



SBB announces intention to launch a significantly enhanced voluntary tender offer to acquire Entra ASA

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Press release

Stockholm / Oslo, 23 December 2020

SBB announces intention to launch a significantly enhanced voluntary tender offer to acquire Entra ASA

SUMMARY HIGHLIGHTS

- SBB announces its intention to launch a revised voluntary tender offer to acquire the entire share capital of Entra ASA (the "Enhanced Offer").
- Under the Enhanced Offer, Entra shareholders will be entitled to receive NOK 190 per Entra share. The increased offer price (relative to SBB's previous offer) reflects the successful conclusion of SBB's due diligence on Entra, which has resulted in greater certainty of the value of Entra's assets.
- The consideration mix offers Entra shareholders significant certainty of value. 65% of the offer consideration will be delivered in cash, and 35% will be delivered in SBB Class B Shares denominated as a fixed value per Entra share.
- SBB will pursue a listing of its Class B shares on the Oslo Stock Exchange in 2021, subject to certain conditions.
- SBB is in advanced discussions with a leading Norwegian institution with substantial real estate exposure that would support SBB's strategy, further details of which will be provided.

Compelling Value

- Upon completion of the Enhanced Offer, Entra shareholders will receive NOK 190 per Entra share.
- The offer price represents a premium to the following Entra share prices:
 - 45.4% compared to the volume-weighted average Entra share price during the three months to 23 November 2020, being the last day prior to SBB's announcement of its intention to launch an offer for Entra's share capital (1);
 - 15.0% to the all-time high closing share price for Entra in the period prior to SBB's initial offer being announced on 24 November 2020 (2); and
 - 32.2% to the Entra closing share price on 23 November 2020 (3).
- The offer price of NOK 190 per Entra share represents a premium of 18.8% to the EPRA Net Asset Value of Entra as at 30 September 2020 (4).
- The offer price also represents full value relative to the EPRA Net Reinstatement Value ("NRV") of NOK 185 per Entra share implied by Entra's portfolio revaluation that was announced on 9 December 2020, which was 14.2% higher than the EPRA NRV as at 30 September 2020 (5).
- In addition, Entra shareholders would benefit from the synergies and other benefits of the transaction that are summarised below.

Highly Certain Consideration, with Participation in the Enlarged Group

- Under the terms of the Enhanced Offer, for each Entra share, Entra shareholders will be offered
 - NOK 123.50 in cash; and
 - NOK 66.50 in newly issued SBB Class B Shares.
- Accordingly, 65% of the consideration will be delivered in cash, while 35% of the consideration will be delivered as share consideration
- SBB will offer a mix and match facility, whereby each Entra shareholder, subject to certain restrictions, may elect to receive as much cash consideration or as much share consideration as possible for the tendered shares in Entra.
- The price at which SBB Class B shares will be issued to Entra shareholders will be based on the volume weighted average price of SBB Class B shares over the 5 business days preceding the offer period closing. The share component of the offer is denominated as a fixed value per Entra share, which therefore insulates Entra shareholders from movements in SBB's share price during the offer period.
- SBB reserves the right to settle the share-based consideration under the offer, in whole or in part, using cash.
- SBB will pursue a listing of its Class B shares on the Oslo Stock Exchange in 2021, subject to certain conditions, in order to provide Entra shareholders with the opportunity to trade SBB shares on a local platform.

Differentiated Industrial Logic

- SBB continues to believe that the combined group has differentiated and strong industrial logic. 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. It would build on SBB's track record of being a key partner in social and community development and continue Entra's role as a provider of flexible, environmentally friendly premises for predominantly public service tenants in and around the four largest cities in Norway.

- The combined group would maintain a strong commitment to become the most sustainable real estate company in the world by 2030.

Attractive Financial Profile

- Under the Enhanced Offer, SBB expects the transaction to be accretive to its Funds From Operations per share in the first year following completion, with the previously announced aggregate pre-tax run-rate synergies of approximately SEK 260 million per annum, of which the majority is related to financing synergies.
- SBB remains focused on maintaining a robust balance sheet, and believes the combined group would be well-positioned to reach the target credit rating of BBB+ in the medium term.

Commenting on the Enhanced Offer, CEO of SBB, Ilija Batljan, said:

"We believe that we are delivering the optimal strategic fit for Entra's stakeholders, and a compelling valuation and certainty of value for Entra's shareholders."

"Given the business and financial profile of both Entra and SBB, we continue to believe that a combination of the two companies would be advantageous for all stakeholders. Together, we will be stronger and even better positioned to offer flexible and competitive arrangements for our tenants, and our employees will find interesting job opportunities in a larger and more diversified group. We would be delighted to join forces with Entra, and we are certain that the combined entity would have a very exciting future."

"The increased offer constitutes a very attractive value proposition for Entra, representing a strong premium to Entra's share price over various timeframes, and full value relative to the significantly increased net asset value that the Board of Entra announced earlier this month. Further, the structure of our offer delivers Entra shareholders certainty of value."

"To facilitate Norwegian investors becoming shareholders in SBB and to further underpin Norway being a core market for SBB, we intend to pursue a dual listing of SBB Class B shares on the Oslo Stock Exchange in 2021."

OFFER TIMELINE AND CONDITIONALITY

SBB will be submitting an updated offer document to the Oslo Stock Exchange in relation to the Enhanced Offer as soon as possible. It is currently anticipated that the Enhanced Offer will be capable of acceptance from early January 2021.

SBB confirms that it has completed its due diligence on Entra, and accordingly the Enhanced Offer is not subject to a due diligence condition. Other than this, the conditions to the offer are expected to be identical to those in SBB's offer that was launched on 27 November 2020. Completion of the Enhanced Offer remains subject to other customary conditions including, but not limited to, 90% minimum acceptance of the Enhanced Offer.

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 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.

The cash consideration under the Enhanced 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, and, as such, there are no financing conditions to the Offer.

Settlement is expected to take place as soon as SBB has announced that the conditions for the Enhanced Offer have been fulfilled or that SBB has decided to complete the Offer by waiving any unfulfilled conditions. The complete terms and conditions for the Enhanced Offer, including procedures for how to accept the Enhanced Offer and detailed information regarding settlement, will be set out in a revised offer document.

ADVISERS

Arctic Securities, Citigroup Global Markets Europe AG, DNB Markets and Goldman Sachs International are acting as financial advisers 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 the Receiving Agent.

Footnotes

(1) Undisturbed 3 month volume-weighted average share price for Entra of NOK 130.66 on 23 November 2020 (source: Bloomberg).

(2) Based on daily closing prices, with all-time high in the period prior to 23 November 2020 of NOK 165.20 on 7 February 2020 (source: Bloomberg).

(3) Undisturbed closing price of NOK 143.70 on 23 November 2020 (source: Bloomberg).

(4) EPRA Net Asset Value of NOK 160 as at 30 September 2020 (source: Entra disclosures).

(5) Based on reported EPRA Net Reinstatement Value of NOK 162 as at 30 September 2020 and valuation uplift equivalent to NOK 23 per share, as announced by Entra on 9 December 2020 (source: Entra disclosures).

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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 PEF) are listed on Nasdaq First North Premier Growth Market. Certified Adviser is Erik Penser Bank (contact: certifiedadviser@penser.se / +46 84638300). Please see www.sbbnorden.se for further information about SBB.

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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 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.

In addition, the financial advisors to SBB may also 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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