



# K-Fast Holding AB divests its property portfolio in Region Syd to Brinova Fastigheter AB

**K-Fast Holding AB ("K-Fastigheter") has entered into a binding share transfer agreement to divest its entire portfolio of investment properties in Region Syd to Brinova Fastigheter AB ("Brinova") for an agreed property value of MSEK 10,760. The portfolio accounts for approximately 75 per cent of K-Fastigheter's total investment portfolio in terms of market value. Payment will be made in the form of newly issued shares in Brinova. Upon completion, the transaction will make K-Fast Holding AB the largest shareholder in Brinova with an ownership of not more than 58.4 per cent of the votes and capital.**

## **The transaction in brief**

The transaction is based on an underlying property value of approximately MSEK 9,499 in investment properties and approximately MSEK 1,260 in ongoing projects. The total property value for the divested portfolio amounts to approximately MSEK 10,760, which corresponds to the market value as of 30 September 2024. K-Fastigheter will complete the contracts in the ongoing projects in Malmö, Helsingborg, and Copenhagen for Brinova.

The purchase price will be paid with newly issued shares in Brinova at SEK 32.46 per share, which corresponds to Brinova's net asset value as of 30 September 2024. 19.6 per cent of the shares will be shares of series A and 80.4 per cent will be shares of series B, reflecting the current distribution of series A and B shares in Brinova. After the completion of the transaction, K-Fastigheter will own not more than 137,384,632 shares in Brinova, of which 26,994,595 will be shares of series A and 110,390,037 will be shares of series B, corresponding to 58.4% of the votes and capital. The exact number of shares K-Fastigheter will receive depends on the conditions in the divested portfolio on the closing date. The completion of the transaction is conditional upon approval at extraordinary general meetings in Brinova and K-Fast Holding AB, which are planned to be held in March 2025. Brinova will continue to be traded on Nasdaq Stockholm and will be consolidated into K-Fast Holding AB's financial accounts.

The transaction means that K-Fastigheter becomes the largest shareholder in Brinova. K-Fastigheter assesses that the transaction combines two attractive property portfolios with a focus on the Öresund region. Through the acquisition, Brinova becomes significantly larger in terms of, among other things, property value, net asset value, rental income, and property management results. A higher market capitalization is expected to provide greater liquidity in the share, more attention from the capital markets, and, in the long term, the possibility for Brinova's share to be included in real estate-related stock indices such as the EPRA index.

In the long term, K-Fastigheter's intention is to distribute the shares in Brinova to K-Fastigheter's shareholders through a dividend in kind at a time K-Fastigheter deems appropriate, which is expected to occur no earlier than in connection with K-Fastigheter's annual general meeting in 2026.

*"I see a perfect geographical match with good potential for synergies. Additionally, both Brinova and K-Fastigheter have highly attractive properties in the locations where they operate. There is a clear industrial logic, and the size of the new Brinova makes us one of the more significant players in our segment"* Jacob Karlsson, CEO of K-Fastigheter.

*"I am incredibly happy with this acquisition. It is a high-quality portfolio where 65 per cent of the acquired properties are built after 2019. The economies of scale within the new combined portfolio are clear, and we gain a strong focus on properties that provide stable returns and secure cash flows. The concentration of the portfolio to a number of strategic cities in southern Sweden that are experiencing positive development gives a strong position. I am also pleased to welcome K-Fastigheter as a shareholder in Brinova,"* says Per Johansson, CEO of Brinova.

## **Motive and future for K-Fastigheter**

Through the divestment and the creation of a stronger Brinova, better conditions are provided for increased earnings from property management in Region Syd than if K-Fastigheter and Brinova had separate portfolios. The overlap between the portfolios offers economies of scale, and the assessment is that K-Fastigheter will be able to achieve greater financial leverage from ownership in Brinova than solely owning its own portfolio in Region Syd. K-Fastigheter will continue to operate in accordance with the current business plan, which was presented during a capital markets day held on 2 May 2024. The business plan means that operations will also continue to be conducted in the two areas Property Management and Construction.

