



# Statement from the board of directors and publication of fairness opinion regarding divestment of property portfolio to Brinova Fastigheter AB

**The board of directors of K-Fast Holding AB ("K-Fastigheter") recommends the shareholders of K-Fastigheter to vote at the upcoming extraordinary general meeting to approve the transaction whereby K-Fastigheter divests its entire portfolio of investment properties in Region Syd to Brinova Fastigheter AB (publ) ("Brinova").**

## **Background**

On 11 December 2024, K-Fastigheter announced that the company had entered into a binding share transfer agreement to divest its entire portfolio of investment properties in Region Syd to Brinova for an agreed property value of MSEK 10,760, which corresponds to the market value as of 30 September 2024. The portfolio accounts for approximately 75 per cent of K-Fastigheter's total investment portfolio in terms of market value.

The purchase price will be paid with newly issued shares in Brinova at a price of 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. 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.

The completion of the transaction is conditional upon, among other things, approval by the extraordinary general meetings of Brinova and K-Fastigheter to be held in March 2025. Notice of the extraordinary general meeting will be published through a separate press release.

Erik Selin, chairman of the board of directors of both Brinova and K-Fastigheter, has a conflict of interest under the Swedish Companies Act 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 further information on the transaction, please refer to the press release published on 11 December 2024 and the information document relating to the transaction that will be published by Brinova prior to the extraordinary general meetings.

Nordea Bank Abp. branch in Sweden has acted as financial advisor to K-Fastigheter. The board of directors has also commissioned Öhrlings PricewaterhouseCoopers AB ("PwC") to issue a fairness opinion regarding the transaction. The fairness opinion is attached to this statement. PwC's fee for the assignment is not dependent on the size of the purchase price, the extent to which the transaction is approved or whether the transaction is completed or not.

## **Recommendation of the board of directors**

The board of directors' view of the transaction is based on a number of factors that the board of directors has considered relevant in relation to the evaluation of the transaction. These factors include, but are not limited to, K-Fastigheter's current financial position, expected future development and potential as well as related opportunities and risks.

The divestment and the creation of a stronger Brinova will provide better conditions for increased earnings from the shared portfolios in Region Syd than if K-Fastigheter and Brinova had managed the portfolios separately. The overlap between the portfolios offers economies of scale, for example in connection with procurements of standardisation measures and financing terms, and the assessment is that K-Fastigheter will be able to achieve greater financial leverage from its ownership in Brinova than from the sole ownership of its own portfolio in Region Syd. K-Fastigheter will continue to operate in accordance with the current business plan, which was presented at a capital markets day held on 2 May 2024. The business plan stipulates that the operations will continue to be conducted in the two business areas Property Management and Construction.

Following the transaction, in addition to K-Fastigheter's holdings in Brinova, which will continue be operated as an independent company, the property 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 Construction, aim to offer the market attractive investment opportunities in the group's self-developed concept houses as well as complete structural 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 completed for Brinova as part of the transaction.

The property portfolio that is transferred is made at an agreed property value of MSEK 10,760, which corresponds to the market value as of 30 September 2024. The purchase price paid with newly issued shares in Brinova is made at a price of SEK 32.46 per share, which corresponds to Brinova's net asset value as of 30 September 2024.

The board of directors also notes that 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 K-Fastigheter, have undertaken to vote in favour of the resolutions necessary to implement the transaction at the upcoming extraordinary general meeting in K-Fastigheter.

The fairness opinion provided by PwC on behalf of the board of directors states that the transaction, as of today's date, is fair from a financial point of view for the shareholders of K-Fastigheter, based on and subject to the conditions set out in the opinion. The fairness opinion is attached to this statement.

In light of the above, the board of directors recommends that the shareholders of K-Fastigheter vote in favour of a resolution to approve the transaction at the upcoming extraordinary general meeting.

## **Effects on employees of K-Fastigheter**

The transaction means that Brinova only acquires K-Fastigheter's portfolio of investment properties in Region Syd. No employees are included in the transaction with Brinova. Since all investment properties in Region Syd are divested, a redundancy arises within K-Fastigheter, which has therefore given notice of termination to approximately 40 employees in operations, management and administration due to lack of work.

This statement shall in all respects be governed by and construed in accordance with Swedish law. Any dispute arising out of this statement shall be settled exclusively by Swedish courts.

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

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*K-Fastigheter is much more than a property company. Through an integrated process, we build our business in the four business areas project development, prefab, construction and property management. To enhance cost efficiency and cut construction times, K-Fastigheter has chosen to work with three concept houses, developed in-house and constructed for own management. K-Fastigheter offers close to 4,900 homes from Copenhagen in the south to Gävle in the north and is continuously assessing new markets. K-Fastigheter strives to create attractive homes with a high comfort factor. The Group's property portfolio has a book value SEK 14,9 billion. Annual rental value in investment properties under management amounts to SEK 661 million. Since 2019, the company's Class B shares have been traded on Nasdaq Stockholm (ticker: KFAST B). Read more at [k-fastigheter.com](http://k-fastigheter.com)*