



Press release  
25 August 2006

## **Tripep Spins off Current Business and Becomes a Property Corporation**

**To create shareholder value, while simultaneously focusing on existing research projects, all Tripep AB's (Tripep) current operating activities have been transferred to its subsidiary Tripep Holding AB (Tripep Holding), which is proposed for spin-off to Tripep's shareholders. Tripep has also signed agreements to acquire residential property with a value of some SEK 4.1 billion.**

**The transactions are conditional on an Extraordinary General Meeting (EGM) on 25 September 2006 approving the Board of Directors' proposal to spin off the company's current business, change its business activity and the non-cash acquisition of residential properties. Subsequently, Tripep's current shareholders will own shares in two companies: Tripep Holding, which comprises operations conducted by the current Tripep, and an existing listed company, whose corporate is intended to change to Din Bostad.**

**Tripep Holding will pursue a broader-based business concept than previously, and seek new projects extending to segments outside virology. Tripep Holding will apply for a listing on alternative marketplace First North, and then intends to conduct a partly guaranteed new issue.**

The Board is proposing that:

- Tripep Holding, comprising all Tripep's research projects, is spun off to shareholders;
- Tripep Holding's shares are transferred to current shareholders by applying the Swedish legal precedent known as Lex ASEA;
- One (1) new Tripep Holding share will be received for each existing share of Tripep, implying that its ownership structure will be the same as the current Tripep;
- Tripep Holding will apply for a listing on alternative marketplace First North.

Tripep will change its business activity, becoming a new listed property corporation. Simultaneously, Tripep will change corporate name, proposed as Din Bostad, subject to conditions including EGM approval.

- Tripep's Board of Directors has reached an agreement with a number of property owners to acquire residential property in exchange for Tripep shares. Additionally, other investors are expected to inject approximately SEK 300 m into Din Bostad;
- After spinning off all its current operations, a settlement with property owners values Tripep AB at SEK 30 million; Tripep's current shareholders will own an aggregate total of some 3% of the capital and votes of Din Bostad;

- Initially, Din Bostad will own properties with a market value of approximately SEK 4.1 billion, and have shareholders' equity of some SEK 1.0 bn.
- Overall, this means that approximately 766 million shares will be issued to consummate the non-cash acquisition. After the non-cash issues, the company will conduct a reverse 1:50 split intended to normalise the number of shares and share price.

Shareholders of Tripep representing approximately 30% of the capital and vote have agreed to support the Board's decision.

## ***Background and Motive***

### **Tripep**

Tripep was incorporated in 1997 and floated on the Stockholm Stock Exchange O-list in 2000. Since inception, the company has conducted a number of research projects, mainly within virology. Tripep has made extensive investments over the years, mainly funded through new issues. The company's research has generated ongoing trading losses, and accordingly, Tripep has accumulated significant deductible loss carry-forwards. Because the company expects none of its current projects to be commercialised and generate trading earnings through the coming years, Tripep AB's Board of Directors considers that Tripep is unlikely to be able to utilise its loss carry-forwards in the foreseeable future.

Through the proposed property acquisitions, Tripep's shareholders will be able to benefit from the value of the company's loss carry-forwards earlier than would otherwise be considered possible with current operations.

The Board of Directors is convinced that the proposed transactions create value for Tripep's shareholders, and accordingly, is proposing that an EGM of Tripep resolves on the spin-off of all the shares of Tripep Holding to Tripep's current shareholders, and the non-cash acquisition.

### **Din Bostad**

A number of Swedish property owners have jointly decided to incorporate a new listed residential property corporation, and against this background, are conducting this transaction with Tripep. The objective is for Din Bostad to operate from a broad geographical base, combined with secure local links.

Din Bostad is expected to enjoy good business and growth prospects through channels including its possibility of offering shares in Din Bostad as a means of payment. Through further acquisitions, the ambition is for Din Bostad to secure its positioning in selected locations, create effective management entities and achieve economies of scale.

### ***Tripep Holding***

Tripep Holding will continue its activities on developing ChronVac-C<sup>®</sup>, where trials completed in the second quarter 2006 provided outcomes including convincing results in a mouse model. Activities on the RAS<sup>®</sup> project will continue associated with HIV. However, in the future, Tripep Holding will pursue a broader-based business concept than previously, also seeking new projects outside the virology segment.

Tripep Holding took over all assets, commitments, liabilities, patents, licences and contracts attributable to the operating activities of Tripep as of 1 July 2006. These transactions were consummated at book value. Thus essentially, Tripep Holding's Balance Sheet as of 1 July 2006 is consistent with Tripep's Balance Sheet as of 30 June 2006.

