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# Skanska Commercial Property Development 2010



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“Skanska Commercial Property Development 2010” presents Skanska’s commercial development operations in detail.

Skanska Commercial Property Development initiates, develops, leases and divests commercial property projects, with a focus on office buildings, shopping malls and logistics properties. The business stream operates in markets where Skanska has construction business units in the Nordic countries, Central Europe and the United States, as well as in Denmark and Hungary.

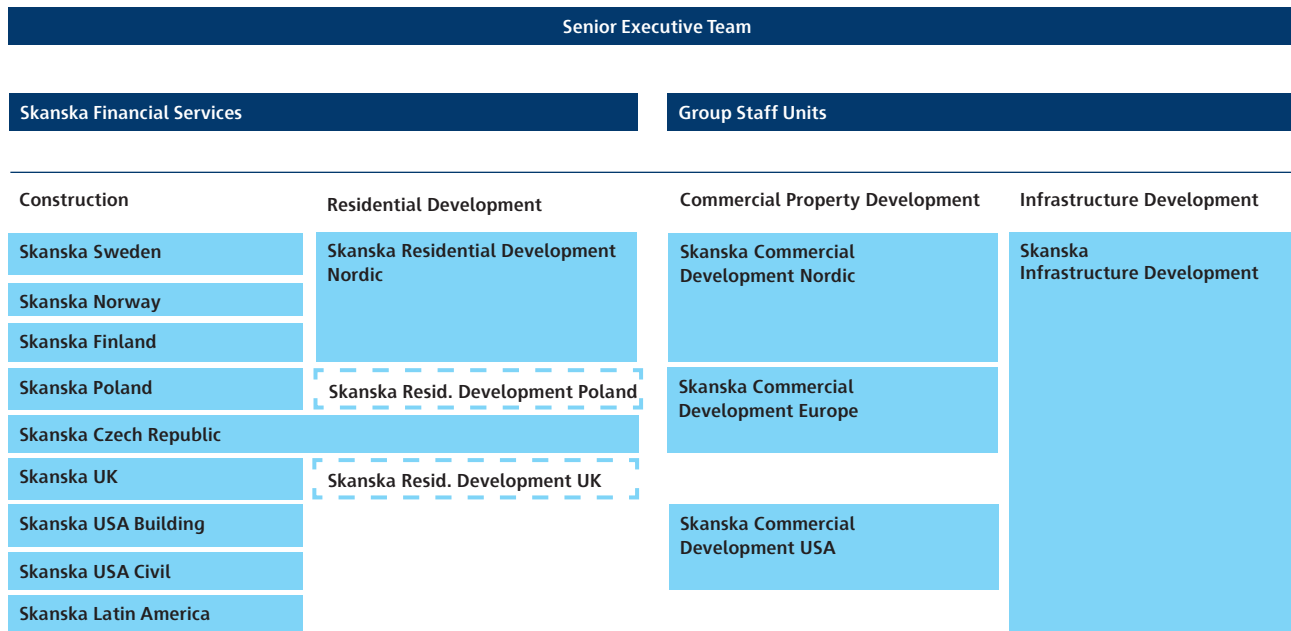
More information can be found in Skanska Annual Report 2010.

“Skanska Commercial Property Development 2010” is updated quarterly on the Group’s website [www.skanska.com/en/Investors/](http://www.skanska.com/en/Investors/) or can be ordered from Skanska AB, Investor Relations, SE-169 83 Stockholm, Sweden or via e-mail to [investor.relations@skanska.se](mailto:investor.relations@skanska.se)



The Court of Appeal in Malmö, Sweden. Completed in 2008.

# Group organization and reporting structure

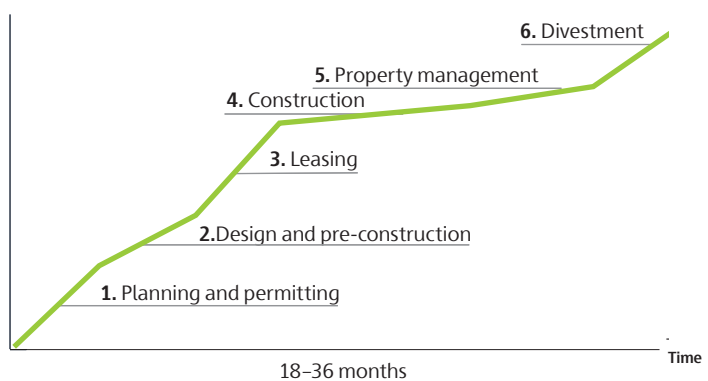


The development of commercial property projects is a continuous process with several clearly defined phases – planning and permitting, design and pre-construction engineering, leasing, construction, property management and divestment. The average development cycle is 18–36 months.

