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Aros Bostad announces a recommended public tender offer to the shareholders in Besqab – together forming a leading residential property developer

Aros Bostadsutveckling AB (publ) ("Aros Bostad") and Besqab AB (publ) ("Besqab") intend to combine the two companies to create a new, leading residential property developer in Greater Stockholm and Uppsala. Aros Bostad hereby announces a recommended public tender offer to the shareholders of Besqab to tender all of Besqab's outstanding shares to Aros Bostad, in exchange for consideration of newly issued common shares and newly issued series B preference shares in Aros Bostad (the "Offer"). The Offer is unanimously recommended by the board of directors of Besqab and is supported by shareholders representing approximately 73 percent of the total votes and capital in Besqab. The shares in Besqab are listed on Nasdaq Stockholm and the shares in Aros Bostad are listed on Nasdaq First North Growth Market. Due to the announcement of the Offer, Aros Bostad has decided to bring forward the publication of Aros Bostad's year-end report for the full year 2023 to 9 February 2024 (previously 16 February 2024).

Summary of the motives for the Offer and the New Company

- A combination of Aros Bostad and Besqab creates a new company (the "**New Company**") with an even stronger market position and economies of scale.
- The New Company will have a broad portfolio of development projects as well as investment properties in attractive areas in Greater Stockholm and Uppsala.
- A combination creates a complementary product offering with the potential for enlarged production volumes, stable cash flows and new business opportunities.
- The combination of a clear customer- and sustainability focus, strong business acumen, and financial stability creates a solid foundation for long-term profitable growth.
- Magnus Andersson will become CEO and Anna Jepson will become CFO of the New Company, and the intention is that the New Company's senior executive management will consist of members from both Aros Bostad's and Besqab's current senior management teams, which secure continuity and an experienced and competent senior executive management.

- The intention is that Per Rutegård will be nominated as the chairman of the board of the New Company and that the new board of directors will consist of members from both Aros Bostad's and Besqab's current board of directors and include Olle Nordström (current chairman of the board of Besqab).
- The New Company is proposed to be named Besqab AB and will be traded on Nasdaq First North Growth Market, with the aim of a listing on the main market, Nasdaq Stockholm, during the latter part of 2024 if preconditions are deemed to be met.

Summary of the Offer

- Shareholders in Besqab are offered 1.04¹ newly issued common shares and 0.07² newly issued series B preference shares in Aros Bostad for each existing share in Besqab. The total value of the Offer, based on all outstanding shares³ in Besqab, amounts to approximately SEK 1,861 million, equivalent to approximately SEK 40.2 per share in Besqab. The total value of the Offer is based on the closing price of Aros Bostad's common shares at SEK 33.2 on 30 January 2024 and series B preference shares at SEK 82.8 on 30 January 2024, which was the last trading day before the announcement of the Offer.
- The board of directors of Besqab⁴ unanimously recommends the shareholders of Besqab to accept the Offer. The recommendation is supported by a so-called fairness opinion from Öhrlings PricewaterhouseCoopers AB, obtained by the board of directors of Besqab in connection with the Offer.
- Aros Bostad has obtained irrevocable undertakings and declarations of intent to accept the Offer from shareholders in Besqab representing approximately 73 percent of the votes and capital in Besqab. Family Douglas (company incl.), Olle Engkvists stiftelse, Sven Jemsten with family (company incl.), Carl Wale with family, Paradeigma Partners AB, Kristian Wale with family (company incl.), Lars Öberg with family (company incl.), Paradigm Capital Value and AB Tuna Holding, representing approximately 36 percent of the votes and capital in Besqab, have entered into irrevocable undertakings to accept the Offer. Additionally, family Nordström (company incl.), whose holdings together represents approximately 37 percent of the votes and capital in Besqab, has expressed its intention to enter a corresponding irrevocable undertaking to accept the Offer after the publication of Besqab's year-end report 2023, which is expected to be published on the 2 February 2024.
- Shareholders in Aros Bostad holding approximately 83 percent of the votes in Aros Bostad have undertaken, among other things, to vote in favour of a proposal to authorise the board of directors in Aros Bostad to issue common shares and series B preference shares as consideration in the Offer.
- The completion of the Offer is conditional upon the Offer being accepted to such an extent that Aros Bostad becomes the owner of more than 90 percent of all outstanding shares in Besqab (at full dilution). Aros Bostad undertakes to not complete the Offer if it is not accepted to that extent. Furthermore, the Offer is conditional upon the conditions stated under the headline "*The conditions for the completion of the Offer*" further down in this press release.

¹ The number has been rounded, the exact number is 1.03880 common shares for each common share in Besqab.

² The number has been rounded, the exact number is 0.06924 series B preference shares for each common share in Besqab.

³ The total amount of shares in Besqab is 46,268,052, excluding treasury shares repurchased by Besqab (currently 92,145 shares).

⁴ Due to a conflict of interest as per the Takeover Rules, chairman Olle Nordström has not participated in the board of director's evaluation or decision regarding the Offer. Carola Lavén, who serves as both CEO and board member of Besqab, has not participated in the board of director's decisions regarding the recommendation of the Offer due to a potential conflict of interest.

