



K-Fastigheter announces intention to carry out a directed share issue

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K-Fast Holding AB (publ) ("K-Fastigheter" or the "Company") is investigating the possibility to carry out a directed issue of series B shares corresponding to approximately SEK 350 million through an accelerated book-building procedure targeting Swedish and international institutional investors (the "Directed Issue"), starting immediately. The Company has engaged Nordea Bank Abp, filial i Sverige ("Nordea") and Swedbank AB (publ) ("Swedbank") as Joint Global Coordinators and Joint Bookrunners.

The Directed Issue

The Directed Issue is intended to be carried out with deviation from the shareholders' preferential rights and pursuant to the authorization to issue shares granted by the Annual General Meeting held on 15 May 2023. The subscription price and the number of newly issued shares in the Directed Issue will be determined through an accelerated book-building procedure that will begin immediately after the announcement of this press release and carried out by Nordea and Swedbank. Completion of the accelerated book-building procedure, pricing and allocation of new shares is expected to take place before trading begins on Nasdaq Stockholm at 09.00 CEST on 29 September 2023. The time for closing, pricing and allocation in connection with the book-building procedure is determined by the Company, and the Company may at any time shorten, extend or cancel the book-building procedure, meaning the Company may refrain, in part or in full, from carrying out the Directed Issue. The Company will announce the outcome of the Directed Issue through a press release after the book-building procedure has been completed.

K-Fastigheter's investigation of the conditions for carrying out the Directed Issue is part of creating the conditions for continued expansion through the acquisition of building rights and construction start of new projects. The Company is continuously assessing various alternatives to ensure that K-Fastigheter can maintain a solid expansion rate and take advantage of attractive opportunities that may arise to acquire suitable building rights intended for K-Fastigheter's construction of residential properties. The net cash from the Directed Issue is intended to, by strengthening the financial position, which initially includes reducing short-term loan financing, increase the capabilities to, and enable investments in, construction start of additional projects and acquisition of building rights.

Prior to the Directed Issue, the board of directors of the Company has made an overall assessment and carefully considered the possibility to raise capital through a rights issue with preferential right for the Company's shareholders. The board of directors considers that the reasons for deviating from the shareholders' preferential right are (i) that a rights issue would take a significantly longer time to complete and entail a higher risk for an adverse effect on the share price, particularly in light of the current market volatility and the challenging market conditions, (ii) to diversify and strengthen the Company's shareholder base with institutional investors, and (iii) to carry out a directed share issue can be made at lower costs and with less complexity than a rights issue. Considering the above, the board of directors has made the assessment that a directed issue of series B shares with deviation from the shareholders' preferential right is the most favourable alternative for K-Fastigheter to carry out the capital raise.

Since the subscription price in the Directed Issue will be determined through an accelerated book-building procedure, the board of directors considers the subscription price to reflect market terms and conditions.

To support the Company's efforts in achieving the necessary subscription in the Directed Issue within the framework of the book-building procedure, Erik Selin Fastigheter AB, which owns approximately 34.8 per cent. of the shares and 39.3 per cent. of the votes in the Company, has declared its intention to support the share issue. Erik Selin Fastigheter AB is owned by Erik Selin, who is Chairman of the board of directors of K-Fastigheter, and Erik Selin Fastigheter AB is thereby considered a related party pursuant to Chapter 16 of the Swedish Companies Act (SFS 2005:551), the so-called Lex Leo. If Erik Selin Fastigheter AB participates in the Directed Issue, this part of the share issue will be subject to approval by a subsequent general meeting. A valid resolution requires approval of at least nine-tenths of both the votes cast and the shares represented at the general meeting.

In connection with the Directed Issue, the Company has agreed to a lock-up undertaking, with customary exceptions, on future share issuances for a period of 90 calendar days after the settlement date of the Directed Issue.

Advisors

Nordea and Swedbank are Joint Global Coordinators and Joint Bookrunners in connection with the Directed Issue. Setterwalls Advokatbyrå is legal advisor to K-Fastigheter and Roschier Advokatbyrå is legal advisor to the Joint Global Coordinators and Joint Bookrunners in connection with the Directed Issue.

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This disclosure contains information that K-Fast Holding AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the above contact persons, on 28 September 2023, 17:31 CEST

Forward-looking statements

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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; AND (C) LOCAL IMPLEMENTING MEASURES (TOGETHER, THE "**MIFID II PRODUCT GOVERNANCE REQUIREMENTS**"), AND DISCLAIMING ALL AND ANY LIABILITY, WHETHER ARISING IN TORT, CONTRACT OR OTHERWISE, WHICH ANY "MANUFACTURER" (FOR THE PURPOSES OF THE MIFID II PRODUCT GOVERNANCE REQUIREMENTS) MAY OTHERWISE HAVE WITH RESPECT THERETO, THE SHARES IN THE COMPANY HAVE BEEN SUBJECT TO A PRODUCT APPROVAL PROCESS, WHICH HAS DETERMINED THAT SUCH SHARES ARE: (I) COMPATIBLE WITH AN END TARGET MARKET OF RETAIL INVESTORS AND INVESTORS WHO MEET THE CRITERIA OF PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES, EACH AS DEFINED IN MIFID II (THE "**POSITIVE TARGET MARKET**"); AND (II) ELIGIBLE FOR DISTRIBUTION THROUGH ALL DISTRIBUTION CHANNELS AS ARE PERMITTED BY MIFID II. NOTWITHSTANDING THE TARGET MARKET ASSESSMENT, DISTRIBUTORS SHOULD NOTE THAT: THE PRICE OF THE SHARES IN THE COMPANY MAY DECLINE AND INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENT; THE SHARES IN THE COMPANY ARE NOT ATTRIBUTED TO ANY GUARANTEED INCOME AND NO CAPITAL PROTECTION. AN INVESTMENT IN THE SHARES OF THE COMPANY IS COMPATIBLE ONLY WITH INVESTORS WHO DO NOT NEED A GUARANTEED INCOME OR CAPITAL PROTECTION, WHO (EITHER ALONE OR IN CONJUNCTION WITH AN APPROPRIATE FINANCIAL OR OTHER ADVISER) ARE CAPABLE OF EVALUATING THE MERITS AND RISKS OF SUCH AN INVESTMENT AND WHO HAVE SUFFICIENT RESOURCES TO BE ABLE TO BEAR ANY LOSSES THAT MAY RESULT THEREFROM (THE "**NEGATIVE TARGET MARKET**"). THE TARGET MARKET ASSESSMENT IS WITHOUT PREJUDICE TO THE REQUIREMENTS OF ANY CONTRACTUAL, LEGAL OR REGULATORY SELLING RESTRICTIONS IN RELATION TO THE DIRECTED ISSUE. FURTHERMORE, IT IS NOTED THAT, NOTWITHSTANDING THE TARGET MARKET ASSESSMENT, THE MANAGERS WILL ONLY PROCURE INVESTORS WHO MEET THE CRITERIA OF PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES.

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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