

KappAhl



PRESS RELEASE

November 2, 2011, 16.00 CET

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THE BOARD OF KAPPAHL RESOLVES ON TERMS FOR THE NEW SHARE ISSUE

- Shareholders in KappAhl will have preferential right to subscribe for two (2) new shares for every existing share
- The subscription price is SEK 4.00 per share which represents a total rights issue proceeds of approximately SEK 600 million
- The subscription period will run from and including 16 up to and including 30 November 2011
- KappAhl's two largest shareholders Dutot Ltd. and Mellby Gård fully guarantee the rights issue
- The rights issue is subject to approval by an Extraordinary General Meeting to be held on 8 November 2011

On 10 October 2011, KappAhl AB (publ) announced that the Board of Directors has resolved on a new share issue of approximately SEK 600 million with preferential rights for the Company's shareholders for the purpose of strengthen the company's financial position. The Board of Directors has now resolved on the subscription price and the terms for the rights issue. Shareholders in KappAhl will have preferential right to subscribe for two (2) new share for every existing share held on the record date for the rights

issue. Each share in KappAhl shall entitle to two (2) subscription rights and one (1) subscription right entitles to subscription for one (1) new share. The subscription price has been set to SEK 4.00 per share. This corresponds to a discount of approximately 41 percent compared to the theoretical ex-right price, based on the last close price for the KappAhl share as of 1 November 2011 on NASDAQ OMX Stockholm.

Up to 150 080 000 new shares will be issued, which at full subscription represents a share capital increase of SEK 21 440 000. The total rights issue proceeds will be SEK 600 320 000 if the rights issue is fully subscribed, excluding costs related to the transaction. The rights issue is subject to approval by an Extraordinary General Meeting to be held on 8 November 2011 at 10:00 CET. The notice to extra general meeting was announced on 10 October 2011 and is available on KappAhl's website www.kappahl.com.

Record date at Euroclear Sweden AB for receiving subscription rights is 11 November 2011. The subscription period will run from and including 16 November 2011 up to and including 30 November 2011 or such later date as resolved on by the Board of Directors.

Amendments of the Articles of Association

Finally, the Board of Directors' resolution on the rights issue also requires a change of the Articles of Association as regards the limits of the share capital and the number of shares. Based on the conditions of subscription determined by the Board of Directors, amendments in accordance with the Board of Directors' proposals under item 7 (a) on the agenda for the Extraordinary General Meeting is necessary, which means that the share capital limits are changed from the current limits of not less than SEK 5 000 000 kronor and not more than SEK 20 000 000 to not less than SEK 10 000 000 kronor and not more than SEK 40 000 000. The limits of the number of shares remain unchanged at not less than 70 000 000 and not more than 280 000 000. Consequently, the Board of Directors has resolved to withdraw the proposal according to item 7 (b) on the agenda for the Extraordinary General Meeting.

The notice to the general meeting in its entirety is available on KappAhl's website www.kappahl.com/ir.

Subscription and guarantee undertakings

The Company's two largest shareholders, Dutot Ltd ("Dutot") and Mellby Gård AB ("Mellby Gård"), representing 16.3 and 11.8 percent of capital and votes in the Company, have through subscription undertakings undertaken to subscribe for shares in the rights issue corresponding to their respective pro rata share holding in KappAhl, which in aggregate corresponds to 28.1 percent of the shares in the rights issue. In addition, Dutot and Mellby Gård have through guarantee undertakings undertaken to subscribe for any shares in the rights issue that have not been subscribed for with or without preferential right, whereby Dutot's undertaking corresponds to 14.4 percent and Mellby Gård's undertaking corresponds to 57.5 percent of the rights issue, together 71.9 percent of the rights issue. Consequently, the rights issue is fully guaranteed by means of subscription and guarantee undertakings.