### Generating value, step by step

1. Macroeconomic and market analyses precede a land purchase, which is the foundation of the value-generating process. A major step in value enhancement occurs when undeveloped land is transformed into a building right.
2. Suitable premises are designed, in close collaboration with tenants and prospective buyers.
3. Successful leasing work is a precondition for breaking ground. Larger tenants are contracted at an early stage.
4. The project developer orders construction services, as a rule from Skanska's own construction units.
5. Active management and customer relations can add further value to the property.
6. New projects are developed with an eye to future divestment. Sometimes a project can be sold while still in the construction phase.

Value creation in Commercial Property Development



# Values and building rights

## Commercial Development – Carrying amounts and market values

SEK M	Carrying amount, Dec 31. 2010	Carrying amount upon completion	Market value, Dec 31. 2010	Surplus value	Leasable space, 000 sq m	Economic occupancy level, %	Operating net, SEK M	Yield on carrying amount, %	Yield on market value, %	Projected rental value fully leased, SEK M	Average lease, years
Completed projects	4,843	4,843	6,388	1,545	356	89	324 <sup>3</sup>	6.7	5.1	610 <sup>5</sup>	6.6
Completed projects, 2010	163	163	207	44	24	100	15 <sup>4</sup>	9.2	7.2	15 <sup>5</sup>	15.0
Ongoing projects	1,999	5,640	2,213 <sup>2</sup>	214	274	32	464 <sup>4</sup>	8.2	6.6	487 <sup>6</sup>	9.5
<b>Total</b>	<b>7,005</b>	<b>10,646</b>	<b>8,808</b>	<b>1,803</b>	<b>654</b>		<b>803</b>				
Development properties <sup>1</sup>	2,995	2,995	3,490	495							
<b>Total</b>	<b>10,000</b>	<b>13,641</b>	<b>12,298</b>	<b>2,298</b>							

- 1 "Development properties" refers to land with building rights for commercial use, totaling about 1,460,000 sq.m. (15.7 million sq.ft.).  
 2 Internal appraisal on each respective completion date. Accrued market value totaled SEK 7,046 M at completion.  
 3 Estimated operating net before corporate and business area overhead in 2010 on annual basis assuming current occupancy rate.  
 4 Estimated operating net before corporate and business area overhead fully leased in year 1 when the properties are completed.  
 5 Total of contracted rents and estimated rent for unoccupied space.  
 6 Estimated rental value fully leased in year 1 when the property is completed.

## Market value and surplus value, completed projects, 2006-2010<sup>1</sup>

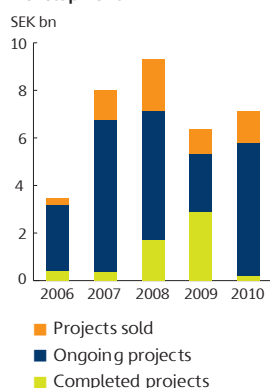
SEK M	2006	2007	2008	2009	2010
Carrying amount	405	352	1,686	2,898	163
Surplus value	160	91	567	624	44
<b>Market value</b>	<b>565</b>	<b>443</b>	<b>2,253</b>	<b>3,522</b>	<b>207</b>

1 Excluding projects sold during the year of completion

## Properties sold during 2010

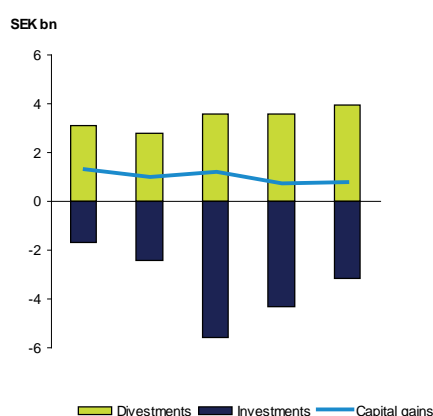
SEK M	Sales price	Carrying amount	Capital gain
Stockholm	1,699	1,406	293
Gothenburg	217	163	54
Öresund	417	288	129
Other Sweden	331	235	96
Helsinki, Finland	367	325	42
Europe	911	734	177
<b>Total</b>	<b>3,942</b>	<b>3,151</b>	<b>791</b>