- At full acceptance of the Offer, Aros Bostad's shareholders will hold approximately 53 percent of the votes and Besqab's shareholders will hold approximately 47 percent of the total votes in the New Company.⁵
- In connection with the Offer, Aros Bostad will publish a combined prospectus and offer document (the "**Prospectus**") with more detailed information about the Offer. The Prospectus is expected to be published by Aros Bostad on 19 February 2024.

Comments from Aros Bostad and Besqab

CEO of Aros Bostad, Magnus Andersson, comments:

"Aros Bostad and Besqab are two well-renowned residential property developers with complementary products and building right portfolios. By combining the companies, a new company with an even stronger market position, a broader product portfolio and an expanded product offering are created. Through a strategic focus on customers and sustainability, coupled with entrepreneurial business acumen and financial stability, the new company is poised for long-term profitable growth, aspiring to become the leading residential property developer in the Greater Stockholm region."

CEO of Besqab, Carola Lavén, comments:

"Long-term vision and stability are crucial success factors in the residential housing market. The intention of Besqab and Aros Bostad to combine now creates an even stronger player in the residential housing market in Greater Stockholm and Uppsala. The new company will leverage the strengths of both operations and deep expertise and experience in project development and project execution."

Chairman of the board of directors of Aros Bostad, Per Rutegård, comments:

"We in the board look forward to welcoming a new company that builds on Aros Bostad's and Besqab's strengths and well-renowned brand. There is a great underlying need for qualitative residential houses in the Greater Stockholm region. Through the combination between Aros Bostad and Besqab, a company is created that has a larger geographical presence and a broader offering of products related to residential houses, which strengthens the market position and creates new development opportunities, both in the short- and long-term."

Chairman of the board of directors and largest shareholder of Besqab, Olle Nordström, comments:

"For more than thirty years, we have established ourselves as a recognized residential developer in Greater Stockholm and Uppsala. A combination between Besqab and Aros Bostad has a clear industrial logic and will enable economies of scale, synergies, and a competitive customer offering. Together, the highly competent leaderships and driven teams of both companies can build an even stronger company for the future, with an increased ability to meet the underlying demand for sustainably oriented housing in attractive areas."

Background and rationale

Strengthened market position

Through a combination, the New Company obtains a portfolio of building rights, consisting of more than 8,000 attractive building rights and a future potential for an annual rolling production volume of

⁵ Aros Bostad's and Besqab's shareholders will own approximately 55 percent and approximately 45 percent of the capital in the New Company. The number of votes and capital in the New Company is calculated based on 53,908,026 outstanding shares and 8,497,950 outstanding series B preference shares in Aros Bostad. In the calculation, ALM Equity's 2,141,725 convertibles in Aros Bostad, entitling to 2,141,725 new common shares, have not been taken into account. Taking into consideration the outstanding convertibles, which are to be converted no later than 31 October 2024, Besqab's shareholders' share of Aros Bostad would amount to approximately 46 percent of the votes and about 44 percent of the capital.

approximately 2,500 residential houses in Greater Stockholm and Uppsala from 2025 and onwards. The New Company's strengthened market position and customer offering make it an even more relevant partner for municipalities, suppliers and other stakeholders, opening doors for other business opportunities.

Broad portfolio and attractive product offering

The New Company intends to offer qualitative, functional and sustainable residential houses and neighbourhoods in attractive locations. Today, the companies have complementary product offerings within apartment buildings and small houses with different forms of tenures, condominiums, freeholds, and rentals. The New Company can offer complementary residential housing-related products as a part of larger development areas – such as senior housing, schools and preschools – providing advantages in the dialogue and collaborations with municipalities. The companies' project portfolios and the broad product mix ensure risk diversification and more stable cash flows over time.

With deep expertise in project development, the New Company will distinguish itself through business acumen, customer focus, and profitability.

Strengthened financial profile

The New Company shall build upon a strong balance sheet, which entails increased financial and operational flexibility and stability. A combination also creates better conditions for competitive financing.

By combining and consolidating internal resources, functions, and processes, conditions for a more efficient project development is created. A combination entails cost scale advantages for a listed company and central administration. The New Company will have a combined market capitalisation of approximately SEK 3.1 billion⁶ and a diversified ownership structure, which improves the conditions for a liquid trading in the shares. The New Company will be listed on Nasdaq First North Growth Market with the aim of a listing on the main market, Nasdaq Stockholm, during the latter part of 2024 if preconditions are deemed to be met.

Long-term housing demand creates new business opportunities

An underlying residential housing demand combined with few construction starts creates attractive return opportunities for the New Company. With the financial stability of the New Company, it can leverage market conditions and secure a long-term leading position in Greater Stockholm. The broader project and product portfolio provides greater flexibility and the opportunity to reach several customer segments. The New Company intends to create shareholder value by investing in more projects and initiating new construction starts.

Overview of the New Company

The New Company aims to have a broad project portfolio with great potential for value creation and a geographical focus on attractive locations in Greater Stockholm and Uppsala. The focus will be on new production of qualitative and sustainable residential houses as well as residential-related investment properties through efficient, adaptable, and sustainable processes. A combination creates stability and quality for customers, investors, and partners.