Following the transaction, in addition to K-Fastigheter's holdings in Brinova, which will be operated as an independent company, the management business also consists, as of 30 September 2024, of holdings in Region Väst of 558 apartments and 498 apartments in Region Öst. The property portfolios in Region Väst and Region Öst have a market value of approximately MSEK 3,100. In addition to completed investment properties, construction of approximately 1,400 apartments is ongoing in these two regions. The operations in Region Öst and Region Väst are not affected by the transaction.

The construction activities, consisting of the business areas Project Development, Prefab, and Building, aim to offer the market attractive investment opportunities in the group's self-developed concept houses as well as complete frame solution contracts. As of 30 September 2024, K-Fastigheter had commenced construction on 621 apartments during the year. A total of 1,745 apartments with an estimated market value of approximately MSEK 5,475 were under production as of 30 September 2024. Of these, 348 apartments with a value of approximately MSEK 1,260 will be completion for Brinova as part of the transaction.

The prefab operations had 76 ongoing frame solution contracts as of 30 September 2024, with about 63 per cent for external customers.

As of 30 September 2024, K-Fastigheter had 2,257 apartments in various stages of project development. The current goal is to commence construction on 1,000 apartments per year and gradually increase this to 1,200 apartments per year in the coming years, which requires continued regular acquisitions of building rights in attractive locations. In order to increase the degree of self-financing, the company will, over time, annually divest a volume corresponding to 30-50 per cent of what is started, which can be done either through the sale of newly produced concept houses or from existing investment properties. Since K-Fastigheter was listed on Nasdaq Stockholm in 2019, approximately 80 per cent of the company's earnings have come from the Construction business area, which will increase after the transaction.

### Accounting Effects on K-Fastigheter after the transaction

From the completion of the transaction until any potential distribution in kind of the shares in Brinova is carried out, K-Fastigheter will consolidate Brinova into K-Fastigheter's bookkeeping.

### Pro forma

*Pro forma consolidated financial information as of 30 September 2024*

Q1-Q3 2024	K-Fastigheter before the transaction	K-Fastigheter after the transaction, consolidated	Brinova after the transaction	K-Fastigheter excl. Region Syd
Rental income	452.9	859.5	727.5	132.0
Other income	367.8	369.1	5.9	363.2
Operating costs	-446.2	-587.7	-272.5	-315.2
<b>Gross profit</b>	<b>374.5</b>	<b>640.9</b>	<b>460.9</b>	<b>180.0</b>
Central administration	-55.0	-75.5	-21.0	-54.5
Depreciation and amortisation	-45.6	-46.1	-0.8	-45.3
Profit from participation in associated and jointly controlled companies	9.2	9.2	0.0	9.2
Net financial items	-204.7	-336.8	-252.4	-84.4
<b>Profit before changes in value</b>	<b>78.4</b>	<b>191.7</b>	<b>186.7</b>	<b>5.0</b>
<b>Balance sheet as of 30 Sep 2024</b>				
Investment properties	15,012.8	23,461.0	18,524.8	4,936.2
Other non-current assets	1,599.8	2,165.6	70.0	2,095.6
<b>Total non-current assets</b>	<b>16,612.6</b>	<b>25,626.6</b>	<b>18,594.8</b>	<b>7,031.8</b>
Current assets	359.9	627.9	428.6	<b>199.3</b>

<b>Total assets</b>	<b>16,972.5</b>	<b>26,254.5</b>	<b>19,023.4</b>	<b>7,231.1</b>
<b>Equity and liabilities</b>				
<b>Equity</b>	<b>5,214.5</b>	<b>8,386.3</b>	<b>6,529.0</b>	<b>1,857.3</b>
Deferred tax liability	1,079.4	1,909.3	1,031.9	877.4
Non-current interest-bearing liabilities	7,063.6	8,955.0	6,657.1	2,297.9
Other non-current liabilities	194.8	224.2	111.4	112.8
<b>Total non-current liabilities</b>	<b>8,337.8</b>	<b>11,088.5</b>	<b>7,800.4</b>	<b>3,288.1</b>
Current interest-bearing liabilities	2,849.3	6,127.4	4,467.8	1,659.6
Total current liabilities	570.9	652.3	226.2	426.1
<b>Total non-current liabilities</b>	<b>3,420.2</b>	<b>6,779.7</b>	<b>4,694.0</b>	<b>2,085.7</b>
<b>Total equity and liabilities</b>	<b>16,972.5</b>	<b>26,254.5</b>	<b>19,023.4</b>	<b>7,231.1</b>

