



K-Fastigheter announces intention to carry out a directed issue of convertible bonds

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, AUSTRALIA, CANADA, HONG KONG, JAPAN, NEW ZEELAND, SINGAPORE, SOUTH AFRICA, SOUTH KOREA OR ANY OTHER JURISDICTION WHERE SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL. OTHER RESTRICTIONS ARE APPLICABLE, PLEASE REFER TO "DISCLAIMER" AT THE END OF THIS PRESS RELEASE.

K-Fast Holding AB (publ) ("K-Fastigheter" or the "Company") is investigating the possibility to carry out a directed issue of convertible bonds (the "Convertible Bonds") of an aggregate amount of SEK 300m through an open book building process targeting Swedish and international institutional investors (the "Directed Issue"). The Convertible Bonds may, under certain conditions, be converted into new Class B shares in K-Fastigheter (the "Shares"). The Company has mandated Carnegie Investment Bank and Pareto Securities as Joint Bookrunners (together the "Joint Bookrunners") in connection with the Directed Issue.

The contemplated Directed Issue will further contribute to K-Fastigheter's continued expansion through acquisitions of building rights and construction starts of new projects. The Company is continuously assessing various alternatives to ensure K-Fastigheter can maintain a solid growth trajectory and to take advantage of attractive opportunities that may arise to acquire suitable building rights intended for K-Fastigheter's construction of residential properties. Net proceeds from the Directed Issue are intended to be used for refinancing of existing debt as well as to increase its financial capabilities to construction start additional projects and acquire building rights.

The initial conversion price for the Convertible Bonds will be established through an open book building process and is expected to be set no lower than SEK 24.75, corresponding to a premium of circa 35 per cent in relation to the closing price of the Shares on Nasdaq Stockholm on 15 September 2023. The book building process will be initiated by the Joint Bookrunners at 09.00 CET today 18 September 2023 and is expected to be concluded during Tuesday 19 September 2023. The closing, pricing and allocation in the book building procedure is at the discretion of the Company and may be shortened, prolonged or cancelled at any time, and the Company may choose to partly or entirely refrain from carrying out the Directed Issue. The Company will announce the outcome of the Directed Issue including the final terms and settlement date for the Convertible Bonds in a subsequent press release after the book building procedure has been completed.

The conversion price of the Convertible Bonds will be subject to customary adjustment principles for convertible bonds. The Convertible Bonds is expected to carry a fixed annual interest coupon of 6.00 per cent paid quarterly in arrears. The Convertible Bonds will have a nominal amount of SEK 1,250,000. At the time of exercise of the conversion right, the Company has the right to a cash settlement corresponding to the conversion value as an alternative to an alternative to a new issuance of class B shares in the Company. The Convertible Bonds will have a tenor of 3.5 years with maturity in March 2027. The Company intends to apply for admission to trading for the Convertible Bonds on Nasdaq Stockholm, STO Convertible Bonds within 60 days of settlement.

The Board of Directors of the Company has carefully considered the possibility of carrying out a convertible bond issue with preferential rights among existing shareholders. The Board of

Directors has made the assessment that there are limitations among K-Fastigheter's shareholders to invest in convertible bonds which would have a negative effect on the interest among K-Fastigheter's shareholders to invest in a preferential issue of the Convertible Bonds, and thereby impacting the potential for a fully subscribed issue. The Company has therefore made the assessment that it is in the interest of the Company's existing shareholders as well as the most favourable alternative for K-Fastigheter to direct the issue of the Convertible Bonds to investors for which convertible bonds are particularly appropriate to invest in. With the foregoing taken into consideration, the Board of Directors of the Company find the reasons to carry out a convertible bond issue as a directed issue warrants a deviation from the shareholders' preferential right in cash rights issues.

As the terms for the Convertible Bonds are intended to be concluded through an open book building exercise, it is the Board of Director's assessment that the Directed Issue will be ensured to be carried out at fair terms according to prevailing market conditions.

The decision to issue the Convertible Bonds will be subject to approval at an extraordinary general meeting of the Company. Notice of such extraordinary general meeting will be published in a separate press release. The main shareholders of the Company being Jacob Karlsson and Erik Selin (through companies) together controlling circa 70 per cent of the total number of shares and circa 79 per cent of votes, have agreed to a formal undertaking to vote in favour of such approval.