## Volume of Commercial Property Development<sup>1</sup>

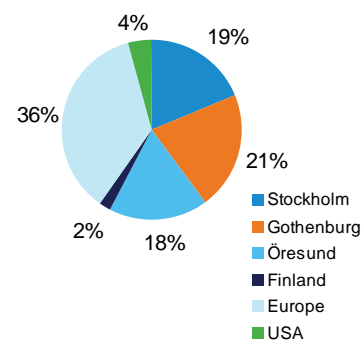


1R refers to carrying amount of completed projects and projected carrying amount of ongoing real estate projects upon completion.

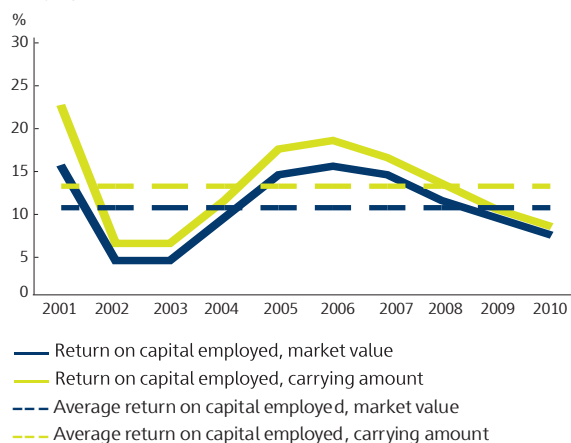
## Properties - Investments, divestments and capital gains



## Unutilized building rights, 1,460,000 sq.m.



## Adjusted return on capital employed at market value and carrying amount, 2001-2010<sup>1</sup>



1 Including operating net, accrued unrealized development gains as well as changes in market value.

## Undeveloped land and development properties

Building rights, 000 sq.m	
Central Stockholm	22
North of central Stockholm	93
South of central Stockholm	160
<b>Total Stockholm</b>	<b>275</b>
<b>Total Gothenburg</b>	<b>301</b>
Malmö	89
Copenhagen, Denmark	170
<b>Total Öresund</b>	<b>259</b>
<b>Helsinki, Finland</b>	<b>31</b>
<b>Oslo, Norway</b>	<b>6</b>
Budapest, Hungary	64
Prague, Czech Republic	190
Ostrava, Czech Republic	10
Warsaw, Poland	87
Other cities, Poland	177
<b>Total Europe</b>	<b>528</b>
Boston and Houston, US	60
<b>Total</b>	<b>1,460</b>

# Completed properties, the Nordics and Europe

## Completed properties, December 31, 2010, on annual basis

	Completed properties, Dec. 31, 2010			Added or reclassified, Jan. 1, 2011			Completed properties, Jan. 1, 2011		
	Number of completed properties	Leasable space, 000 sq.m	Carrying amount, Dec. 31, 2010, SEK M	Number of completed properties	Leasable space, 000 sq.m	Carrying amount, Jan. 1, 2011, SEK M	Number of completed properties	Leasable space, 000 sq.m	Carrying amount, Jan. 1, 2011, SEK M
Stockholm	8	216	3,370	0	0	0	8	216	3,370
Gothenburg	7	68	770	1	20	83	8	88	853
Öresund	3	40	367	1	4	80	4	44	447
Europe	2	32	336	0	0	0	2	32	336
<b>Total</b>	<b>20</b>	<b>356</b>	<b>4,843</b>	<b>2</b>	<b>24</b>	<b>163</b>	<b>22</b>	<b>380</b>	<b>5,006</b>

