

SKANSKA

Skanska Commercial Property Development 2011

733



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"Skanska Commercial Property Development 2011" 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.

More information can be found in Skanska Annual Report 2011.

"Skanska Commercial Property Development 2011" is updated quarterly on the Group's website 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



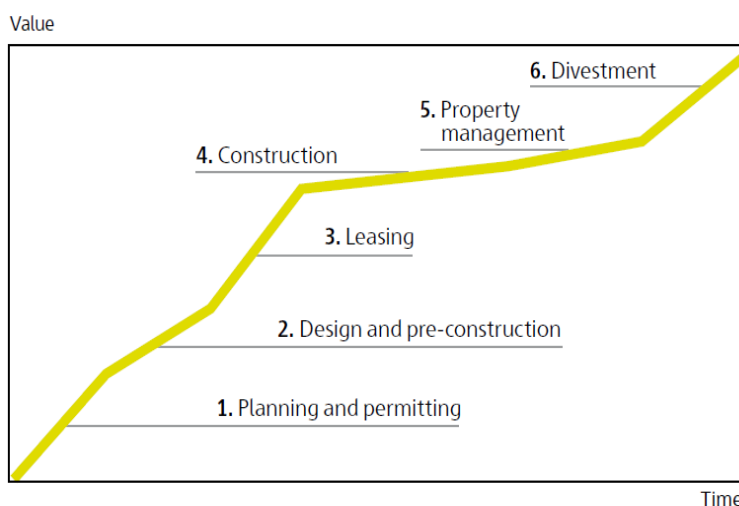
December 2011 marked Skanska's debut in the American commercial property market. The address of its first such project is 733 10th Street in Washington, D.C. – only four blocks from the White House and close to federal departments and regulatory agencies.

Skanska's operations and markets



Country/region	Construction	Residential Development	Commercial Property Development	Infrastructure Development
Nordic countries	●	●	●	●
Sweden	●	●	●	●
Norway	●	●	●	●
Finland	●	●	●	●
Estonia	●	●		
Denmark			●	
Other European countries	●	●	●	●
Poland	●	●	●	●
Czech Republic	●	●	●	●
Slovakia	●	●		●
Hungary			●	
Romania			●	
United Kingdom	●	●		●
The Americas	●		●	●
United States	●		●	●
Latin America	●			●
Skanska Group	●	●	●	●

Value creation in commercial property development



Skanska began 2012 with 30 ongoing projects, which is more than previously. The expected remaining investments in these projects, which will strengthen our portfolio, total SEK 5.3 billion.

Generating value, step by step

The development of commercial properties is a continuous process with several clearly defined phases. The average development cycle is 18–36 months. Macroeconomic and market analyses precede a land purchase. A major step in value enhancement occurs when undeveloped land is transformed into a building right. Suitable premises are designed in collaboration with tenants and prospective buyers. Successful leasing work is often a precondition for breaking ground. As a rule, construction projects are executed by Skanska's own construction units. Active management and customer relations can add further value to the property. New projects are developed with an eye to divestment, which can sometimes occur while they are still in the construction phase.

Values and building rights

Commercial Development – Carrying amounts and market values

SEK M	Carrying amount, Dec 31, 2011	Carrying amount upon completion	Market value, Dec 31, 2011	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	2,913	2,913	4,072	1,159	251	85	201 ²⁾	6.9	4.9	398 ⁴⁾	5,5
Completed projects, 2011	468	468	604	136	21	100	36 ³⁾	7.7	6.0	46 ⁴⁾	5,9
Ongoing projects	3,814	9,104	11,602	2,498	471	44	776 ³⁾	8.5	6.7	807 ⁵⁾	10,5
Total	7,195	12,485	16,278	3,793	743		1,013				
Development properties ¹	3,871										
Total	11,066										

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 Estimated operating net before corporate and business area overhead in 2011 on annual basis assuming current occupancy rate.

3 Estimated operating net before corporate and business area overhead fully leased in year 1 when the properties are completed.

4 Total of contracted rents and estimated rent for unoccupied space.

5 Estimated rental value fully leased in year 1 when the property is completed.

Market value and surplus value, completed projects, 2007-2011¹

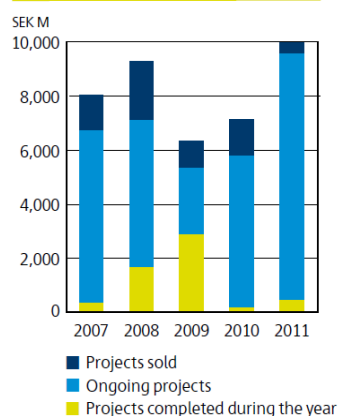
SEK M	2007	2008	2009	2010	2011
Carrying amount	352	1,686	2,898	163	468
Surplus value	91	567	624	44	136
Market value	443	2,253	3,522	207	604