### *Key performance indicators*

<b>30 September 2024</b>	<b>K-Fastigheter before the transaction</b>	<b>K-Fastigheter after the transaction, consolidated</b>	<b>Brinova after the transaction</b>	<b>K-Fastigheter excl. Region Syd</b>
Rental value, SEKm	655.2	1,231.5	1,073.3	157.1
Contracted rent, SEKm	624.7	1,164.1	1,007.6	155.5
Financial occupancy rate, %	95.3%	95.4%	94.8%	99.0%
Profit from property management Q1-Q3 2024, SEKm	102.2	215.5	186.7	28.8
Property value, SEKbn	15.0	23.5	18.5	4.9
Interest coverage ratio (R12M)	1.5	1.6	1.7	1.6
Loan-to-value ratio, %	61.0%	61.1%	60.5%	61.9%
Debt-to-equity ratio, %	58.4%	57.4%	58.5%	54.7%
Number of properties	120.0	243.0	229.0	14.0
Lettable area, tkvm	359.7	705.1	626.6	77.9
Share of contracted rental value Residential, SEKm	577.6	788.0	641.2	146.5
Share of contracted rental value properties for public use, SEKm	0.0	205.0	205.0	0.0
Share of contracted rental value commercial, SEKm	47.1	171.1	161.4	9.0
Number of shares outstanding, millions	246.0	246.0	231.1	246.0
Average number of shares outstanding, millions	244.1	244.1	231.1	244.1

### **Exemption from the obligation to make an offer**

As a result of the transaction, and prior to the distribution in kind of the consideration shares in Brinova to the shareholders of K-Fastigheter, K-Fastigheter will hold a maximum of approximately 58.4 per cent of the votes and capital in Brinova. K-Fastigheter has obtained an exemption from the mandatory offer obligation from the Swedish Securities Council (statement 2024:76), which would otherwise arise as a result of K-Fastigheter's subscription for shares in the transaction. The exemption is conditional upon, inter alia, that the extraordinary general meeting in Brinova resolves to authorise Brinova's board of directors to resolve on the issue of the consideration shares and that the resolution is supported by at least two thirds of both the votes cast and the shares represented at the extraordinary general meeting (see further below under "Extraordinary general meeting in Brinova").

### **Terms and conditions for the completion of the transaction**

Completion of the transaction is subject to the following completion conditions:

- The Extraordinary General Meeting of K-Fastigheter approves the implementation of the transaction;
- The Extraordinary General Meeting of Brinova authorises the Board of Directors of Brinova to decide on the issue of the consideration shares and to amend the Articles of Association to increase the limits on the number of shares and the share capital;
- the Competition Authority has, prior to the date of access, approved the transaction or otherwise decided not to proceed with the transaction;

- iv. the Inspectorate of Strategic Products under the Foreign Direct Investment Review Act (2023:560) has decided to authorise or leave the transaction without action;
- v. the lending banks have provided written approvals that none of Brinova's current loans or loans taken over from K-Fastigheter will be cancelled as a result of the transaction; and
- vi. that K-Fastigheter after the transaction will hold shares in Brinova corresponding to at least 51 per cent of the votes and capital in Brinova.

According to the agreement between Brinova and K-Fastigheter, the conditions set out above must be met by 1 April 2025.

Erik Selin, Chairman of the Board of Directors of both Brinova and K-Fastigheter, has a conflict of interest under the Swedish Companies Act (2005:551) in relation to the transaction and has not participated and will not participate in the respective boards' handling of or decisions on matters related to the transaction. For this reason, the board of directors of K-Fastigheter will obtain and publish an independent fairness opinion.