## Leasable space sq. m

	Number of completed properties	Leasable space sq. m					Rental value 2011, SEK M	Of which unoccupied, Jan. 1, 2011, SEK M	Carrying amount, Jan. 1, 2011, SEK M
		Retail	Office	Other	Parking	Total			
Stockholm	8	2	135	35	44	216	418	42	3,170
Gothenburg	8	10	21	56	1	88	99	12	853
Öresund	4	0	28	1	15	44	59	4	447
Europe	2	4	0	1	0	5	34	0	336
<b>Total</b>	<b>22</b>	<b>16</b>	<b>204</b>	<b>93</b>	<b>67</b>	<b>380</b>	<b>610</b>	<b>81</b>	<b>5,006</b>

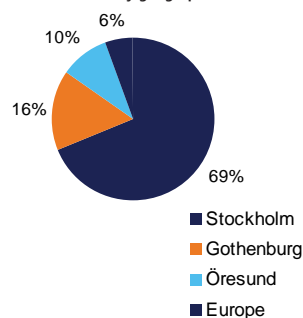
## Completed properties – surplus value, December

SEK bn	2006	2007	2008	2009	2010
Estimated market value	3.5	3.2	2.8	4.0	6.4
Carrying amount	2.5	2.2	2.1	3.0	4.8
<b>Surplus value</b>	<b>1.0</b>	<b>1.0</b>	<b>0.7</b>	<b>1.0</b>	<b>1.6</b>

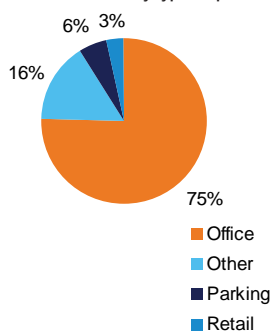
## Completed properties, January 1, 2011, expiration year of leases

Percentage of rental income, %	Nordics	Europe	Total
2011	3	0	2
2012	13	0	8
2013	7	0	12
2014 and later	74	91	72
Parking	3	9	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Revenue value by geographic area



Revenue value by type of space



## Completed properties, December 31, 2010, on annual basis

SEK M	Number of properties	Leasable space 000 sq.m.	Rental revenues 2010	Operating expenses	Maintenance, adaptation to tenants	Real estate tax	Ground rent	Property administration	Operating surplus	Carrying amount	Yield on carrying amount, %	Rental value 2011 <sup>1</sup>	Economic occupancy rate, %
Stockholm	8	216	358	43	14	34	38	10	219	3,370	6.5	418	90
Gothenburg	7	68	85	10	0	3	0	7	65	770	8.4	89	87
Öresund	3	40	61	7	1	4	0	13	36	367	9.8	53	92
Europe	3	32	8	4	0	0	0	0	4	336	1.2	34	33
<b>Total</b>	<b>21</b>	<b>356</b>	<b>512</b>	<b>64</b>	<b>15</b>	<b>41</b>	<b>38</b>	<b>30</b>	<b>324</b>	<b>4,843</b>	<b>6.7</b>	<b>594</b>	<b>87</b>
Corporate and business unit overhead									12				
Operating net after corporate overhead on annual basis									312		6.4		
Added back to adjust for acquisitions, divestments and reclassifications during 2010									68				
Operating net after corporate overhead according to income statement									380		7.8		

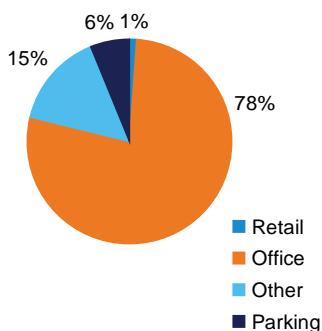
<sup>1</sup> The sum of contracted rent and estimated market rent for unleased space.

# Completed properties, Stockholm

## Expiration year of leases, completed properties

Percentage of rental income, %	Stockholm
2011	3
2012	16
2013	5
2014 and later	73
Residential	0
Parking facilities	3
<b>Total</b>	<b>100</b>

