

K-FASTIGHETER SECURES EXPANSION STRATEGY WITH ACQUISITION OF FINJA PREFAB

K-Fastigheter has signed an agreement regarding the acquisition of Finja Prefab AB, a nationwide producer of prefabricated concrete elements. The strategic acquisition strengthens Finja Prefab's position as a leading partner for Swedish construction companies, while K-Fastigheter secures access to key components for the continued construction of its concept buildings in several locations around Sweden and Denmark. Finja Prefab's focus on environmentally sustainable concrete elements has gained market recognition, and the company's sales totaled over SEK 1 billion in 2019. The transaction also includes the acquisition of building rights in central Hässleholm.

- Finja Prefab is a market leading operator in prefabricated concrete and a full-service frame contractor with a wide product range of wall panels, foundations, floor structures, balconies, and staircases
- The seller is Finja AB, the buyer is a wholly-owned subsidiary of K-Fast Holding AB
- K-Fastigheter is acquiring Finja Prefab for SEK 530 million on a debt-free basis
- Finja Prefab, with some 550 employees, has a solid financial position with modern, well-invested and cost-efficient manufacturing plants in seven locations around Sweden
- K-Fastigheter is also acquiring Finja Prefab's operating properties in six geographical locations, the seventh is leased from Skanska. The purchase price for this part of the sale is based on an underlying property value of SEK 378 million
- As part of the transaction, K-Fastigheter is also acquiring the shares in Limkokaren AB for a purchase price of SEK 22 million. The company owns building rights for up to 150 apartments in central Hässleholm
- The total purchase price is financed through a promissory note of SEK 250 million with a term of 36 months and interest of 2 percent
- The remaining purchase price is financed with existing cash balances
- K-Fastigheter intends to review different alternatives for long-term financing, including a bond issue
- K-Fastigheter will take ownership of the shares in Finja Prefab, and will take possession of the operational properties and building rights on 25 January 2021



- K-Fastigheter does not foresee any significant integration costs and the acquisition of Finja Prefab is expected to make a positive contribution to K-Fastigheter's operating profit and earnings per share for 2021.

"The acquisition of Finja Prefab is a key part of K-Fastigheter's continued growth journey and our strategy of producing cost-efficient concept buildings developed in-house in Sweden and Denmark. Concrete elements are critical components in our concept buildings, and represent a significant proportion of the total investment. Given current and future volumes, we need to ensure control over an increased proportion of the production chain to ensure delivery capacity, quality and cost efficiency. Finja Prefab is a well-run company that I have had the privilege of growing up with. Just like for K-Fastigheter, Finja's history started in Hässleholm. Finja Prefab generates a stable cash flow and positive profit, and has the clear ambition of reducing its environmental impact, through climate positive concrete frames, for example," commented Jacob Karlsson, CEO of K-Fast Holding AB.

Finja Prefab originates in the company Finja AB, founded in 1957 in the southern Swedish town of Finja, outside Hässleholm. The company has six proprietary production plants, located in Borensberg, Finja, Hultsfred, Katrineholm, Vara and Östra Grevie, and leases the seventh plant, in Bollebygd. The company is organized into Regions: South, West and East and has in-house assembly teams based in each region, with potential to expand operations into the Copenhagen region. K-Fastigheter has an ongoing collaboration with Finja Prefab relating to the project Vallensbæk Strand in the Copenhagen region. The agreement entails that K-Fastigheter will ultimately place all its orders for concrete elements with Finja Prefab. Given current production rates, this will mean annual order volumes of SEK 350–400 million. Finja Prefab has the capacity to handle these and future volumes.

The transaction also includes K-Fastigheter acquiring all the shares in Limkokaren AB, which owns the building rights for the properties Limkokaren 16 and 17, and Oden 8, in central Hässleholm. The acquisition ensures the development of the Group's concept buildings with up to 150 apartments.

"Finja Prefab has created a strong market position, with a clear focus on profitability, sustainability and innovative production. With driven employees and a broad customer base, the company is developing the multi-family dwellings of tomorrow. This transaction means that I am handing over the baton to a new owner that can take the business to the next level and develop the business further. Finja Prefab will continue to collaborate with other Finja companies where there are synergies. I am convinced that K-Fastigheter will take good care of Finja Prefab, its customers and all its staff, which bodes well for secure and profitable progress," commented Gull-Britt Jonasson, Chairman of Finja Prefab.



“The acquisition means that K-Fastigheter will secure increased control of its geographical expansion and related costs, while Finja Prefab will continue the development of its sustainable customer offering. There is considerable potential for Finja Prefab to continue to grow as an independent unit within K-Fastigheter, and the Board will monitor progress to ensure the synergies are realized,” commented Erik Selin, Chairman of K-Fast Holding AB.

“Gull-Britt and Finja are my role models. She is a strong business profile and Finja has contributed to the expansion of Hässleholm and many other locations around Sweden. My 70-plus colleagues and I are delighted to be able to contribute to furthering the continued growth of operations and look forward to welcoming over 550 new employees to K-Fastigheter. Our new colleagues bring many competences, including Finja Prefab’s current CEO Kaj Grönvall, other senior executives and Finja’s assembly team, which will participate in the future construction of K-Fastigheter’s concept buildings. The acquisition of Finja Prefab, alongside our new plant for concrete separating walls means that, looking ahead, we can control the entire production chain for critical components,” commented Jacob Karlsson.

K-Fastigheter’s President and CEO, Jacob Karlsson, will be commenting on the transaction on Wednesday 2 December at 11:00 a.m. CET. The presentation (visuals+sound) will be made available at www.k-fastigheter.se/for-investerare/presentation and www.financialhearings.com. The presentation will be made in Swedish with the presentation documentation available in Swedish and English.

For further information, please contact:

Jacob Karlsson, CEO,
email: jacob.karlsson@k-fastigheter.se, tel. +46 738 219 626

Martin Larsson, Deputy CEO/CFO,
email: martin.larsson@k-fastigheter.se, tel. +46 703 533 160

Anders Antonsson, Head of Investor Relations,
email: anders.antonsson@k-fastigheter.se, tel. +46 708 730 900

This information is such that K-Fast Holding AB is obliged to disclose in accordance with the EU’s Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 6:00 p.m. CET on 1 December 2020.

As a property company, K-Fastigheter's objective is to add value for tenants by creating attractive homes with superior comfort. The Group's operations encompass active property management, project development and proprietary construction operations. To enhance cost efficiency and cut construction times, K-Fastigheter has chosen to work with three concept buildings, developed in-house and constructed for proprietary management. K-Fastigheter provides some 2,040 homes in several locations in the Öresund region, in the province of Småland and in western Sweden, and is assessing new markets as production capacity increases. The Group's property portfolio has a book value of approximately SEK 6.1 billion, with an annual rental value of about SEK 240 million. Since November 2019, the company's class B shares have been traded on Nasdaq Stockholm (ticker: KFAST B). Read more at www.k-fastigheter.se

For further information about Finja Prefab: www.finjaprefab.se/en



K-FASTIGHETER

K-Fast Holding AB / Bultvägen 7, 281 43 Hässleholm / org. nr: 556827-0390
010 330 00 69 / info@k-fastigheter.se / k-fastigheter.se