the Combined Offer

documents as required by applicable law and shareholders of Entra ASA should review such documents carefully.

The Offer will be made in the United States pursuant to Section 14(e) of, and Regulation 14E under, the U.S. Securities Exchange Act of 1934, as amended, and otherwise in accordance with the requirements of Norwegian law.