## Rental value by type of space



## Property list, January 1, 2011

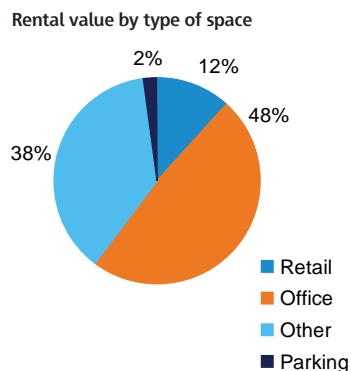
County, municipality, property designation, street address	Year built/renovated	Leasable space, sq.m				Total	Rental value 2011, SEK M <sup>1</sup>	Site leasehold	Location <sup>2</sup>
		Retail	Office	Other	Parking				
<b>Stockholm County</b>									
<b>Sollentuna</b>									
<b>Tabellen 3</b>									
Tingsvägen 3	2009		8,000		1,000	9,000	16.0		N
<b>Solna</b>									
Laboratoriet 1 (part of)	1930/2001		12,384	4,310	0	16,694	23.4		N
Lundagatan 2									
Stora Frösunda 3, Hagaporten III	2008	1 329	27,128	1,097	13,975	43,529	77.4		N
<b>Stockholm</b>									
Alptanäs 1	1980/2001		3,295	5,700	0	8,995	10.4	T	N
Haukdalsgatan 3									
Bleholmen 1, Klara Strand	1994	440	24,861	9,329	3,900	38,530	116.5	T	C
Klarabergsviadukten 90									
Gångaren 11	2009		27,902	1,833	3,500	33,235	80.5		C
Lindhagensgatan 86									
Gångaren 20 (hus 17)	2009		4,854	9,189	3,875	17,918	38.6		C
Ulriksborgsgatan 15									
<b>Sundbyberg</b>									
Eken 6	1997/99		26,755	3,164	18,150	48,069	55.0		N
Allén 5									
<b>Total Stockholm</b>		<b>1,769</b>	<b>135,179</b>	<b>34,622</b>	<b>44,400</b>	<b>215,970</b>	<b>418</b>		

<sup>1</sup> The sum of contracted rent and estimated market rent for unleased space.

<sup>2</sup> Refers to central Stockholm (C), north of central Stockholm (N) or south of central Stockholm (S).

# Completed properties, Gothenburg

Expiration year of leases, completed properties	
Percentage of rental income, %	Gothenburg
2011	2
2012	2
2013	1
2014 and later	94
Residential	0
Parking facilities	1
<b>Total</b>	<b>100</b>



## Property list, January 1, 2011

County, municipality, property designation, street address	Year built/renovated	Leasable space, sq.m				Total	Rental value 2010, SEK M <sup>1</sup>	Site leasehold	Location <sup>2</sup>
		Retail	Office	Other	Parking				
<b>Västra Götaland County</b>									
<b>Gothenburg</b>									
Backa 30:3	2009		3,150	16,900		20,050	22.4		O
Importgatan 27									
Backa 23:9	2009			1,871		1,871	2.5		O
Exportgatan 20 B									
Gullbergsvass 5:23	1880/1989		1,151	74		1,225	1.9		C
Kilsgatan 10									
Gullbergsvass 5:26	2001		7,827	131	1,125	9,083	18.3		C
Kv Tennet, Kilsgatan 4-8									
Lundbyvassen 3:1	1951/2006		7,292	3,516		10,808	18.1		O
Lindholmsallén 9									
<b>Nybro</b>									
<b>Tallen 58</b>									
Dunderbergsgatan 10	2010			20,416		20,416	9.8		O
<b>Ljungby</b>									
Ljungby Berghem 1:27	2009	9,646				9,647	11.6		O
Ringvägen 3 A-D									
<b>Malmö</b>									
Burlöv Sunnanå 12:27	2008		2,050	13,180		15,230	14.5		O
<b>Total Gothenburg</b>		<b>9,646</b>	<b>21,470</b>	<b>56,088</b>	<b>1,125</b>	<b>88,330</b>	<b>99.1</b>		

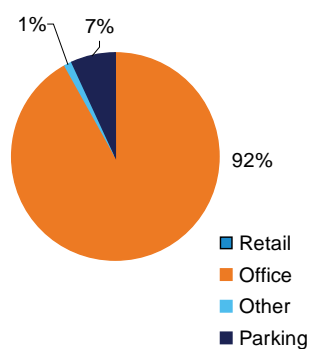
1 The sum of contracted rent and estimated market rent for unleased space.

