

# RNB RETAIL AND BRANDS

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## RNB to implement a combined rights issue and private placement

- **Konsumentföreningen i Stockholm (“KfS”) will become a shareholder in RNB RETAIL AND BRANDS through a private placement that will contribute about SEK 215 M to the Company before issue costs and KfS will become the owner of 21.1 percent of the shares and voting rights in the Company<sup>1</sup>**
- **The issue price is SEK 6.15 per share**
- **Laszlo Kriss, President of KfS, is proposed as a member of the RNB Board of Directors**
- **At the same time, RNB is implementing a rights issue that will contribute at most about SEK 100 M before issue costs, at an issue price of SEK 6.15 per share**
- **The subscription period for the rights issue extends from September 25, 2009 up until October 9, 2009**
- **The share issues are subject to approval at an Extraordinary General Meeting on September 10, 2009**
- **Shareholders representing about 30 percent of the voting rights in RNB have pledged to vote in favor of the share issues at the Extraordinary General Meeting**

### Background

Due to the weak performance by the Company’s subsidiary JC that became noticeable in autumn 2007 and unprofitable establishments in the department stores Illum in Copenhagen and Steen & Ström in Oslo, RNB RETAIL AND BRANDS has reached a level of indebtedness that is not satisfactory. On March 29, 2009, the Company announced that as part of its effort to improve its financial position and increase its freedom of action, its stores at NK in Stockholm and NK in Gothenburg would be sold to Åhléns AB. This sale is subject to special investigation by the Swedish Competition Authority, which is expected to be completed on September 1, 2009. The sales consideration amounts to about SEK 440 M on a debt-free basis.

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<sup>1</sup> KfS’s holding of shares and voting rights assuming full subscription of the rights issue of SEK 100 M.

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During autumn 2008, an action program was initiated at JC intended to strengthen the company's future earnings potential and to protect and develop JC's strengths as a jeans concept. This program is proceeding as planned. To ensure financing of the action program now in progress and to be able to exploit the opportunities arising under the prevailing market conditions, the Board of Directors of RNB has decided to offer a private placement to KfS of about SEK 215 M. The Board of Directors has also decided to propose a rights issue for the company's existing shareholders in the amount of approximately SEK 100 M, to enable existing shareholders to subscribe for shares on the same terms as those applying to KfS. As a result, the company's financial freedom of action will be further strengthened. Accordingly, assuming full subscription of the rights issue, RNB will receive a total of approximately SEK 315 M, before issue expenses.

*"I am very pleased to be able to present this agreement with KfS. With this capital contribution, RNB will gain a significantly stronger position. At the same time, the Company will secure a long-term shareholder with excellent knowledge and relations within our sector. The share issue guarantees the financing to complete the turnaround of JC, which is now in progress and beginning to show results, in a satisfactory manner," says President Mikael Solberg.*

*"We are very pleased with the agreement with RNB, which from our viewpoint entails a strengthening in a retail segment that targets younger customers and in which the cooperative society currently is weakly represented. In addition, I am convinced that this is a sound investment for the society's members over the long term. We also expect to be able to contribute to the Board's work through our experience in the retail and property sectors," says KfS's President Laszlo Kriss.*

## **Details of the share issues**

RNB and KfS have entered into an agreement in which KfS has undertaken to subscribe for a total of 34,959,350 new shares in RNB at a subscription price of SEK 6.15 per share. KfS's obligation to subscribe for shares is conditional upon approval of the Board of Directors' motion concerning the share issues by an Extraordinary General Meeting in RNB not later than September 30, 2009 and election of a representative for KfS to the Company's Board of Directors.

Subject to approval by an Extraordinary General Meeting, the Board of Directors of RNB has decided firstly to propose a directed share issue to KfS of 34,959,350 new shares at a subscription price of SEK 6.15, whereby the Company will receive SEK 215 M, and secondly to propose a rights issues, whereby existing shareholders will be entitled to subscribe for one (1) new share for every seven (7) shares held at a subscription price of SEK 6.15, through which the Company may receive at most an additional SEK 100 M. The increase in the share capital resulting from the new rights issue will be at most SEK 16,308,237 and the increase in the number of newly issued shares will be at most 16,308,237. The total increase in the share capital resulting from the two share issues will be at most SEK 51,267,587 and the increase in the number of newly issued shares will be at most 51,267,587.

An Extraordinary General Meeting to approve the Board of Directors' issue motions will be held on September 10, 2009. Notification of the Extraordinary General Meeting will be

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published in a press release dated today and will be published in the Official Swedish Gazette and in Svenska Dagbladet.

The major shareholders who are represented on the Board of Directors of RNB, representing about 30 percent of the shares in the company, take a positive view of the share issues and the election of Laszlo Kriss as a member of the Board of Directors of RNB and have undertaken to vote for the share issues and the election to the Board of Directors at the Extraordinary General Meeting.

## **The proposed time schedule for the private placement is as follows:**

September 10, 2009: Extraordinary General Meeting

September 10, 2009 - September 15, 2009: Subscription period

September 10, 2009 - September 15, 2009: Payment

## **The proposed time schedule for the rights issue is as follows:**

September 10, 2009: Extraordinary General Meeting

September 17, 2009: First date for trading in shares ex-rights to the new share issue

September 21, 2009: Record date for participation in the rights issue

September 25, 2009 – October 6, 2009: Trading of subscription rights

September 25, 2009 – October 9, 2009: Subscription through payment

## **Proposed new Board member**

Laszlo Kriss. Born 1946.

President of Konsumentföreningen Stockholm (KfS) since 1996.

Chairman of Atrium Ljungberg AB and Board member of KfS and MedMera Bank AB.

Between 1986 and 2006, Kriss was President of various property companies including KF Fastigheter, Fastighets AB Brogatan and Atrium Fastigheter AB.

## **Description of KfS**

Konsumentföreningen Stockholm (KfS) is a society controlled by its members and the largest of Sweden's nearly 50 cooperative societies. KfS was established in 1916 and currently has slightly more than 600,000 members.

The society does not conduct its own retail operations, but is a part-owner in Kooperativa Förbundet (KF), which through its Coop Retail Sales business area operates the chains Coop Konsum, Coop Nära, Coop Extra and Coop Forum.

The society's primary mission is to enable its members to be active and aware consumers, to provide economic benefits and to offer other added value. The society has a strong financial

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position. In addition to interest-bearing assets of slightly more than SEK 2 billion, the society is the largest shareholder in Atrium Ljungberg AB, with a 38-percent interest.

## Financial and legal advisors

Access Partners is the financial advisor to RNB. The law firm Vinge is the legal advisor.

## Press and analyst meeting

With reference to today's announcement, RNB will be holding a press and analysts' conference. The conference will be held on the company's premises at Regeringsgatan 29 today, August 26, at 10:00 a.m.

## For further information, please contact:

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*RNB RETAIL AND BRANDS AB is organized on the basis of two business areas - Polarn O. Pyret and a distribution platform for national and international brands. Polarn O. Pyret is a brand focused on baby and children's wear. The distribution platform consists of two main areas, Department Stores and Store Concepts. Department store operations are conducted via stores in the NK, Steen & Ström, Illum department stores and Kosta outlet. The store concepts comprise JC, Brothers and Sisters.*

*This is the type of information that RNB must disclose in accordance with the Securities Trading Act or the Financial Instruments Trading Act. The information was submitted for publication at 8:00 a.m. on August 26, 2009.*