The New Company is proposed to be named Besqab AB (publ). The shares offered by Aros Bostad as consideration in the Offer will, if the Offer is consummated, be traded on Nasdaq First North Growth

⁶ Combined market capitalisation calculated based on the total number of outstanding shares in Aros Bostad of 53,908,026 and SEK 33.2 per common share and the total number of outstanding shares in Besqab of 46,268,052 and SEK 27.9 per common share, as of 30 January 2024.

Market with the aim of a listing on the main market, Nasdaq Stockholm, during the latter part of 2024 if preconditions are deemed to be met.

Organisation and employees

On 31 December 2023, Aros Bostad had 37 employees and Besqab had 110 employees. Through the combination, two highly professional and competent organisations with similar values come together, creating a solid foundation to grow from. The New Company will have a focus on a strong project development and sales organisation, with a clear business acumen, and customer and sustainability focus which creates conditions for profitable growth. The intention is that the New Company's continued operations will be run by employees from both companies. The headquarter will be in Stockholm. A combination between Aros Bostad and Besqab is considered equally beneficial for both companies and is expected to equip the employees with good development opportunities.

Board and management

The New Company's CEO will be Magnus Andersson, Aros Bostad's current CEO, and Anna Jepson will be CFO, Besqab's current CFO. The New Company's senior executive management will consist of management people from both Aros Bostad and Besqab, ensuring a diverse and competent senior executive management team.

The intention is that Per Rutegård and Olle Nordström will be part of the board of directors of the New Company and Per Rutegård is nominated as chairman of the board of directors. Moreover, the intention is that the board of directors will consist of members from both Aros Bostad's and Besqab's current board of directors. The new board of directors is expected to be elected at an extraordinary general meeting in Aros Bostad, which will be convened after the completion of the Offer.

Shares and ownership structure

Under the condition that i) the Offer is completed; ii) full acceptance of the Offer; and iii) all shareholders in Aros Bostad and Besqab will have the same holdings at the time of this press release as at the completion of the Offer, then, directly after the Offer, Aros Bostad's shareholders will hold approximately 53 percent of the votes and approximately 55 percent of the capital in the New Company, and Besqab's shareholders will hold approximately 47 percent of the votes and approximately 45 percent of the capital in the New Company⁷. The combination would result in that the New Company gets a diversified ownership structure, uniting entrepreneurs and institutional owners with a long-term vision, flexibility and strong interest in the New Company's success and growth. In the table below, a list of the anticipated ten largest shareholders is shown, based on Aros Bostad's latest available information of ownership as of 31 December 2023 in each company, along with any known changes, using the assumptions presented above.

Shareholders⁸	Votes (%)	Capital (%)
Family Nordström (company incl.)	17.4%	16.8%
ALM Equity ⁸	14.3%	14.8%
Vencom Capital ⁹	7.2%	6.5%
Samir Taha (company incl.)	6.0%	5.5%

⁷ The percentage of votes and capital in the New Company is calculated excluding ALM Equity's 2,141,725 convertibles in Aros Bostad, assuming full acceptance of the Offer. Excluding the convertibles, the number of common shares is assumed to be 101,971,278, and the number of series B preference shares is assumed to be 11,701,550, given full acceptance of the Offer. Taking into account the outstanding convertibles, which are to be converted by 31 October 2024, the total number of common shares would be 104,113,003 with full acceptance of the Offer.

⁸ The calculations exclude Alm Equity's holdings of 2,141,725 convertibles in Aros Bostad, which will be converted into 2,141,725 common shares by 31 October 2024.

⁹ Vencom Capital is controlled, among others, by Aros Bostad's board member Johan A. Gustavsson.

M2 Asset Management	5.3%	6.1%
Första AP-fonden	5.2%	4.8%
Per Rutegård (company incl.)	4.6%	4.2%
Family Douglas (incl. Company)	4.0%	3.8%
Olle Engkvists stiftelse	3.6%	3.4%
Sven Jemsten with family (company incl.)	3.5%	3.4%
Ten largest shareholders	71.1%	69.3%
<i>Other shareholders</i>	<i>28.9%</i>	<i>30.7%</i>
Total	100.0%	100.0%

Preliminary combined financial information

The selected financial information presented below is based on Aros Bostad's and Besqab's unaudited financial information derived from their respective financial reports for the period October 2022 – September 2023.

The compilation should not be considered a pro forma statement, as adjustments have not been made for the effects of the transaction, differences in accounting principles, or transaction costs. The information presented below does not necessarily reflect the results or financial position that Aros Bostad and Besqab would jointly have had if they had conducted their operations within the same group during this period. The information is also not indicative of the future results of the combined company. The consolidated financial information below has neither been audited nor reviewed by the auditors of Aros Bostad, Besqab or any other third party.

