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Press release, 6 November 2020

Fortinova publishes prospectus and announces price range for its initial public offering on Nasdaq First North Premier Growth Market

Fortinova Fastigheter AB (publ) ("Fortinova" or the "Company") today publishes its prospectus and announces the price range for issue of the Company's Class B shares (the "Offering") and the listing on Nasdaq First North Premier Growth Market ("First North Premier"). On 26 October 2020 Fortinova announced its intention to list the Company's Class B shares on First North Premier. The application period for the Offering is expected to commence on 9 November 2020 at 09:00.

The Offering in brief

- The final price in the Offering is expected to be set within a range of SEK 40–44 per share (the "Price Range"), corresponding to a market capitalization of the Company of approximately SEK 1.3–1.5 billion before the completion of the Offering. After the completion of the Offering, the market capitalization of the Company is expected to amount to approximately SEK 2.1–2.3 billion, provided that the Offering is fully subscribed.
- The Offering comprises of 16,545,455–18,200,001 newly issued Class B shares, corresponding to approximately 33–35 per cent of the shares and 22–24 per cent of the votes in Fortinova after the completion of the Offering.
- To cover any over-allotments in the Offering, the Company is committed to issue up to an additional of 1,654,545–1,820,000 Class B shares (corresponding to ten per cent of the total number of shares in the Offering), to a price corresponding the final price in the Offering (the "Over-allotment Option").
- Provided that the Over-allotment Option is exercised in full, the Offering will be comprised of 18,200,000–20,020,001 newly issued shares Class B shares, which corresponds to approximately 35–38 per cent of the shares and 24–26 per cent of the votes in Fortinova after the completion of the Offering.
- Fastighets AB Balder, SEB Fonder, ICA-handlarnas Förbund Finans AB, Kastellporten AB (subsidiary within the Bygg-Göta Group) and Andra AP-fonden have, subject to certain conditions, undertaken to subscribe to a total of 10,880,000 Class B shares in the Offering, corresponding to approximately SEK 435–479 million and approximately 54–60 per cent of the Offering, provided that the Offering is fully subscribed and that the Over-allotment Option is exercised in full.

- The Offering will bring the Company total proceeds of SEK 728 million, before deduction of costs related to the Offering (and approximately SEK 800 million, provided that the Offering is fully subscribed and that the Over-allotment Option is exercised in full).
- The Offering is open to institutional investors in Sweden and abroad (excluding USA) and to the general public in Sweden.
- The application period for the general public in Sweden is expected to take place between 9–17 November 2020.
- The application period for institutional investors is expected to take place between 9–18 November 2020.
- The first day of trading on First North Premier for Fortinova's Class B shares is expected to be on 19 November 2020 and the shares will be traded under the symbol "FNOVA B".
- The prospectus, including its full information on the terms of the Offering, was published today on 6 November 2020 on the Company's webpage (fortinova.se), SEB's webpage (sebgroupp.com/prospectuses) and Avanza's webpage (avanza.se).

Anders Johansson, founder and CEO, comments:

"An investment in Fortinova is an investment in residential properties in growth municipalities in western Sweden. Fortinova not only manages houses in some of the country's most attractive places to live and work in – we also manage our tenants' homes and dreams. We create space for our tenants to grow, so that we can grow with them. With our large network, our local knowledge and close to 1,800 apartments in growth municipalities in western Sweden, there is significant opportunity for continued expansion. Opportunities for growth exist both in existing locations and in new growth municipalities in regions where there is a housing shortage. We constantly develop our project portfolio. By listing the Company's Class B share on First North Premier and raising capital in conjunction with the listing, we look forward to enabling more people to join us on the expansive journey towards our vision – to be western Sweden's most prominent property company in the residential property market."

About Fortinova and the background to the Offering and the listing:

Fortinova is a growing real estate company founded in 2010, with the business model based on acquiring, developing and managing primarily residential properties which, according to Fortinova's assessment, have documented strong cash flows. The Company has an objective to generate a positive return over time, independent of market development. Fortinova has a geographical focus on growth municipalities in western Sweden, which the Company deems to have a good growth profile and are attractive areas to work and live in. The Company is based in Varberg and was founded by Fortinova's current CEO Anders Johansson and Deputy CEO Anders Valdemarsson. As of 31 August 2020, Fortinova owned investment properties valued at SEK 2,261 million, of which residential properties make up approximately 86 per cent, with the remainder of the property value attributable to community service and commercial properties.

Fortinova's ambition is to continue the Company's growth while maintaining current profitability and the Company considers itself to be in a good position for continuing its expansion in the same geographical area as before, with a continued focus on residential properties.

Prior to the intended listing on First North Premier, Fortinova raised approximately SEK 419 million in the spring of 2020 from ICA-handlarnas Förbund, SEB's Private Banking network, existing investors and certain additional investors. The Company's founders, Anders Johansson and Anders Valdemarsson, own 13.7 and 50.6 per cent of the capital and votes, respectively, through A2F Fastigheter AB, before the completion of the Offering.

