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Press release | 2023-11-28

Annhem Fastigheter acquires a new-build office property in Malmö and intends to carry out a rights issue of approximately SEK 300 million

Annhem Fastigheter AB (publ) (“Annhem” or “The Company”) has today entered into an agreement to acquire The Corner, a new build, modern and flexible office property with a high sustainability profile in a prime location in Hyllie, Malmö, at an underlying property value of SEK 420 million. To finance the acquisition and other value-creating investments, the Board of Directors has decided on the intention to carry out a rights issue of approximately SEK 300 million.

“The acquisition of The Corner fits very well with Annhem’s growth strategy, a modern property with a high sustainability profile located in the attractive and fast-growing business district Hyllie in Malmö. The Corner will contribute to our growth targets as well as our vision to be the most sustainable property company in the Nordics,” says Annhem’s CEO, Monica Fallenius.



Background and reasons

Annhem's strategy is to manage and develop a sustainable and modern property portfolio in attractive locations in Nordic growth areas. The property portfolio predominantly consists of office properties paired with a selection of logistics, community service and residential properties. Annhem's growth targets are to achieve an average annual growth in income from property management of 20 per cent over time and to reach a fair value of the property portfolio of SEK 8 billion by 2027 (the fair value of the property portfolio amounted to SEK 4.2 billion as of 30 September 2023). Annhem's yield¹ amounted to 4.4 per cent as of 30 September 2023, adjusted for the divestment of the Company's property Carl Berners Torg in Oslo which was completed on 20 October 2023. In line with the Company's strategy, Annhem has today, entered into an agreement with Peab to acquire The Corner, a new-build office property in Hyllie, Malmö (the "Property" or "The Corner", and the "Acquisition", respectively).

The Acquisition

The Corner has a lettable area of 7,432 sqm and is located close to the station Citytunneln in the fast-growing business district of Hyllie in Malmö. The property has an annual rental value of SEK 28.4 million as of 2024 and an estimated annual net operating income of SEK 23.5 million. Weighted average unexpired lease term (WAULT) amounts to 7 years at the time Annhem becomes the owner. The economic occupancy rate amounts to 94 per cent with a rental guarantee from the seller covering vacant spaces for three years from 1 January 2024. Annhem will take over The Corner during December 2023.

The Property's quality, flexibility, location, and sustainability profile are in line with Annhem's growth strategy. The Corner meets the qualifications for energy class B, is certified according to Miljöbyggnad Silver and is intended to be certified according to WELL Gold. The Company already owns six properties in Skåne, Sweden creating good conditions for efficient property management. Current tenants will strengthen Annhem's already stable and diversified customer base.

The Acquisition is made through a corporate transaction, at an underlying property value of SEK 420 million, of which approximately SEK 210 million will be financed with the proceeds from the upcoming rights issue that Annhem intends to carry out. The remaining part will be financed by bank loans. The Acquisition is estimated to generate an initial yield of approximately 5.6 per cent.

The rights issue

Annhem's Board of Directors has also decided on the intention to carry out a rights issue of approximately SEK 300 million, of which approximately SEK 210 million is intended to be used to finance the Acquisition. The remaining part of the issue proceeds, after costs related to the issue, is intended to finance value-creating investments in the existing portfolio, and to enable attractive investment opportunities. The remaining part of the issue proceeds is, in total estimated to be invested at an average yield of approximately eight per cent.

The Board of Directors will convene an Extraordinary General Meeting, which will be held in January 2024, to resolve on an authorisation for the Board of Directors to resolve upon the rights issue. The rights issue is expected to be carried out during the first quarter of 2024. A

¹ Calculated as net operating income according to current earnings capacity in relation to property value.

detailed time plan and the terms and conditions for the rights issue will be announced at a later stage.

Subscription undertakings, guarantee commitments and voting commitments

Shareholders in Annhem who together represent approximately 47.3 per cent of the shares and 71.9 per cent of the votes have undertaken to vote for the Board of Directors' proposal at the Extraordinary General Meeting.

The rights issue is covered by approximately 57.0 per cent through subscription undertakings and/or guarantee commitments free of charge from existing shareholders.

The above-mentioned subscription and guarantee commitments are not secured by for example, bank guarantees, blocked funds, pledges or similar.

Advisors

Handelsbanken Capital Markets is acting as sole financial advisor to Annhem. Advokatfirman Vinge is acting as legal advisor to Annhem.

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This information is information that Annhem Fastigheter AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 15:00 CET on 28 November 2023.

This is Annhem

Annhem Fastigheter is a growth-driven property company specializing in commercial, community service and residential properties in the Nordic growth regions of Stockholm, Skåne, Gothenburg, Helsinki and Oslo. The property portfolio in Annhem Fastigheter consists of 26 investment properties with a value of SEK 4,237.8 million and a lettable area of 198 thousand sqm as of 30 September 2023. The Company is listed on Nasdaq Stockholm since December 2020 with the ticker ANNE B and have a Nasdaq Green Designation since May 2022.

IMPORTANT INFORMATION

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This press release is not a prospectus according to the definition in Regulation (EU) 2017/1129 (the "Prospectus Regulation") and has not been approved by any regulatory authority in any jurisdiction. A prospectus will be prepared by the Company and published on the Company's website after the prospectus has been reviewed and approved by the Swedish Financial Supervisory Authority.

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Forward-looking statements

This press release contains forward-looking statements related to the Company's intentions, estimates or expectations with regard to the Company's future results, financial position, liquidity, development, outlook, estimated growth, strategies and opportunities as well as the markets in which the Company is active. Forward-looking statements are statements that do not refer to historical facts and can be identified by the use of terms such as "believes", "expects", "anticipates", "intends", "estimates", "will", "may", "implies", "should", "could" and, in each case, their negative, or comparable terminology. The forward-looking statements in this press release are based on various assumptions, which in several cases are based on further assumptions. Although the Company believes that the assumptions reflected in these forward-looking statements are reasonable, there is no guarantee that they will occur or that they are correct. Since these assumptions are based on assumptions or estimates and involve risks and uncertainties, actual results or outcomes, for many different reasons, may differ materially from those what is stated in the forward-looking statements. Due to such risks, uncertainties, eventualities and other significant factors, actual events may differ materially from the expectations that expressly or implicitly are contained in this press release through the forward-looking statements. The Company does not guarantee that the assumptions which serve as a basis for the forward-looking statements in this press release are correct, and each reader of the press release should not rely on the forward-looking statements in this press release. The information, opinions and forward-looking statements that expressly or implicitly are stated herein are provided only as of the date of this press release and may change. Neither the Company nor any other party will review, update, confirm or publicly announce any revision of any forward-looking statement to reflect events that occur or circumstances that arise with respect to the contents of this press release, beyond what is required by law or Nasdaq Stockholm Rulebook.

Potential investors should not put undue trust in the forward-looking statements herein, and potential investors are strongly recommended to read the sections in the prospectus that include a more detailed description of the factors that can affect the Company's business and its associated market.