Both Aros Bostad and Besqab prepare their financial reports in accordance with IFRS. In addition, both companies prepare segment reporting that recognises revenues and project costs over time as projects are gradually completed, corresponding to the profit from the project's execution. These principles means that segment reporting does not follow IFRS 10 Consolidated Financial Statements and IFRS 15 Revenue from Contracts with Customers, where revenues from residential housing projects carried out for a housing association are consolidated in the financial reports of Aros Bostad and Besqab, and revenues from the sale of properties are recognised only when the majority (>50 percent) of residential housing buyers have taken possession of the residences in their respective projects.

IFRS accounting	October 2022 – September 2023		
	Aros Bostad	Besqab	Combined
Operating income, SEKm	1,015	2,088	3,103
Reported EBIT, SEKm	99	-415	-316
Adjusted EBIT ¹⁰ , SEKm	99	-85	14
Total assets, SEKm	2,658	6,834	9,492
Shareholder equity, SEKm	1,647	1,854	3,501
Net debt ¹¹ , SEKm	632	3,259	3,891
Building rights in the project development portfolio ¹²	5,100	3,300	8,400

¹⁰ Adjusted for costs at Besqab during the fourth quarter of 2022, amounting to SEK 330m for write-downs of development properties and equity interest in affiliated companies.

¹¹ Defined as interest-bearing debt (including overdraft facilities) minus cash and cash equivalents.

¹² Aros Bostad's building rights portfolio adjusted for residential houses in production.

Residential houses in production ¹³	1,251	1,229	2,480
Production started residential houses	606	25	631
Share of sold or booked residential houses, currently in production, %	87%	72%	80%

According to Aros Bostad and Besqab, segment reporting better reflects the companies' operations and aligns with internal monitoring and reporting. Aros Bostad's and Beqab's segment reporting is based on different accounting principles, which means that the amounts are not fully comparable.

Segment accounting ¹⁴	October 2022 – September 2023		
	Aros Bostad	Besqab	Combined
Operating income, SEKm	1,319	1,565	2,884
Reported EBIT, SEKm	202	-697	-495
Adjusted EBIT ¹⁵ , SEKm	202	-171	31
Total assets, SEKm	2,818	3,972	6,789
Shareholder equity, SEKm	1,982	1,947	3,929
Net debt ¹⁶ , SEKm	548	826	1,374

The Prospectus will include a pro forma statement to illustrate the effects on Aros Bostad for the fiscal year 2023 if the transaction had taken place on 1 January 2023.

The Offer

The consideration

The consideration for the shareholders in Besqab consists of common shares and series B preference shares in Aros Bostad. Shareholders in Besqab are offered 1.04¹⁷ newly issued common shares and 0.07¹⁸ newly issued series B preference shares in Aros Bostad for each existing share in Besqab. The total value of the Offer, based on all outstanding shares¹⁹ in Besqab, amounts to approximately SEK 1,861 million, equivalent to approximately SEK 40.2 per share in Besqab. The total value of the Offer is based on the closing price on Nasdaq First North Growth Market for Aros Bostad's common shares at SEK 33.2 on 30 January 2024 and series B preference shares at SEK 82.8 on 30 January 2024, which was the last trading day before the announcement of the Offer.

Aros Bostad will not increase the value of the consideration in the Offer. Through this statement, Aros Bostad is not able to, under the Takeover Rules of the Swedish Securities Council Self-Regulation Committee for the Nasdaq Stockholm and Nordic Growth Market NGM as of 1 January 2024 ("**Takeover Rules**"), increase the value of the consideration in the Offer.

If Besqab were to pay dividends or carry out another value transfer before the settlement of the Offer, the consideration in the Offer would be reduced accordingly.

¹³ Besqab's residential houses in production include 270 residential units for self-management.

¹⁴ Segment reporting extracted from the financial reports of the respective companies, not adjusted for any potential differences in accounting principles.

¹⁵ Adjusted for costs in Besqab during the fourth quarter of 2022, amounting to SEK 330m for write-downs of development properties and equity interests in affiliated companies, as well as provisions made during the fourth quarter of 2022 attributable to more conservative assumptions about estimated project profits. These provisions, after reversals in 2023, amounted to 196 MSEK as of 30 September 2023.

¹⁶ Defined as: interest-bearing debt (including overdraft facilities) minus cash and cash equivalents.

¹⁷ The number has been rounded; the exact number is 1.03880 common shares for each common share in Besqab.

¹⁸ The number has been rounded; the exact number is 0.06924 series B preference shares for each common share in Besqab.

¹⁹ Based on a total of 46,268,052 shares in Beqab, excluding treasury shares repurchased by Besqab (currently 92,145 shares).

No commission will be charged in connection with the settlement of the consideration to the shareholders in Besqab who accept the Offer.

Bid premium

The Offer represents a bid premium of (in relation to the closing price of Aros Bostad's common shares at SEK 33.2 and series B preference shares at SEK 82.8 on Nasdaq First North Growth Market on 30 January 2024, which was the last trading day prior to the announcement of the Offer):

- 44.2 percent compared to the closing price of Besqab's share on Nasdaq Stockholm on 30 January 2024, which was the last trading day prior to the announcement of the Offer;
- 37.0 percent compared to the volume weighted average price per Besqab's share on Nasdaq Stockholm during the 30 latest trading days ending on 30 January 2024, which was the last trading day prior to the announcement of the Offer; and
- 43.4 percent compared to the volume weighted average price per Besqab's share on Nasdaq Stockholm during the 90 latest trading days ending on 30 January 2024, which was the last trading day prior to the announcement of the Offer.

