

STRATEGIC ACQUISITION TO SECURE THE K-FASTIGHETER EXPANSION STRATEGY

1 + 1 = 3

Presenter: Jacob Karlsson, CEO

December 2020

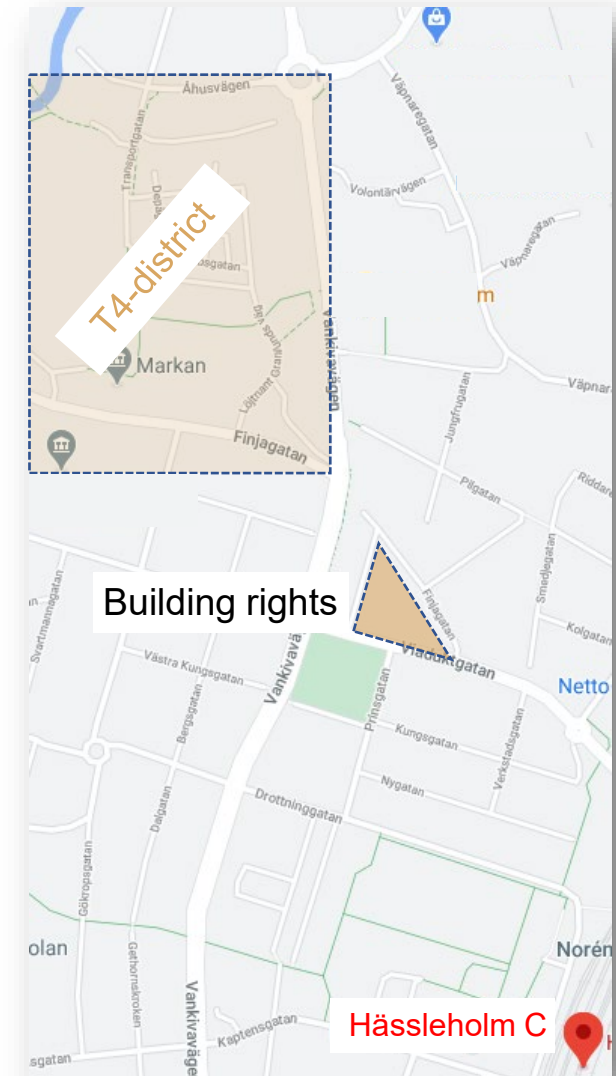


K-FASTIGHETER

TRANSACTION HIGHLIGHTS

Acquisition of manufacturer of prefabricated concrete products and building rights in Hässleholm

- Industrial logic will secure K-Fastigheter's expansion strategy
- **Finja Prefab AB**
 - Sweden's third largest supplier of prefabricated concrete products
 - K-Fastigheter will acquire seven modern and well-invested production plants in the Group's key geographic areas: South, West and East
 - Cost-efficient production of all concrete products required to build K-Fastigheter's concept buildings
 - Experienced employees in production, assembly and construction
 - Focus on sustainability and environment – Climate positive concrete frames
 - Independent organization
- **Building rights in central Hässleholm**
 - Acquisition of Limkokaren AB, holder of building rights for up to 150 apartments in the Group's proprietary concept buildings



FINJA PREFAB IN BRIEF



Finja Prefab AB

Domicile: Hässleholm

CEO: Kaj Grönvall

No. of employees: 550

Sales: ca SEK 1bn

EBIT: ca SEK 100m,
excluding rents for
production plants

Modern facilities in the
regions K-Fastigheter is
also focusing on.

K-Fastigheter will add
volumes equivalent to ca
SEK 350-400m, with
remaining capacity for
current and future
customers

Production plants
Offices

* Facility owned by Skanska



Finja Prefab is one of Sweden's leading producers of prefabricated concrete products and a full-service frame contractor. The company embraces the future developing and building of multifamily housing, offices, public- industrial- and agricultural buildings by providing a wide range of frame concepts.

The company's wide range of products; wall panels, foundations, floor structures, balconies, staircases as well as climate positive frames offer complete and innovative solutions based on, and in consonance with the customer's project and its specific requests and requirements.

Average order value: ~SEK 30m. Solid and diverse customer base, Skanska being the largest customer.

In a longer perspective, Finja Prefab can take on the entire K-Fastigheter volume in parallel with order volumes current and new customers without major investments. Initially, K-Fastigheter will order elements for its Apartment Block and supplement with Lateral Low-Rise and Low-Rise concept buildings until 2022.

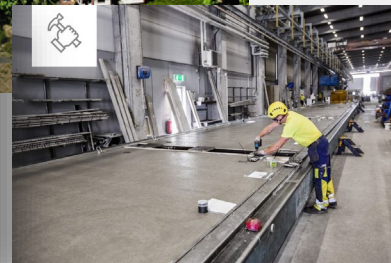
Finja Prefab currently works with its own assembly teams in the region south, east and west, whereupon an acquisition of Finja Prefab would mean that K-Fastigheter's geographical expansion is facilitated as the company's employees in the assembly teams can expand the scope of their work to also include K-Fastigheter's manufacturing curtain walls in the new production facility in Hässleholm.