Tripep Holding's cash position as of 24 August 2006 was SEK 22.2 m before transaction expenses, which are estimated at approximately SEK 2 m.

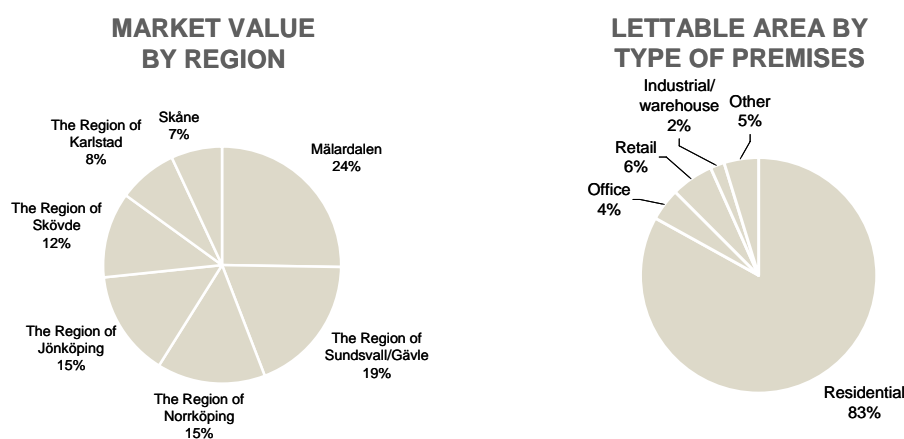
When the share starts trading again on First North, the number of shares of Tripep Holding will be 23,566,068, the same amount as Tripep before the non-cash acquisition.

Tripep Holding's senior executives will be the same as of the current Tripep; the Board of Directors of Tripep Holding will also comprise members of Tripep AB's current Board of Directors.

## ***Din Bostad***

### **The property holding**

The property holding comprises residential apartments with a market value of approximately SEK 4.1 bn. Total lettable floor-space is some 554,000 sq.m., of which approximately 83% is residential housing. The property holding includes approximately 6,900 residential apartments. The property holding is located in central and southern Sweden.



### **Financial information**

With the intention of stating Din Bostad's financial position and estimated earnings capacity, a pro forma balance sheet as of 30 September 2006 and statement of earnings capacity based on the current holding have been prepared, which are reviewed below.

#### *Pro forma balance sheet*

The pro forma balance sheet for Din Bostad has been prepared as if the transactions were consummated as of 30 September 2006, and is adjusted as if Din Bostad had received payment for its completed funding round and amortised borrowings. The properties are stated at fair value based on external market valuations. Din Bostad will have deductible loss carry-forwards of over SEK 1.3 billion, accounted as income taxes recoverable of SEK 100 m.

#### *Earnings capacity*

Earnings capacity will be based on the current property holding, the company's capital structure pursuant to the accounted pro forma balance sheet and the following assumptions:

- Current rental revenues and estimated property costs on an annualised basis;
- Cost for regular maintenance are capitalised pursuant to IFRS and are not included in earnings capacity;
- Costs for central administration are estimated at some SEK 15 m annually;
- Interest costs are calculated on average interest of 4.0%.

Against the background of Din Bostad's loss carry-forwards, the expected future tax rate is low. Earnings capacity should not be considered as a forecast for the current year or forthcoming 12 months. Earnings capacity does not include any evaluation of property value growth, for example. Changes in property market values will be accounted to the Income Statement, pursuant to IFRS.

<b>Pro Forma Balance Sheet</b>	<b>Pro Forma</b>
<b>SEK m</b>	<b>30 SEP. 2006</b>
Investment property	4 014
Land and work in progress	73
Deferred tax asset	100
Other assets	58
Cash	97
<b>Total assets</b>	<b>4 342</b>
Shareholders' equity	1 006
Interest-bearing liabilities	3 205
Other liabilities	131
<b>Total liabilities and shareholders' equity</b>	<b>4 342</b>

<b>Earnings capacity</b>	<b>Full Year</b>
<b>SEK m</b>	
Rental revenues	<b>414</b>
Property costs	-153
Operating surplus	<b>262</b>
Central administration	-15
Financial costs	-127
<b>Profit after financial costs</b>	<b>120</b>

#### **Key Ratios**

##### **FINANCIAL**

Profit after financial costs/shareholders' equity, %	12
Mortgage ratio, property, %	78
Equity/assets ratio, %	23
Assumed average interest <sup>1)</sup> , %	4,0
Interest coverage	1,9

##### **Property related**

Lettable floor-space, sq.m.	554 000
Property yield, % <sup>2)</sup>	6,5
Economic occupancy, %	93
Profit margin, % <sup>3)</sup>	63,2