The main purpose of listing Fortinova's Class B shares on First North Premier is to create prerequisites for continued growth, to broaden Fortinova's ownership base and to provide increased access to the capital market. Fortinova's Board of Directors and Management consider the listing as a natural and important step in Fortinova's development and assess that the listing will lead to increased awareness of the Company and its operations, and thereby strengthen Fortinova's profile. The expected first day of trading on 19 November 2020 coincides with Fortinova's tenth anniversary.

Strategy

Fortinova's strategy is long-term management of residential properties through acquisitions, development and property management. The focus is on properties which, according to Fortinova's assessment, have documented strong cash flows with the goal of generating a positive return over time, regardless of market development. Fortinova's strategy consists of the following:

- Long-term management of residential properties through acquisitions, development and internal property management;
- Continued development of residential properties in growing municipalities in western Sweden by maintaining strong relationships with tenants and local organisations;
- Development of the existing property portfolio through value-creating improvements such as project development and "Pluslägenheter" (a program for upgrading existing apartments); and
- Continued focus on sustainability as an integral part of the business through Fortinova's three sustainability cornerstones: ecological, social and economic.

Financial targets and dividend policy

The Company's target is continued growth while maintaining profitability and positive cash flows. The financial targets to be met over time are:

- The interest coverage ratio shall amount to at least 250 per cent;
- The net loan-to-value ratio shall amount to 55–65 per cent; and
- The return on equity shall amount to at least 10 per cent.

Fortinova is a cash flow-oriented real estate company and the Company's dividend policy aims to continuously transfer profits from property management to the Company's shareholders. When assessing the size of the dividend, the Company's investment alternatives, financial position and capital structure shall be taken into account. The dividend shall in the long-term amount to at least 40 per cent of the profit from property management after tax paid.

Prospectus and application

The prospectus was approved and registered today by the Swedish Financial Supervisory Authority and published on Fortinova's webpage, fortinova.se. The prospectus has also been published on SEB's webpage for prospectuses (sebgroup.com/prospectuses) and Avanza's webpage (avanza.se). Applications can be made on the online platforms of SEB and Avanza.

Preliminary timetable

- Application period for the general public in Sweden: 9–17 November
- Application period for institutional investors: 9–18 November
- First day of trading on First North Premier: 19 November
- Settlement date: 23 November

Stabilization measures

Skandinaviska Enskilda Banken AB (publ) ("SEB") may, in its role as stabilization manager, in connection with the Offering, conduct transactions in order to maintain the market price for the shares at a level above that which might otherwise prevail in the open market. Such stabilization transactions may be carried out on First North Premier, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the shares on First North Premier and ending not later than 30 calendar days thereafter. However, SEB has no obligation to undertake any stabilization measures and there is no assurance that stabilization measures will be undertaken. Under no circumstances will transactions be conducted at a price higher than the one set in the Offering.

The Over-Allotment Option may be utilized to over-allot shares in order to facilitate any stabilization transaction. The stabilization transactions, if conducted, may be discontinued at any time without prior notice but must be discontinued no later than within the aforementioned 30-day period. SEB must, no later than by the end of the seventh trading day after stabilization transactions have been undertaken, in accordance with article 5(4) of the Market Abuse Regulation (EU) 596/2014 and the Commission Delegated Regulation (EU) 2016/1052, disclose that stabilization measures have been undertaken. Within one week of the end of the stabilization period, SEB will disclose whether or not stabilization measures were undertaken, the date on which stabilization started, the date on which stabilization was last carried out as well as the price range within which stabilization was carried out for each of the dates when stabilization measures were conducted.

Advisors

SEB is acting as Global Coordinator and Bookrunner in connection with the Offering. The law firm Vinge KB is acting as legal advisor to Fortinova, and the law firm Hammarskiöld & Co AB is acting as legal advisor to SEB. The Offering to the public is managed by SEB and Avanza Bank AB (publ), which has been engaged as Retail Manager in connection with the Offering.

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Important information

This announcement is not and does not form a part of any offer for sale of securities in Fortinova. Copies of this announcement are not being made and may not be distributed or sent into the United States, Australia, Canada, Japan or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and accordingly may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws. The Company does not intend to register any offering in the United States or to conduct a public offering of securities in the United States.

Any offering of the securities referred to in this announcement will be made by means of a prospectus. This announcement is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (together with any related implementing and delegated regulations, the "Prospectus Regulation"). Investors should not invest in any securities referred to in this announcement except on the basis of information contained in the aforementioned prospectus.

In any EEA Member State other than Sweden, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation, i.e., only to investors who can receive the offer without an approved prospectus in such EEA Member State.

This communication is only being distributed to and is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) high net worth entities, and other persons to whom this announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe," "expect," "anticipate," "intends," "estimate," "will," "may," "continue," "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.

In connection with the offer or sale of securities referred to herein, the financial advisor engaged by the Company may over-allot securities/conduct stabilization or effect transactions with a view to supporting the market price of the securities at a level higher than that which might otherwise prevail. Any stabilization action or over-allotment will be conducted by the financial advisor in accordance with all applicable laws and rules.