Carnegie Investment Bank and Pareto Securities act as Joint Bookrunners in connection with the Directed Issue. Setterwalls acts as legal advisor to the Company and Roschier acts as legal advisor to the Joint Bookrunners in connection with the Directed Issue.

For more information, please contact:

Jacob Karlsson, CEO,
e-mail: jacob.karlsson@k-fastigheter.se, telephone: +46 (0)738-219 626

Martin Larsson, Deputy CEO/CFO
e-mail: martin.larsson@k-fastigheter.se, telephone: +46 (0)703-533 160

Johan Hammarqvist, Head of Investor Relations and Communications
e-mail: johan.hammarqvist@k-fastigheter.se, telephone: +46 (0)708-730 900

This disclosure contains information that K-Fast Holding AB is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, on 18 September 2023, 06.50 AM CET

Forward-looking statements

THIS PRESS RELEASE INCLUDES FORWARD-LOOKING STATEMENTS. THESE STATEMENTS INVOLVE RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY, INCLUDING, BUT NOT LIMITED TO, WHETHER THE ISSUER WILL OFFER THE BONDS, THE ANTICIPATED CONDITIONS OF THE OFFERING, WHETHER THE ISSUER WILL BE ABLE TO CONSUMMATE THE OFFERING, THE FINAL TERMS OF THE OFFERING, THE SATISFACTION OF CUSTOMARY CLOSING CONDITIONS WITH RESPECT TO THE OFFERING OF THE BONDS, PREVAILING MARKET CONDITIONS, THE ANTICIPATED USE OF THE NET PROCEEDS OF THE OFFERING OF THE BONDS AND THE IMPACT OF GENERAL ECONOMIC, INDUSTRY OR POLITICAL CONDITIONS. FORWARD-LOOKING STATEMENTS MAY BE IDENTIFIED BY THE USE OF THE WORDS "MAY," "WILL," "EXPECT," "INTEND," AND OTHER SIMILAR EXPRESSIONS. THESE FORWARD-LOOKING STATEMENTS ARE BASED ON ESTIMATES AND ASSUMPTIONS BY THE ISSUER'S MANAGEMENT THAT, ALTHOUGH BELIEVED TO BE REASONABLE, ARE INHERENTLY UNCERTAIN AND SUBJECT TO A NUMBER OF RISKS. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE ANTICIPATED OR PREDICTED BY THE ISSUER'S FORWARD-LOOKING STATEMENTS. PROSPECTIVE INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF. ALL FORWARD-LOOKING STATEMENTS ARE QUALIFIED IN THEIR ENTIRETY BY THIS CAUTIONARY STATEMENT, AND THE ISSUER UNDERTAKES NO OBLIGATION TO REVISE OR UPDATE THIS PRESS RELEASE TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE HEREOF, EXCEPT AS REQUIRED BY APPLICABLE LAW.

Disclaimers

NO ACTION HAS BEEN TAKEN BY THE ISSUER, THE GLOBAL COORDINATORS AND JOINT BOOKRUNNERS OR ANY OF THEIR RESPECTIVE AFFILIATES THAT WOULD PERMIT AN OFFERING OF THE BONDS OR POSSESSION OR DISTRIBUTION OF THIS PRESS RELEASE OR ANY OFFERING OR PUBLICITY MATERIAL RELATING TO THE BONDS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. PERSONS INTO WHOSE POSSESSION THIS PRESS RELEASE COMES

ARE REQUIRED BY THE ISSUER AND THE GLOBAL COORDINATORS AND JOINT BOOKRUNNERS TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

THIS PRESS RELEASE IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, ITS TERRITORIES OR ITS POSSESSIONS (COLLECTIVELY, THE “**UNITED STATES**”), AUSTRALIA, JAPAN OR SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION, RELEASE OR DISTRIBUTION WOULD BE UNLAWFUL. THIS PRESS RELEASE IS NOT AN OFFER TO SELL SECURITIES OR THE SOLICITATION OF ANY OFFER TO BUY SECURITIES, NOR SHALL THERE BE ANY OFFER OF SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SALE WOULD BE UNLAWFUL.

THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED, TAKEN UP, EXERCISED, RESOLD, RENOUNCED, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN APPROVED, DISAPPROVED OR RECOMMENDED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE SECURITIES REFERRED TO HEREIN. NO PUBLIC OFFERING OF SECURITIES IS BEING MADE IN THE UNITED STATES.

THIS PRESS RELEASE AND THE OFFERING WHEN MADE ARE ONLY ADDRESSED TO, AND DIRECTED IN, THE UNITED KINGDOM AND MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (THE “**EEA**”) AT PERSONS WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF THE PROSPECTUS REGULATION (“**QUALIFIED INVESTORS**”). FOR THESE PURPOSES, THE EXPRESSION “**PROSPECTUS REGULATION**” MEANS REGULATION (EU) 2017/1129 AND REGULATION (EU) 2017/1129 AS IT FORMS PART OF UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE “**EUWA**”).

SOLELY FOR THE PURPOSES OF THE PRODUCT GOVERNANCE REQUIREMENTS CONTAINED WITHIN: (A) EU DIRECTIVE 2014/65/EU ON MARKETS IN FINANCIAL INSTRUMENTS, AS AMENDED (“**MIFID II**”); (B) ARTICLES 9 AND 10 OF COMMISSION DELEGATED DIRECTIVE (EU) 2017/593 SUPPLEMENTING MIFID II; (C) LOCAL IMPLEMENTING MEASURES IN THE EEA; (D) REGULATION (EU) NO 600/2014 AS IT FORMS PART OF UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUWA (“**UK MIFIR**”); AND (E) THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (TOGETHER, THE “**PRODUCT GOVERNANCE REQUIREMENTS**”), AND DISCLAIMING ALL AND ANY LIABILITY, WHETHER ARISING IN TORT, CONTRACT OR OTHERWISE, WHICH ANY “MANUFACTURER” (FOR THE PURPOSES OF THE PRODUCT GOVERNANCE REQUIREMENTS) MAY OTHERWISE HAVE WITH RESPECT THERETO, THE BONDS HAVE BEEN SUBJECT TO A PRODUCT APPROVAL PROCESS, WHICH HAS DETERMINED THAT: (I) THE TARGET MARKET FOR THE BONDS IS (A) IN THE EEA, ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN MIFID II AND (B) IN THE UNITED KINGDOM, ELIGIBLE COUNTERPARTIES (AS DEFINED IN THE FCA HANDBOOK CONDUCT OF BUSINESS SOURCEBOOK) AND PROFESSIONAL CLIENTS (AS DEFINED IN UK MIFIR); AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE BONDS TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE BONDS (A “DISTRIBUTOR”) SHOULD TAKE INTO CONSIDERATION THE MANUFACTURERS’ TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II OR THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS (BY EITHER ADOPTING OR REFINING THE MANUFACTURERS’ TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS. THE TARGET MARKET ASSESSMENT IS WITHOUT PREJUDICE TO THE REQUIREMENTS OF ANY CONTRACTUAL OR LEGAL SELLING RESTRICTIONS IN RELATION TO ANY OFFERING OF THE BONDS.

FOR THE AVOIDANCE OF DOUBT, THE TARGET MARKET ASSESSMENT DOES NOT CONSTITUTE: (A) AN ASSESSMENT OF SUITABILITY OR APPROPRIATENESS FOR THE PURPOSES OF MIFID II OR UK MIFIR; OR (B) A RECOMMENDATION TO ANY INVESTOR OR GROUP OF INVESTORS TO INVEST IN, OR PURCHASE, OR TAKE ANY OTHER ACTION WHATSOEVER WITH RESPECT TO THE BONDS.

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR THE UNITED KINGDOM. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS (A) IN THE EEA, A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF MIFID II; OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II AND (B) IN THE UNITED KINGDOM, A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE

2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 OF THE UNITED KINGDOM (THE “**FSMA**”) AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUWA.

CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014, AS AMENDED (THE “**PRIIPS REGULATION**”) OR THE PRIIPS REGULATION AS IT FORMS PART OF UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “**UK PRIIPS REGULATION**”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION AND/OR THE UK PRIIPS REGULATION.