Dutot and Mellby Gård respectively, based on their above specified pro rata share holding in KappAhl, may as a result of subscription undertakings and guarantee undertakings, hold a maximum of 26 percent and 50 percent respectively of the capital and votes in KappAhl. In the event that Dutot and Mellby Gård respectively would acquire subscription rights from other shareholders to be able to subscribe for shares in excess of what corresponds to each of their pro rata share holdings in KappAhl, and subscribe for shares without preferential rights – no more, however, than that Dutot’s and Mellby Gård’s holdings respectively after such acquisitions and completed allotment amounts to a maximum of 29,9 percent, Dutot and Mellby Gård respectively may as a result of subscription undertakings and guarantee undertakings hold a maximum of approximately 33 percent and a maximum of approximately 43 percent respectively of the capital and votes in KappAhl. If only Dutot (and not Mellby Gård) acquires subscription rights from other shareholders or subscribes for shares without preferential rights, Dutot may hold a maximum of approximately 37 percent of the capital and votes (and Mellby Gård a maximum of approximately 39 percent), and if only Mellby Gård (and not Dutot) acquires subscription rights from other shareholders or subscribes for shares without preferential rights, Mellby Gård may hold a maximum of approximately 54 percent of the capital and votes (and Dutot a maximum of approximately 22 percent).

The guarantors have been granted exemption from the rules on mandatory offers by the Swedish Securities Council (Sw. Aktiemarknadsnämnden) if their respective share of votes would reach or exceed 30 percent of the shares in the Company as a result of subscription of shares in the rights issue. The Securities Council’s ruling is conditioned upon approval of the rights issue resolution at the Extraordinary General Meeting by shareholders representing not less than two-thirds of the votes cast and shares represented at the General Meeting, not including any shares held and represented at the meeting by the guarantors. In addition, the Securities Council has stated that the obligation to make a mandatory offer would be triggered if any of the underwriters as a result of the rights issue would reach a shareholding of 30 percent or more of the votes in KappAhl and the guarantors subsequently acquire additional shares in the Company and thereby increase their respective voting share.

Rights issue timetable

8 November 2011	The Extraordinary General Meeting resolves on the Board of Directors’ rights issue resolution
9 November 2011	First day of trading in the KappAhl share excluding subscription rights
11 November 2011	Record date for allotment of subscription rights
15 November 2011	Estimated date for publication of the prospectus
16-25 November 2011	Trading in subscription rights
16-30 November 2011	Subscription period
6 December 2011	Estimated date for announcement of the outcome of the rights issue

Financial and legal advisors

Nordea and Swedbank Corporate Finance are financial advisers to KappAhl. Setterwalls Advokatbyrå is acting as legal advisor to KappAhl.

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KappAhl is a leading Nordic fashion chain with more than 370 stores and close to 4 900 co-workers in Sweden, Norway, Finland, Poland and the Czech Republic. KappAhl designs, markets and sells value-for-money fashion and focus in particular on women 30-50 years of age. During the financial year 2010/2011, KappAhl had sales of close to SEK 5 billion, with an operating profit of SEK 222 million. KappAhl shares are listed on the Nasdaq OMX Stockholm. In 1999, KappAhl was the first fashion chain to receive environmental management standard certification. Further information is available at www.kappahl.com

KappAhl AB (publ) discloses the information provided here pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 2 November 2011 at 4.00 p.m.

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This press release does not contain or constitute an invitation or an offer to acquire, subscribe for or otherwise trade in shares, subscription rights or other securities in KappAhl AB (publ). Any invitation to the persons concerned to subscribe for shares in KappAhl AB (publ) will only be made through the prospectus that KappAhl AB (publ) intends to publish on 15 November 2011, which prospectus will contain, among other things, financial statements as well as detailed information regarding KappAhl AB (publ)'s Board of Directors and Management.

Neither of the subscription rights, the BTAs (interim shares) or the new shares will be registered in accordance with the Securities Act or any provincial act in Canada and may not be transferred or offered for sale in the United States or Canada or to persons resident there or on account of such persons other than in such exceptional cases that do not require registration in accordance with the Securities Act or any provincial act in Canada.