Handling of fractions of shares

Aros Bostad will only pay out whole and no fractions of common shares or series B preference shares to shareholders in Besqab who accept the Offer. If shareholders in Besqab tender shares in the Offer so that the share consideration that Aros Bostad should pay for such Besqab shares does not amount to a whole number of new shares in Aros Bostad (rounded down), Skandinaviska Enskilda Banken AB will sell fractional shares on behalf of Aros Bostad on Nasdaq First North Growth Market after aggregation with other such fractions, and the sales proceeds from such sale will be distributed proportionally among the respective shareholders based on the fraction of a share in Aros Bostad that such shareholders would otherwise have received. Payment of such cash consideration will occur within ten banking days from the sale. If the holding in Besqab is registered through a nominee, payment for the consideration in respect of fractions will be made through the respective nominee.

Acceptance period

The acceptance period for the Offer is expected to commence on 20 February 2024 and conclude on 12 March 2024. The payment of consideration is estimated to commence no earlier than 22 March 2024.

Aros Bostad reserves the right to extend the acceptance period for the Offer and also reserves the right to postpone the settlement date. Any extension of the acceptance period and/or postponement of the settlement date will be communicated by Aros Bostad through a press release under applicable laws and regulations.

Financing of the Offer

The consideration for the shareholders in Besqab consists of common shares and series B preference shares in Aros Bostad. Therefore, the Offer does not require any additional financing (see further details under the heading "*Extraordinary general meeting in Aros Bostad*" for the issuance of consideration shares further down in this press release).

Potential directed issue

The basis for the combination between Aros Bostad and Besqab is to create conditions for the New Company to grow profitably. The consideration in the Offer consists solely of common and preference shares. The Potential Directed Issue (as defined below) should be viewed in light of this.

Assuming the Offer is completed with over 90 percent acceptance, and if Aros Bostad initiate the compulsory redemption of the remaining shares in Besqab, Aros Bostad will, at that time, evaluate whether conditions exist to carry out a directed share issue of common shares and series B preference shares through an accelerated bookbuilding procedure, where the proceeds from such directed issue are intended to be used settling redemption amounts to minority shareholders within the framework of such a compulsory redemption process (the “**Potential Directed Issue**”). A decision by Aros Bostad's board of directors to carry out the Potential Directed Issue will depend on the acceptance level of the Offer and market conditions at that time.

Assuming full acceptance of the Offer, Aros Bostad will issue approximately 48.1 million common shares and approximately 3.2 million series B preference shares. If the Offer achieves an acceptance level of 90 percent and Aros Bostad subsequently initiates the compulsory redemption of shares, a maximum of approximately 4.81 million common shares and approximately 0.32 million series B preference shares could be issued within the framework of the Potential Directed Issue. The number of newly issued common shares in Aros Bostad will not exceed 48.1 million, and the number of newly issued preference shares in Aros Bostad will not exceed 3.2 million after the completion of the Offer and the Potential Directed Issue.

Aros Bostad's shareholding in Besqab

Neither Aros Bostad nor any of its affiliated companies or other related parties own any shares or other financial instruments in Besqab that provide financial exposure to shares in Besqab at the time of this announcement. Aros Bostad has not, during the six months preceding the announcement of the Offer, acquired or committed to acquiring any shares in Besqab or any financial instruments providing financial exposure to shares in Besqab.

Incentive programs in Besqab

The Offer solely includes common shares in Besqab and therefore does not include any other securities issued by Besqab (such as instruments issued by Besqab to its employees within the scope of incentive programs). The Offer does not include the outstanding convertibles of series 2021/2025 and series 2022/2026 held by certain employees of Besqab and issued under Besqab's long-term incentive programs. Holders of these convertibles in Besqab will be offered a reasonable treatment in connection with the Offer.

Review of information in connection with the Offer

The Offer has been preceded by Aros Bostad and Besqab conducting a mutual limited due diligence of confirmatory nature.

As part of Aros Bostad's due diligence review, Aros Bostad has not accessed any insider information (as defined by (EU) 596/2014 market abuse regulation) regarding Besqab that has not subsequently been disclosed by Besqab. As part of Besqab's due diligence review, Besqab has not accessed any insider information regarding Aros Bostad.

Extraordinary general meeting in Aros Bostad

The board of directors of Aros Bostad will convene an extraordinary general meeting to be held on 16 February 2024, proposing at the meeting to i) authorise the board of directors of Aros Bostad to resolve on the issuance of new common shares and series B preference shares in Aros Bostad for the disbursement of consideration in connection with the completion of the Offer, ii) authorises the board of directors of Aros Bostad to resolve on the Potential Directed Issue (see above under the heading “*Potential directed issue*” for more information), and iii) resolve to increase the dividend capacity to enable the additional series B preference shares issued in connection with the Offer and, in applicable cases, the Potential Directed Issue to receive dividends for the record date occurring on 3 June 2024.