2 Refers to central (C), or other (O) location.

# Completed properties, Öresund

Expiration year of leases, completed properties	
Percentage of rental income, %	Öresund
2011	0
2012	6
2013	25
2014 and later	62
Residential	0
Parking facilities	7
<b>Total</b>	<b>100</b>

Rental value by type of space



## Property list, January 1, 2011

County, municipality, property designation, street address	Year built/renovated	Leasable space, sq.m				Total	Rental value 2010, SEK M <sup>1</sup>	Site leasehold	Location <sup>2</sup>
		Retail	Office	Other	Parking				
<b>ÖRESUND</b>									
<b>Sweden</b>									
<b>Malmö</b>									
Trollhättan 6 Nordenskiöldsg 13, Ankargripsg 4	1959/-66/-98		4,177	0	10,175	14,352	9.7	T	C
Österport 7 Drottningtorget 14	1971/1999		9,475	681	4,728	14,884	19.4		C
<b>Lund</b>									
Forskaren 3 Scheelevägen 24-26	2009		10,896	357		11,253	24.4		O
<b>Denmark</b>									
<b>Söborg Gladsaxe</b>									
Tobaksvej 12-14	2010		3,659			3,659	5.6		O
<b>Total Öresund</b>			<b>28,207</b>	<b>1,038</b>	<b>14,903</b>	<b>44,148</b>	<b>59.1</b>		

<sup>1</sup> The sum of contracted rent and estimated market rent for unleased space.

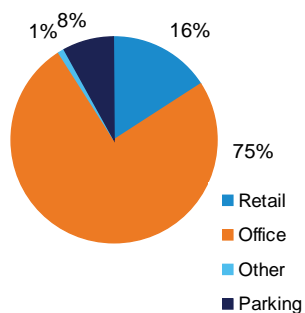
<sup>2</sup> Refers to central (C), or other (O) location.

# Completed properties, Europe

## Expiration year of leases, completed properties

Percentage of rental income, %	Europe
2011	0
2012	0
2013	0
2014 and later	95
Residential	0
Parking facilities	5
<b>Total</b>	<b>100</b>

Rental value by type of space



## Property list, January 1, 2011

County, municipality, property designation, street address	Year built/renovated	Leaseable space, sq.m				Total	Rental value 2011, SEK M <sup>1</sup>	Site leasehold	Location <sup>2</sup>
		Retail	Office	Other	Parking				
<b>Czech Republic</b>									
<b>Prague</b>									
Vysocanska Brana	2009	2,400	10,200	300	4,000	16,900	19.6		O
<b>Ostrava</b>									
Nordica, Ceskobratrská	2009	1,700	9,800	400	3,100	15,000	14.7		C
<b>Total Europe</b>		<b>4,100</b>	<b>20,000</b>	<b>700</b>	<b>7,100</b>	<b>31,900</b>	<b>34.3</b>		

<sup>1</sup> The sum of contracted rent and estimated market rent for unleased space.

<sup>2</sup> Refers to central (C), or other (O) location.

## Projects completed in 2010

Responsible unit, property designation, municipality	Leasable space, sq.m					Projected rental value SEK M	Projected operating net fully leased SEK M	Location <sup>2</sup>
	Retail	Office	Other	Parking	Total			
<b>Commercial Development Nordic</b>								
<b>Nybro</b>								
Tallen 58			20,416		20,416	9.8	9.3	C
<b>Söborg, Galdsaxe, Denmark</b>								
Tobaksvej 12-14		3,659			3,659	5.6	5.5	O
<b>Total</b>	<b>0</b>	<b>3,659</b>	<b>20,416</b>	<b>0</b>	<b>24,075</b>	<b>15.4</b>	<b>14.8</b>	
<b>Commercial Development Europe</b>								
-								
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total real estate projects</b>	<b>0</b>	<b>3,659</b>	<b>20,416</b>	<b>0</b>	<b>24,075</b>	<b>15.4</b>	<b>14.8</b>	

1 The sum of contracted rent and estimated market rent for unleased space.

2 Refers to central (C), or other (O) location.

	Skanska Commercial Development Nordic	Skanska Commercial Development Europe	Total
Carrying amount on December 31, 2010, SEK M	163	0	163
Economic occupancy rate, December 31, 2010, %	100	0	100