<sup>1)</sup> Current average interest is some 3.5%

<sup>2)</sup> Operating surplus as a percentage of the book value of investment property

<sup>3)</sup> Operating surplus as a percentage of rental revenues

### **Din Bostad's ownership structure after consummated transactions**

After the proposed transactions, the parties who have put in properties will hold an approximate aggregate total of 67% of the capital and voting rights, the investors 3%, and Tripep's current shareholders about 3%. The largest property owner is Erik Selin Fastigheter AB, with some 44%, and companies owned by Johan Thorell and Rutger Arnhult, with about 16%.<sup>1</sup>

<sup>1</sup> The Swedish Securities Council has granted Erik Selin Fastigheter AB an exemption from the bidding obligation that would otherwise apply pursuant to the Swedish Industry & Commerce Stock Exchange Committee's rules on public offerings for share acquisitions (AMN 2006:16).

## Senior Executives

Mikael Granath will be appointed Din Bostad's Chief Executive Officer and Kjell Thörnbring will be Chief Financial Officer. Mr. Granath and Mr. Thörnbring are currently employed by Graflunds Invest AB and Borås Wäfveri AB (publ) respectively. Both will take up their positions with Din Bostad immediately after their current positions terminate.

Mikael Granath (born in 1957) has been CEO of Graflunds Invest AB, now part of asset manager Acta, since 2001. Mr. Granath has over 20 years' experience of the real estate sector, and his previous positions include being CEO of municipal real estate corporation Halmstads Fastighets AB.

Kjell Thörnbring (born in 1958) has been CFO of textiles producer Borås Wäfveri AB (publ) since 2002, and his previous positions include being CEO of infomedia company Elanders AB (publ).

## Consummating the Transaction

The transaction will be consummated through Tripep's operations as of 1 July 2006 being transferred to newly incorporated subsidiary Tripep Holding. Assuming the requisite approval of Tripep's EGM on 25 September 2006, the shares of this company will be transferred to the current shareholders of Tripep. One Tripep Holding share will be received for each Tripep share. In technical terms, the transfer will be consummated through the reduction of Tripep's statutory reserve with a repayment to shareholders in the form of shares of Tripep Holding. The statutory reserve will be restored through the simultaneous acquisition of residential property through a non-cash issue. The transfer of shares of Tripep Holding is considered to be covered by the Swedish legal precedent known as Lex ASEA, implying that taxation on capital will not arise as a result of the transfer. Instead, shareholders' acquisition values will be divided between the shares of Tripep and the shares of Tripep Holding, with this division based on the relative market value of the shares and a decision on the definitive division being received retroactively from the Swedish Tax Agency. The record date for the right to receive shares of Tripep Holding is scheduled as 28 September 2006.

Tripep's EGM on 25 September is scheduled to resolve on the non-cash issue of approximately 766 shares, constituting payment for the acquisition of capital contributed in kind. After the non-cash issue is consummated, the current shareholders' holding in Tripep will amount to some 3%.

Schedule	
EGM of Tripep	11 September
Supporting data for the EGM on 25 September available on Tripep's Website	11 September
EGM of Tripep	25 September
Last day of trading in Tripep shares cum rights to receive shares of Tripep Holding	25 September
First day of trading in Tripep shares ex rights to receive shares of Tripep Holding	26 September
Record date for receiving shares of Tripep Holding	28 September
Scheduled first day of trading in Tripep shares with the new corporate name, Din Bostad	13 October
Estimated first day of trading Tripep Holding shares on First North.	16 October

## Other

A brochure offering more detail on the transaction will be available to shareholders ahead of Tripep's EGM on 25 September 2006.

Tripep's corporate adviser on this transaction is Remium. The property owners' corporate advisers are Catella Corporate Finance and Swedbank Markets.

The Board of Directors  
Tripep AB

Stockholm, Sweden

25 August 2006

Appendices:

Appendix 1: Notice Convening Extraordinary General Meeting on 11 September 2006.

Appendix 2: Notice Convening Extraordinary General Meeting on 25 September 2006.

### **For more information, please contact:**

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*Tripep AB is a Swedish biotechnology research company that develops and commercialises candidate drugs based on patented and proprietary technologies. Its main focuses are:*

- research and clinical development of ChronVac-C<sup>®</sup>, a therapeutic vaccine against hepatitis C.*
- preclinical research focusing on the development of the therapeutic and prophylactic vaccines*
- the RAS<sup>®</sup> technology platform*

*For more details of the company's technologies, please refer to the company's web site at [www.tripep.se](http://www.tripep.se)*