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## Skanska launches the new business stream Investment Properties and revised financial targets for the Group

**Skanska has performed a strategic bottom-up process and introduces a new business stream, Investment Properties, and revised financial targets. The revisions consist of a target for the new stream and a new limit for the Group adjusted net debt.**

“To further capture the value created and stable cash flow generated by the properties developed in Commercial Property Development, we will launch the new stream Investment Properties. The ambition is to establish a long-term portfolio of high-quality assets in Stockholm, Gothenburg and Malmö,” says CEO and President Anders Danielsson. “These assets attain to high environmental standards, and the new stream will contribute to strengthen both our competitiveness and customer offering.”

When a property is identified as suitable it will be divested internally from the Commercial Property Development stream to Investment Properties and will be accounted for at market value. The divestment will trigger a recognition of the value created in the Commercial Property Development stream. All transaction prices will be supported by third party valuations and the internal divestments will be announced externally. In the new stream, properties will be held at market value. Post transfer, additional value creation and the operating net will be recognized in the Investment Properties stream.

The new stream will be externally reported with a separate income statement and KPIs that suitably reflects the business and will be incorporated into the consolidated reporting in the same manner as the other business streams. Accounting principles for the new business stream will be included in the Annual Report 2021.

### Financial targets, starting 2022

Financial targets over time	New	Previous
Construction stream: Operating margin	≥3.5%	≥3.5%
Project Development streams: Return on capital employed	≥10%	≥10%
Investment Properties: Return on capital employed	≥6%	N/A
Group: Return on equity	≥18%	≥18%
Group: Adjusted net debt limit	SEK -10 Bn	SEK -9 Bn
Group: Pay-out ratio	40-70%	40-70%

The Group Strategy for continued profitability improvement in Construction, increased activity and investments in Project Development and the ramp up of Investment Properties, will be presented in full by the Group Leadership Team at the Capital Market Day December 7, 2021. Due to the recent Covid-19 development, the event will be held online only, webcasted from Stockholm.

For more details about the event please visit:

<https://group.skanska.com/investors/reports-publications/capital-market-activities/>

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