### **Extraordinary General Meeting of K-Fastigheter**

K-Fastigheter will convene an extraordinary general meeting to be held on or around 6 March 2025 to resolve on the approval of the transaction. A condition for the implementation of the transaction is that the transaction is approved by shareholders representing at least two thirds of both the votes cast and the shares represented at the meeting, both in total and within each class of shares represented at the meeting.

Erik Selin Fastigheter AB and Jacob Karlsson AB, who together hold approximately 63.6 per cent of the shares and 73.3 per cent of the votes in Brinova, have undertaken to vote in favour of the resolutions necessary to implement the transaction at the upcoming extraordinary general meeting in K-Fastigheter.

### **Extraordinary General Meeting in Brinova**

Brinova will convene an extraordinary general meeting to be held on or around 7 March 2025 to resolve on an authorisation for the board of directors to resolve on the issuance of the Consideration Shares and to amend the articles of association to increase the limits on the number of shares and the share capital. The resolution to authorise the Board of Directors to resolve on the issue of the consideration shares must, in order for K-Fastigheter's exemption from the mandatory bid rule of the Swedish Securities Council to be valid, be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the meeting.

Backahill AB and Fastighets AB Balder, who together hold approximately 42.9 per cent of the shares and 71,4 per cent of the votes in Brinova, have undertaken to vote in favour of the resolutions necessary to implement the transaction at the upcoming extraordinary general meeting in Brinova.

### **Information document**

Prior to the extraordinary general meetings of Brinova and K-Fastigheter, the companies will prepare an information document equivalent to what would have been prepared if the transaction had been completed as a merger. The information document is intended to be published on or around 3 February 2025.

### **Voting rights agreement**

As a result of K-Fastigheter's voting share following the transaction and considering K-Fastigheter's intention to distribute its holding in Brinova, K-Fastigheter has committed to Fastighets AB Balder and Backahill AB to ensure that these owners (as long as the owner holds more than 15 per cent of the votes in Brinova) have the right to nominate one representative each to the board of Brinova, and that K-Fastigheter will vote for these nominated individuals to be elected as board members of Brinova at general meetings where the election of board members takes place. K-Fastigheter has also committed to these owners not to undertake certain actions without their consent, such as deciding on amendments to Brinova's articles of association, deciding on new share issues in Brinova, or selling shares in Brinova.

### **Indicative timetable**

3 February 2025	Publication of information documents
3 February 2025	Notice of Extraordinary General Meeting in K-Fastigheter and Brinova
6 March 2025	Extraordinary General Meeting in K-Fastigheter
7 March 2025	Extraordinary General Meeting in Brinova

1 April 2025

K-Fastigheter takes over the shares in Brinova

## **Advisors**

Nordea Bank Abp. branch in Sweden has acted as financial advisor to K-Fastigheter and Swedbank AB (publ) has acted as financial advisor to Brinova in connection with the transaction.

## **Invitation to a conference call for analysts and investors**

Brinova and K-Fastigheter invite to a joint webcast/teleconference to present the transaction. The speakers are Per Johansson (CEO Brinova) and Jacob Karlsson (CEO K-Fastigheter). The presentation will be held in Swedish for analysts and investors at 14:00 (CET) today, 11 December.

To access the presentation and participate via the webcast, please visit the following link (<http://live.events.inderes.com/brinova-forvarvar-fastigheter-fran-k-fast>). To participate via the telephone conference, register using the link below. After registration, you will receive a phone number and conference ID to log into the conference. The telephone conference provides an opportunity to ask oral questions.

(<http://conference.financialhearings.com/teleconference/?id=5006323>)

K-Fastigheter will also host a separate webcast/teleconference to present the transaction and the strategy for K-Fastigheter going forward. The presentation will be held in Swedish for analysts and investors at 15:30 (CET) today, 11 December.

Please use this link (<http://live.events.inderes.com/framtiden-for-k-fastigheter>) to follow the webcast. Please register via this link

(<http://conference.financialhearings.com/teleconference/?id=5005570>) to participate via teleconference. After registration, you will receive a telephone number and a conference ID to log in to the conference call. The conference call will include the possibility to ask oral questions.

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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 (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, on December 11, 2024, 8 AM CET.