## Projects sold before completion 2010

Responsible unit, property designation, county, municipality	Leasable space, sq.
<b>Commercial Development Nordic</b>	
Klassföreståndaren 1, Norra Bantorget, Stockholm	14,600
Bylinge 1, Stockholm	15,900
Boklunden, Burlöv	5,000
<b>Total projects sold before completion</b>	<b>35,500</b>

# Ongoing projects

Responsible unit, property designation, municipality	Projected completion year/month	Leasable space, sq.m					Projected rental value SEK M	Projected operating net fully leased SEK M	Location <sup>2</sup>
		Retail	Office	Other	Parking	Total			
<b>Commercial Development Nordic</b>									
<b>Sweden</b>									
<b>Stockholm</b>									
Gångaren 16, Lindhagensgatan	1112	148	11,008	546	2,000	13,702	26	25	C
Lustgården 14, Lindhagensgatan, phase 1	1312		33,724	1,249	16,166	51,189	89	84	C
<b>Uppsala</b>									
Uppsala Entré	1210	2,324	10,057			12,381	27	23	C
<b>Gothenburg</b>									
Project Gärda , phase 1+2	1103		16,967		4,235	21,202	38	35	O
Långhuset 1, Svågertorp Malmö	1104	4,958				4,958	6	6	O
<b>Malmö</b>									
Bassängkajen, Universitetsholmen, phase I	1107		8,459	100	1,125	9,684	20	19	C
Bassängkajen, Universitetsholmen, phase II	1112		7,559	272	1,125	8,956	18	17	C
Polisen 1, Rosengård	1206		2,474	1,081		3,555	10	9	O
<b>Finland</b>									
<b>Helsinki</b>									
Ruskeasuo, Mannerheimintie, phase I	1203		8,186	952	3,750	12,888	25	22	C
Ruskeasuo, Mannerheimintie, phase II	1209		6,592	934	3,025	10,551	21	18	C
<b>Denmark</b>									
<b>Copenhagen</b>									
Nordhuset, Scanport Kastrup	1108		5,000			5,000	9	8	O
<b>Total Nordic</b>		<b>7,430</b>	<b>110,076</b>	<b>5,134</b>	<b>31,426</b>	<b>154,066</b>	<b>288</b>	<b>265</b>	
<b>Commercial Development Europe</b>									
<b>Polen</b>									
Green Tower, Wroclaw	1203	500	11,400	400	4,600	16,900	21	21	O
Green Corner, Warsaw	1206	1,100	15,300	400	5,800	22,600	31	31	O
<b>Czech Republic</b>									
City Green Court, Prague	1206	800	13,600	500	4,200	19,100	31	31	C
<b>Hungary</b>									
Green House, Budapest	1210	500	17,300	900	7,000	25,700	29	29	C
<b>Total Europe</b>		<b>2,900</b>	<b>57,600</b>	<b>2,200</b>	<b>21,600</b>	<b>84,300</b>	<b>112</b>	<b>112</b>	
<b>Commercial Development USA</b>									
<b>Washington DC</b>									
733 10th Street	1109	355	14,858	181	2,900	18,294	51	51	C
1776 Wilson Boulevard, Arlington	1112	2,246	9,591	5,450	588	17,875	36	36	O
<b>Total USA</b>		<b>2,601</b>	<b>24,449</b>	<b>5,631</b>	<b>3,488</b>	<b>36,169</b>	<b>87</b>	<b>87</b>	
<b>Total, ongoing real estate projects</b>		<b>12,931</b>	<b>192,125</b>	<b>12,965</b>	<b>53,026</b>	<b>274,535</b>	<b>487</b>	<b>464</b>	

1 Projected rental value refers to estimated annual rent, fully leased, when each property is completed.

2 Refers to central (C) or other (O) locations. In Stockholm, refers to central Stockholm (C), north of central Stockholm (N) or south of central Stockholm (S).

	Skanska Commercial Development Nordic	Skanska Commercial Development Europe	Skanska Commercial Development USA	Total
Projected Carrying amount on completion, SEK M	3 514	1,126	1,000	5,640
Carrying amount, December 31, 2010, SEK M	1,422	222	355	1,999
Economic occupancy rate, December 31, 2010, %	45	0	15	0