IN ADDITION, IN THE UNITED KINGDOM THIS PRESS RELEASE IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED ONLY AT, QUALIFIED INVESTORS (I) WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “**ORDER**”) AND QUALIFIED INVESTORS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER, AND (II) TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THIS PRESS RELEASE MUST NOT BE ACTED ON OR RELIED ON (I) IN THE UNITED KINGDOM, BY PERSONS WHO ARE NOT RELEVANT PERSONS, AND (II) IN ANY MEMBER STATE OF THE EEA, BY PERSONS WHO ARE NOT QUALIFIED INVESTORS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PRESS RELEASE RELATES IS AVAILABLE ONLY TO (A) RELEVANT PERSONS IN THE UNITED KINGDOM AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS IN THE UNITED KINGDOM AND (B) QUALIFIED INVESTORS IN MEMBER STATES OF THE EEA.

ANY DECISION TO PURCHASE ANY OF THE BONDS SHOULD ONLY BE MADE ON THE BASIS OF AN INDEPENDENT REVIEW BY A PROSPECTIVE INVESTOR OF THE ISSUER’S PUBLICLY AVAILABLE INFORMATION. NEITHER THE GLOBAL COORDINATORS AND JOINT BOOKRUNNERS NOR ANY OF THEIR RESPECTIVE AFFILIATES ACCEPT ANY LIABILITY ARISING FROM THE USE OF, OR MAKE ANY REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF, THIS PRESS RELEASE OR THE ISSUER’S PUBLICLY AVAILABLE INFORMATION. THE INFORMATION CONTAINED IN THIS PRESS RELEASE IS SUBJECT TO CHANGE IN ITS ENTIRETY WITHOUT NOTICE UP TO THE CLOSING DATE.

EACH PROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT IT MUST BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE BONDS OR THE ORDINARY SHARES TO BE ISSUED OR TRANSFERRED AND DELIVERED UPON CONVERSION OF THE BONDS AND NOTIONALLY UNDERLYING THE BONDS (TOGETHER WITH THE BONDS, THE “**SECURITIES**”). NONE OF THE ISSUER OR THE GLOBAL COORDINATORS AND JOINT BOOKRUNNERS MAKE ANY REPRESENTATION AS TO (I) THE SUITABILITY OF THE SECURITIES FOR ANY PARTICULAR INVESTOR, (II) THE APPROPRIATE ACCOUNTING TREATMENT AND POTENTIAL TAX CONSEQUENCES OF INVESTING IN THE SECURITIES OR (III) THE FUTURE PERFORMANCE OF THE SECURITIES EITHER IN ABSOLUTE TERMS OR RELATIVE TO COMPETING INVESTMENTS.

THE GLOBAL COORDINATORS AND JOINT BOOKRUNNERS ARE ACTING ON BEHALF OF THE ISSUER AND NO ONE ELSE IN CONNECTION WITH THE BONDS AND WILL NOT BE RESPONSIBLE TO ANY OTHER PERSON FOR PROVIDING THE PROTECTIONS AFFORDED TO CLIENTS OF THE GLOBAL COORDINATORS AND JOINT BOOKRUNNERS OR FOR PROVIDING ADVICE IN RELATION TO THE SECURITIES.

EACH OF THE ISSUER, THE GLOBAL COORDINATORS AND JOINT BOOKRUNNERS AND THEIR RESPECTIVE AFFILIATES EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO UPDATE, REVIEW OR REVISE ANY STATEMENT CONTAINED IN THIS PRESS RELEASE WHETHER AS A RESULT OF NEW INFORMATION, FUTURE DEVELOPMENTS OR OTHERWISE.

As a property company, K-Fastigheter’s objective is to add value for tenants by creating attractive homes with superior comfort. The Group’s operations encompass active property management, project development and proprietary construction operations. To enhance cost efficiency and cut construction times, K-Fastigheter has chosen to work with three concept buildings, developed in-house and constructed for proprietary management. K-Fastigheter provides some 4,000 homes in several locations in the Öresund region, in the province of Småland and in western Sweden, and is assessing new markets as production capacity increases. The Group’s property portfolio has a book value SEK 14,3 billion, with an annual rental value of about SEK 528 million. Since November 2019, the company’s Class B shares have been traded on Nasdaq Stockholm under the (ticker: KFAST B). Read more at [k-fastigheter.com](https://www.k-fastigheter.com)