Notice of such an extraordinary general meeting will be announced separately by Aros Bostad. Shareholders in Aros Bostad holding approximately 83 percent of the votes in Aros Bostad have undertaken to vote in favour of the above-mentioned proposal on the extraordinary general meeting.

Recommendation by the board of directors of Besqab

The board of directors of Besqab²⁰ has unanimously decided to recommend Besqab's shareholders to accept the Offer. The recommendation is supported by a so-called fairness opinion from Öhrlings PricewaterhouseCoopers AB, obtained by the board of directors of Besqab in connection with the Offer.

Shareholder support from shareholders in Besqab

Aros Bostad has obtained irrevocable undertakings and declarations of intent to accept the Offer from shareholders in Besqab representing approximately 73 percent of the votes and capital in Besqab. Family Douglas (company incl.), Olle Engkvists stiftelse, Sven Jemsten with family (company incl.), Carl Wale with family, Paradeigma Partners AB, Kristian Wale with family (company incl.), Lars Öberg with family (company incl.), Paradigm Capital Value and AB Tuna Holding, representing approximately 36 percent of the votes and capital in Besqab, have entered irrevocable undertakings to accept the Offer. Additionally, family Nordström (company incl.), whose holdings together represents approximately 37 percent of the votes and capital in Besqab, has expressed its intention to enter a corresponding irrevocable undertaking to accept the Offer after the publication of Besqab's year-end report 2023, which is expected to be published on the 2 February 2024.

The conditions for the completion of the Offer

The completion of the Offer is conditional upon:

1. the Offer being accepted to such an extent that Aros Bostad becomes the owner of shares representing more than 90 percent of the total number of outstanding shares in Besqab;
2. the shareholders of Aros Bostad, at the extraordinary general meeting of Aros Bostad intended to be held on 16 February 2024, with the required majority, to authorise the board of directors to issue new ordinary shares and class B preference shares in Aros Bostad by way of an issue in kind to the shareholders of Besqab who accepts the Offer and make other necessary decisions to implement the Offer;
3. Besqab does not resolve to issue shares or other securities in Besqab;
4. no circumstances, of which Aros Bostad did not have knowledge at the time of the announcement of the Offer, have occurred that have materially adversely affected or could reasonably be expected to materially adversely affect Besqab's financial position or business, including Besqab's results of operations, liquidity, solvency, equity or assets;
5. any and all necessary regulatory authorisations, approvals, decisions and other actions required from authorities with respect to the Offer and for the completion of the acquisition obtained on terms acceptable to Aros Bostad;
6. the Offer is not rendered wholly or partly made impossible or significantly impeded as a result of any legislation or other regulation, court decision or order, governmental decision or any similar circumstance which is actual or reasonably foreseeable and which Aros Bostad could not have foreseen at the time of the announcement of the Offer;

²⁰ Due to a conflict of interest as per the Takeover Rules, chairman Olle Nordström has not participated in the board of director's evaluation or decision regarding the Offer. Carola Lavén, who serves as both CEO and board member of Besqab, has not participated in the board of director's decisions regarding the recommendation of the Offer due to a potential conflict of interest.

7. Besqab not taking any action that is likely to impair the conditions for making or completing the Offer;
8. no information made public by Besqab, or otherwise made available to Aros Bostad by Besqab, being inaccurate, incomplete or misleading, and Besqab having made public all information which should have been made public; and
9. no other party makes a public offer to acquire the shares in Besqab on terms more favourable than the Offer.

Aros Bostad reserves the right to withdraw the Offer if it is clear that any of the above conditions have not been fulfilled or cannot be fulfilled. However, with respect to conditions 2-9 above, such withdrawal of the Offer may only take place if the non-satisfaction of such condition is of material importance for Aros Bostad's acquisition of Besqab or if it has otherwise been approved by the Swedish Securities Council.

Aros Bostad reserves the right to waive, in whole or in part, one, several or all of the conditions 2-9 above. Aros Bostad does not reserve the right to waive condition 1 above, which means that the Offer cannot be completed unless the Offer is accepted to such an extent that Aros Bostad becomes the owner of more than 90 percent of all outstanding shares in Besqab.

Regulatory approvals

Aros Bostad has made the assessment that the Offer is not subject to any authorisations, approvals, decisions or other measures from authorities.

Prospectus and offer document

A prospectus prepared in accordance with Article 14 of the (EU) Prospectus Regulation 2017/1129 (the Prospectus Regulation), combined with an offer document prepared in accordance with Chapter 2a of the Swedish Financial Instruments Trading Act (1991:980), will be prepared by Aros Bostad in connection with the Offer. The Prospectus will be published on Aros Bostad's website after the Prospectus has been reviewed and approved by the Swedish Financial Supervisory Authority. The Prospectus is expected to be published on 19 February 2024 and will only be available in Swedish.

Aros Bostad's year-end report 2023

Due to the announcement of the Offer, Aros Bostad has decided to advance the publication of Aros Bostad's year-end report for the full year 2023 to 9 February 2024 (previously scheduled for 16 February 2024).

