

Press release

February 5, 2020 4:00 p.m.

Peab proposes extra distribution of real estate company

In addition to the ordinary dividend Peab's Board has decided to propose an extra distribution of all the shares in a newly formed company holding Peab's wholly owned, fully developed commercial properties to the Annual General Meeting. When the real estate company is distributed the difference between market values and book values as well as eliminated construction contract profit will be taken up as income in Peab. This amounts preliminarily to around SEK 1,200 million, which primarily corresponds to the reduction in equity caused by the extra distribution.

Peab consists of four collaborating business areas - Construction, Civil Engineering, Industry and Project Development, each one of them an essential component of the Group.

In recent years Peab has invested considerable resources in the capital intense business areas Industry and Project Development, a strategy that will continue in the future.

Project development operations comprise development of both housing and commercial projects and are run primarily in wholly owned form but in certain cases through partially owned companies as well. For appreciation purposes fully developed properties have mainly been kept in partially owned companies but they have also been on Peab's balance sheet. In order to create the right conditions in the future for operative steering, tied up capital and income recognition in project development operations various alternatives have been analyzed. At the beginning of the year the Board and executive management therefore evaluated the future direction of wholly owned, fully developed commercial property.

With this in mind the Board has today decided that for Peab's shareholders the best alternative for long-term value growth is to form a separate real estate company (Real Estate Company) holding Peab's wholly owned, fully developed commercial and housing properties that will be distributed to existing shareholders according to Lex Asea and listed. In this way Peab can focus on developing and building while the Real Estate Company can focus on its business of owning and managing fully developed property.

The Real Estate Company will preliminarily own fully developed property with a market value of SEK 3,600 million. This will include around SEK 400 million in property in Bara outside Malmö consisting of homes and community premises. The assets in Bara are currently owned by Nya Bara Utvecklings AB, a joint venture owned equally by Peab and Volito. Volito's stake will be acquired before the distribution.

The Real Estate Company will agree to acquire two other properties from Peab with a total market value of around SEK 400 million that will be completed and occupied in 2021.

The Real Estate Company will also own 50 percent of the shares in Point Hyllie Holding AB that holds Choice Hotel and office building The Point in Hyllie, Malmö. The shares have a preliminary market value of around SEK 400 million.

The property portfolio that for the most part consists of commercial property but even some rental apartment buildings is concentrated to Nordic big city areas.

After the distribution Peab's project development operations will consist of wholly owned development rights for housing and commercial projects, projects under construction as well as ownership of the

major joint ventures that contain fully developed property but also a large portion of future project developments. This consists primarily of Peab's 50 percent in Fastighets AB Centur and 33 percent in Tornet Bostadsproduktion AB.

The Board has decided to propose an extra distribution of all the shares in the Real Estate Company to existing shareholders according to Lex Asea to the Annual General Meeting. Peab's shareholders will then receive shares in the Real Estate Company in addition to their existing stake in Peab.

The Board has decided to propose authorization of the Board to determine the record day for the distribution of all the shares in the Real Estate Company which is intended to be listed on Nasdaq Stockholm to the Annual General Meeting. The distribution and listing will take place at an appropriate time after the listing process is completed, which is expected to happen during the second half of 2020.

The distribution is conditional on the consent of Peab's lenders and that the Real Estate Company receives financing on market terms. The level of equity and pledges in the Real Estate Company will be decided in consultation with the financing banks.

When the Real Estate Company is distributed the difference between market values and book values as well as eliminated construction contract profit will be taken up as income in Peab. This amounts preliminarily to around SEK 1,200 million, which primarily corresponds to the reduction in equity caused by the extra distribution.

Further information to Peab's shareholders regarding the proposal for distribution of the Real Estate Company, in the form of an information brochure, will be published on Peab's website in connection with publishing the summons to attend the Annual General Meeting.

For further information please contact

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Peab AB discloses the information provided herein pursuant to the EU Market Abuse Regulation. The information was submitted, through the contact persons above, for publication on 5 February 2020 at 4:00 p.m. CET.

Peab is a leading Nordic construction and civil engineering company with about 14,000 employees and SEK 54 billion in net sales. The Group has strategically placed offices in Sweden, Norway and Finland. Company headquarters are in Förslöv on Bjäre Peninsula in southern Sweden. The Peab share is listed on NASDAQ Stockholm.