## **Important information**

In the information below, "this press release" refers to this document, its content or part thereof, oral presentations, Q&A sessions, and written or oral material discussed or distributed in connection therewith. This press release is not a notice to an extraordinary general meeting or an information document. This press release is also not an offer to sell, or a solicitation or invitation to make an offer to purchase, acquire, or subscribe for securities, nor an encouragement to make any investment, and no sale of securities will occur in jurisdictions where such an offer, solicitation, or sale would be unlawful without registration or qualification under the securities laws of such jurisdiction. Decisions regarding the transaction should be made solely based on the information provided in the actual notices to the extraordinary general meetings of Brinova and K-Fastigheter, as applicable, information documents that will be published prior to the extraordinary general meetings, and independent analyses of the information therein. You should read the information documents, which will be available before the extraordinary general meetings that will decide on the matters stated herein, to obtain more complete information about the transaction. You should also conduct an independent analysis of the information therein and the information documents before making an investment decision.

## **Forward-looking information**

This press release contains certain forward-looking statements. Forward-looking statements are statements that do not relate to historical facts and can be identified by the fact that they contain expressions such as "believes," "expects," "anticipates," "intends," "estimates," "will," "may," "assumes," "should," "could," and, in each case, the negations thereof, or similar expressions. The forward-looking statements in this press release are based on various

assumptions, which in many cases are based on additional assumptions. Although K-Fastigheter believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, unforeseen events, and other important factors that are difficult or impossible to predict and are beyond K-Fastigheter's control. Such risks, uncertainties, unforeseen events, and other important factors could cause actual events to differ materially from the expectations expressed or implied in this press release through such forward-looking statements.

The companies' actual operational results after the transaction, including the companies' financial position and liquidity after the transaction and the development of the industry in which the companies operate, may differ materially from and be more negative than what is stated in, or implied by, the forward-looking statements included in this press release. Factors, including risks and uncertainties that may cause these differences, include but are not limited to risks associated with the implementation of the companies' strategy, risks and uncertainties related to the companies' ability to develop new business services and improve existing operations, the impact of competition, changes in the general economy and industry conditions, as well as legislative, regulatory, and political factors.

The information, opinions, and forward-looking statements contained in this press release are provided only as of the date of this press release and may change without notice. K-Fastigheter does not undertake to review, update, confirm, or publicly announce any revision of any forward-looking statement to reflect events that occur or circumstances that arise regarding the content of this communication.

#### Combined financial information

The combined financial information stated in this press release is provided solely for illustrative purposes. The preliminary combined financial information has not been prepared in accordance with IFRS and does not constitute pro forma financial information and has not been audited or otherwise reviewed by the companies' auditors. Differences in accounting principles or definitions of financial measures not defined under IFRS have not been considered. Financial information for Brinova, the divested portfolio, and K-Fastigheter has been based on reported unaudited financial information. The preliminary combined financial information regarding results has been calculated with the assumption that the operations were included in a single entity as of 1 January 2024. The companies' rental income after the transaction, etc., has been calculated as a sum of combined financial information for the period January 1 – September 30, 2024. The preliminary combined financial information is based on hypothetical estimates and should not be viewed as pro forma information. Some of the reported key figures constitute financial key figures that are not defined under IFRS. For more information about these key figures, refer to the companies' financial reports.

*K-Fastigheter is much more than a property company. Through an integrated process, we build our business in the two business segments Construction and Property Management. In business segment Construction the objective is to deliver completed housing units based on the Group's concept houses, developed in-house, as well as high-quality frame solutions. Our prefab operations is organized in the subsidiary K-Prefab. To enhance cost efficiency and cut construction times, K-Fastigheter has chosen to work with three concept houses for housing, developed in-house. Business segment Property Management manages the Groups property portfolio with focus on housing. K-Fastigheter offers close to 5,200 homes from Copenhagen in the south to Gävle in the north and is continuously assessing new markets. K-Fastigheter strive to create attractive homes with a high comfort factor. The Group's property portfolio has a book value SEK 15 billion. Annual rental value in invest properties under management amounts to SEK 655 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)*