Preliminary timeline

Besqab's year-end report 2023	2 February 2024
Aros Bostad's year-end report 2023	9 February 2024
Extraordinary general meeting in Aros Bostad	16 February 2024
Prospectus made public	19 February 2024
Acceptance period	20 February – 12 March 2024
Publication of preliminary outcome	15 March 2024
Payment of consideration commence	22 March 2024

Compulsory redemption of shares and delisting

If Aros Bostad, in connection with the Offer or otherwise, becomes the owner of shares representing more than 90 percent of the shares in Besqab, Aros Bostad intends to initiate a compulsory redemption, in accordance with the procedure specified in Chapter 22 of the Swedish Companies Act (2005:551), to acquire all outstanding shares in Besqab. In connection with this, Aros Bostad intends to promote a delisting of Besqab's shares from Nasdaq Stockholm.

Applicable law and disputes

The Offer, including any agreements entered into between Aros Bostad and shareholders in Besqab as a result of the Offer, is governed by Swedish law. In addition, the Takeover Rules and the Swedish Securities Council's statements and rulings on the interpretation and application of these rules, including, where applicable, the Swedish Securities Council's interpretation and application of the previously applicable Rules of the Swedish Industry and Commerce Stock Exchange Committee (Sw. Näringslivets Börskommitté) on public offers of share acquisitions, are applicable to the Offer and such agreements. Disputes arising from the Offer and related legal matters shall be settled exclusively by Swedish courts, and the Stockholm District Court shall be the court of first instance.

Aros Bostad has, in accordance with the Swedish Takeover Act (2006:451) (Sw. lag (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden), undertaken in writing towards Nasdaq Stockholm AB to comply with the Takeover Rules and to submit to the sanctions that may be imposed by Nasdaq Stockholm AB in the event of a breach of the Takeover Rules. Aros Bostad informed the Swedish Financial Supervisory Authority of the Offer and the undertaking towards Nasdaq Stockholm AB on 30 January 2024.

Advisors

Aros Bostad has retained SEB Corporate Finance as financial advisor and Baker McKenzie as legal advisor in connection with the Offer.

Invitation to a webcast presentation

Aros Bostad and Besqab will hold a joint presentation today, 31 January 2024, at 10:30 CET.

Participants: Aros Bostad's chairman of the board Per Rutegård, Aros Bostad's CEO Magnus Andersson and Besqab's chairman of the board Olle Nordström.

If you wish to participate via the webcast, please follow the link below.

<https://ir.financialhearings.com/webcast-2024-01-31>

If you wish to participate via a conference call, please register using the link below. After registration, you will receive a phone number and a conference ID to log in to the call. During the conference call, there will be an opportunity to ask questions verbally.

<https://conference.financialhearings.com/teleconference/?id=5003166>

Questions can only be asked over the phone. The presentation will be conducted in Swedish. No pre-registration is required for participation. The presentation will be available afterwards on the Offer's website, www.besqab2024.se

Information and contact details

Information about the Offer is available at: www.besqab2024.se

For more information, please contact:

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Anna Åkerlund, Head of Communications & IR, e-mail: anna.akerlund@arostad.se, phone: +46 70 778 28 97

Aros Bostad's Certified Adviser at Nasdaq First North Growth Market is Carnegie Investment Bank AB, certifiedadvisor@carnegie.se. Financial information in English at <https://arostad.se/investerare/in-english/>

This information is information that Aros Bostad is obliged to make public pursuant to the EU Market Abuse Regulation (EU 596/2014). The information in this press release has been made public through the agency of the responsible person set out above for publication at the time stated by the Company's news distributor, Cision, at the publication of this press release.

About Aros Bostad

Since 2006, Aros Bostad has been developing well-planned, high-quality residential housing with sustainable material choices and timeless design. The geographical market is primarily focused on Greater Stockholm and Uppsala. With a long-term perspective and responsibility for the entire value chain, Aros Bostad creates a safe deal for home buyers as well as stable returns for the investors. Aros Bostad is listed on the Nasdaq First North Growth Market and the Certified Adviser is Carnegie Investment Bank AB. Financial information is to be found at www.arostad.se

About Besqab

Besqab develops residential housing in attractive locations in Stockholm and Uppsala. The business covers the entire process from purchasing and refining land to completion and management of residences and care facilities. Besqab was founded in 1989, and the company's stock has been listed on Nasdaq Stockholm since 2014. More information on www.besqab.se

Important information

This press release does not constitute an offer, directly or indirectly, in or into the United States, Australia, Belarus, Hong Kong, Japan, Canada, New Zealand, Russia, Switzerland, Singapore, South Africa, South Korea or any other jurisdiction in which an offer under the laws and regulations of such jurisdiction would be prohibited by applicable law (each, a "**Restricted Jurisdiction**").

The release, publication or distribution of this press release in or into jurisdictions other than Sweden may be restricted by law and persons subject to the laws or regulations of jurisdictions other than Sweden should inform themselves about, and observe, any applicable requirements. In particular, the ability of persons not resident in Sweden to accept the Offer may be affected by the laws and regulations of the relevant jurisdiction in which they are located.