Further information: www.finjaprefab.se/en

STRONG MARKET POSITION

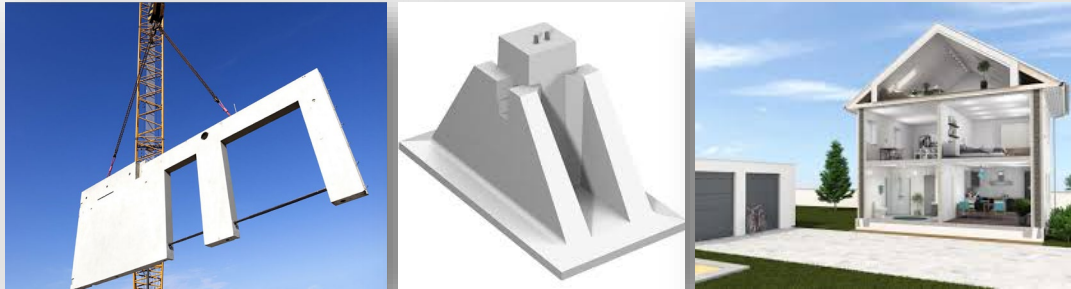


- A nationwide supplier with facilities located both strategically and geographically throughout the country. This means Finja Prefab offer high availability and fast deliveries.
- Full-service frame contractor, with competent and dedicated employees, taking responsibility throughout the whole process



EXTENSIVE OFFERING OF PRODUCTS

- Prefabricated concrete frames to all types of concrete buildings
- Climate positive concrete frame concepts
- Capabilities to manufacture all concrete elements required in K-Fastigheter's three concept buildings



HOUSING



INDUSTRIAL BUILDINGS



PUBLIC BUILDINGS



BUSINESS & TRADE



DISTRIBUTION PLANTS



AGRICULTURE



LEADER IN SUSTAINABILITY APPROACH

- In May this year, Finja Prefab published updated EPD's (Environmental Product Declarations) and the measures taken so far have resulted in a significant reduction in the company's CO₂ footprint, by an average of 26% compared to previous EPD's dated December 2018.
- Concrete is a material with a long service life. When we develop our products, it needs to be done with the future in mind. Finja Prefab works for long-term and value-creating relationships with customers, suppliers, employees and society at large
- Finja Prefab has a long-term view on its sustainability work, including environmental, social and economic aspects. The company complies with the ILO's core conventions and the UN Global Compact and relies on Agenda 2030 and a selection of the 17 Global Goals for Sustainable Development
- The climate measures Finja Prefab has implemented so far include changes in the manufacturing process, review of constituent components and recipe optimizations for production of concrete. The company has signed an agreement with Europe's greenest supplier of reinforcing steel, Celsa.

FINJA



K-FASTIGHETER

FINANCING

- Purchase price amounts to SEK 930 million:
 - SEK 530 million for the Finja Prefab AB,
 - SEK 378 million for the six manufacturing plants, and
 - SEK 22 million for the shares in Limkokaren AB, owner of building rights in central Hässleholm
- Financing:
 - Promissory note of SEK 250 million with a term of 36 months and interest of 2 percent
 - Alternatives for long-term financing, including a bond issue, are reviewed

TIMING

- **Signing:** **1 December 2020**
- **Ownership:** **Beginning of January 2021**
- **Payment and possession of operations and building rights:** **25 January 2021**
- Finja Prefab is to be recognised as a separate business area within K-Fastigheter
- The brand "Finja Prefab" will be used also following the transaction



Much more than your average property company

Our vision is to become one of the Nordic region's largest players and a leading property owner of sustainably constructed, innovative and cost-efficient concept buildings meeting the wishes and requirements of tenants seeking to establish a home for many years to come. The housing offered by the Group is to be distinguished by the best combination of high standard, home comfort and security in the market.



K-Fastigheter is a project development, construction and property company that, applying a cross-functional approach, achieves profitability at each stage.

For the period January to September 2020, the Group reports 76 percent of EBIT from project development and construction, and remaining 24 percent is related to property-related operations.

Operational targets



In the long term, rental income from housing is to comprise at least 80 percent of K-Fastigheter's total rental income.



The number of apartments to be managed by the K-Fastigheter and on which construction has commenced is to amount to 1,000 a year by the end of 2023.



At the end of 2023, K-Fastigheter is to manage at least 5,000 apartments in the Nordic region.

Financial targets

Over an economic cycle, growth in long-term net asset value per share is to average at least 20 percent annually, including any value transfers.

Over an economic cycle, annual growth in earnings per share from property management is to average at least 20 percent

The target is for growth in net asset value and profit from property management to be generated while maintaining a stable and sound financial position and with balanced financial risk-taking, meaning that::

- The equity/assets ratio should amount to at least 25 percent
- The interest coverage ratio should be a multiple of at least 1.75
- The loan-to-value ratio may amount to at most 70 percent relative the market value of the Group's investment properties

Current and future portfolio as of 30 September 2020

| | |
|---------------------------------|--------------|
| Under management: | 2,043 |
| Under production: | 1,284 |
| Acquired properties: | 68 |
| Under project development: | 3,356 |
| Total no. of apartments: | 6,751 |



Thank you

Q&A

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Year-end Report 2020:
26 February 2021

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