Failure to comply with applicable restrictions may constitute a violation of the securities laws and regulations of such jurisdiction. To the extent permitted by applicable law and regulation, the companies and persons involved in the Offer disclaim any responsibility or liability for any breach of such restriction by each person.

This press release is not a prospectus within the meaning of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. A prospectus prepared in accordance with Article 14 of the Prospectus Regulation, combined with an offer document prepared in accordance with Chapter 2a of the Swedish Financial Instruments Trading Act (1991:980), will be prepared by Aros Bostad in connection with the Offer (the "**Prospectus**") and will be published on Aros Bostad's website after the Prospectus has been reviewed and approved by the Swedish Financial Supervisory Authority.

This press release has been prepared in order to comply with Swedish law, the Takeover Rules and the Swedish Securities Council's statements regarding the interpretation and application of the Takeover

Rules and the information published may not be the same as that published if this press release had been prepared in accordance with the laws and regulations of jurisdictions other than Sweden.

Unless otherwise determined by Aros Bostad or required by Swedish law, the Takeover Rules and the statements of the Swedish Securities Council regarding the interpretation and application of the Takeover Rules, and permitted by applicable law and regulation, the Offer will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws or regulations of that jurisdiction and no person may accept the Offer by any means of communication (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) used in interstate or foreign commerce by any facility of a national, state or other securities exchange or trading centre in any Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws or regulations of that jurisdiction and the Offer may not be accepted by any such means or by any such means of communication. Accordingly, copies of this press release or other formal documentation relating to the Offer will not be, and must not be, directly or indirectly, sent or otherwise distributed or forwarded in, into or from any Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws or regulations of that jurisdiction and persons receiving such documentation (including custodians, agents and trustees) must not send or otherwise disseminate or forward it in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws or regulations of that jurisdiction.

The availability of the Offer to shareholders of Besqab who are not residents and citizens of Sweden may be affected by the laws and regulations of the respective relevant jurisdictions in which they are located or of which they are citizens. Persons who are not residents or citizens of Sweden should inform themselves about and comply with applicable legal or regulatory requirements in their jurisdiction.

The Offer and the information and documentation made available through this press release have not been prepared by, and have not been approved by, an "authorised person" within the meaning of regulation 21 of the UK Financial Services and Markets Act 2000 ("**FSMA**"). Accordingly, the information and documents made available through this press release may not be distributed in, or forwarded to, the public in the United Kingdom unless an exemption applies. Dissemination of information and documents made available through this press release is exempt from the financial promotion restrictions of Regulation 21 FSMA on the basis that it is an announcement by or on behalf of a body corporate relating to a transaction to acquire day-to-day control of the body corporate's business; or to acquire 50 percent or more of the voting shares of a body corporate, in accordance with Article 62 of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

The press release has been prepared in Swedish and English. In the event of any discrepancies, the Swedish version shall take precedence.

Forward-looking statements

This press release contains certain forward-looking statements and opinions, including but not limited to those set out in sections "Overview of the New Company", "Preliminary combined financial information" and "Potential directed issue". Forward-looking statements are statements that do not relate to historical facts and events and those statements and opinions that relate to the future and that, for example, contain language such as "assumes", "believes", "intends", "estimates", "anticipates", "should", "should", "according to estimates", "anticipates", "predicts", "expects", "believes", "may", "will", "plans", "schedules", "potential", "forecasts", "could", "as far as is known", "believes" or similar expressions, where the intention is to identify a statement as forward-looking. This applies in particular to statements and opinions relating to future financial performance, plans and expectations for operations and management, future growth and profitability, the general economic and legal environment and other matters relating to the companies and the new group.

Unless otherwise stated, the forward-looking statements are based on information, estimates and assumptions made on the basis of what Aros Bostad knows as of the date of this press release. In particular, forward-looking statements are subject to risks, uncertainties and other factors that may cause actual results, including with respect to Aros Bostad and the new group's cash flow, financial condition and results of operations, to differ from those set forth in such statements, or to fail to meet the expectations expressly or implicitly assumed or described in such statements or to prove less favorable than the results expressly or implicitly assumed or described in such statements. Accordingly, potential investors should not place undue reliance on these forward-looking statements and are strongly advised to read the prospectus that Aros Bostad intends to publish in connection with the Offer. The Company does not guarantee the future accuracy of the opinions presented or whether the predicted developments will actually occur.

Due to the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in this press release will not occur.

After the date of this press release, Aros Bostad does not undertake, except as required by applicable law or the rules of the Nasdaq First North Growth Market, including the Takeover Rules, from time to time, to update any forward-looking statements or to conform such forward-looking statements to actual events or developments.

Special information for shareholders in the United States

The Offer, which is subject to Swedish law, is not being made to U.S. shareholders.

The Offer is not capable of being accepted by persons who are resident or otherwise located in the United States, and any purported or attempted acceptance of the Offer by persons located or resident in the United States or which, at the sole discretion of Aros Bostad, appear to be made by persons located or resident in the United States will not be accepted.