1 Excluding projects sold during the year of completion

Properties sold during 2011

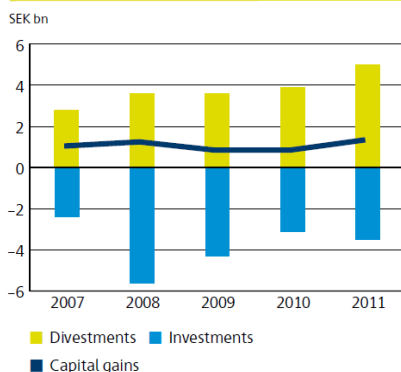
SEK M	Sales price	Carrying amount	Capital gain
Stockholm	3,412	2,537	875
Gothenburg	770	636	134
Öresund	373	294	79
Other Sweden	457	294	163
Other European countries	13	-2	15
Summa	5,025	3,759	1,266

Volume of Commercial Development¹

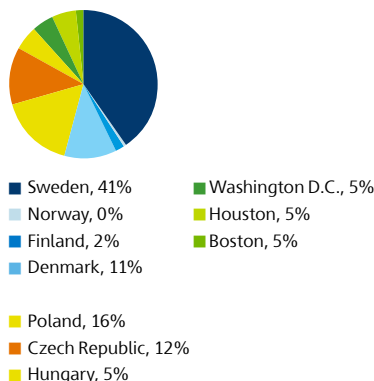


1 Refers to book value of completed projects and projected carrying amount of ongoing projects upon completion.

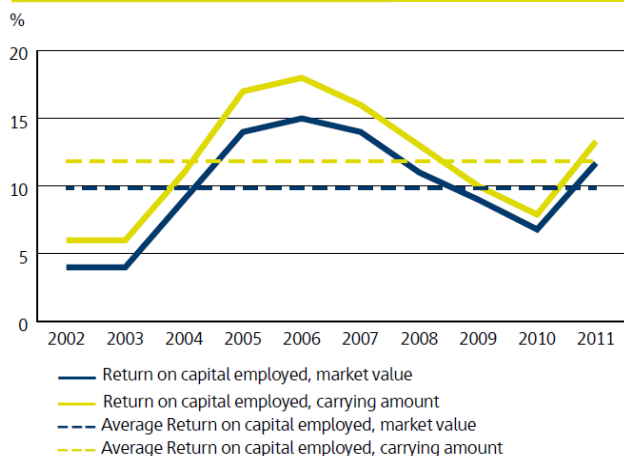
Properties Investments, divestments and capital gains



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



Adjusted return on capital employed at market value and book value, 2002-2011¹



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	
Stockholm Central	0
Stockholm North	93
Stockholm South	73
Total Stockholm	166
Total Gothenburg	285
Öresund, Malmö	89
Öresund, Copenhagen	176
Total Öresund	265
Helsinki, Finland	31
Oslo, Norway	6
Total Nordic Countries	753
Hungary	80
Czech Republic	193
Poland	255
Total Other European countries	528
Washington, DC	73
Houston	82
Boston	24
Total USA	179
Total	1,460

Completed properties, the Nordics and Other European countries

Completed properties, December 31, 2011, on annual basis

Mkr	Completed properties, Dec. 31, 2011			Added or reclassified, Jan. 1, 2012			Completed properties, Jan. 1, 2012		
	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	5	145	2,033	0	0	0	5	145	2,033
Gothenburg	5	41	318	1	21	468	6	62	786
Öresund	3	33	227	0	0	0	3	33	227
Other European countries	2	32	335	0	0	0	2	32	335
Total	15	251	2,913	1	21	468	16	272	3,381

Leasable space sq. m

Mkr	Number of completed properties	Leasable space sq. m					Total	Rental value 2012, SEK M	Of which unoccupied, Jan. 1, 2012, SEK M	Carrying amount, Jan. 1, 2012, SEK M
		Retail	Office	Other	Parking					
Stockholm	5	0	95	24	26	145	288	31	2,033	
Gothenburg	6	10	26	21	5	62	88	12	786	
Öresund	3	0	18	1	14	33	36	2	227	
Other European countries	2	4	20	1	7	32	32	0	335	
Total	16	14	159	47	52	272	444	45	3381	

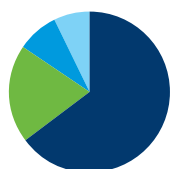
Completed properties – surplus value, December

SEK bn	2007	2008	2009	2010	2011
Estimated market value	3,2	2,8	4,0	6,4	4,1
Carrying amount	2,2	2,1	3,0	4,8	2,9
Surplus value	1,0	0,7	1,0	1,6	1,2

Completed properties, January 1, 2012, expiration year of leases

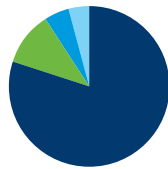
Percentage of rental income, %	Nordics	Other European countries	Total
2012	10	0	10
2013	7	0	7
2014	17	0	16
2015 and later	61	97	64
Parking	4	3	4
Summa	100	100	100

Rental value by geographic area



- Stockholm, 65%
- Gothenburg, 20%
- Öresund, 8%
- Other European Countries, 7%

Rental value by type of space



- Office, 80%
- Parking, 5%
- Retail, 4%
- Other, 11%

Completed properties, December 31, 2011, on annual basis

SEK M	Number of properties	Leasable space 000 sq.m.	Rental revenues 2011	Operating expenses	Maintenance, adaptation to tenants	Real estate tax	Ground rent	Property administration	Operating surplus	Carrying amount	Yield on carrying amount, %	Rental value 2012 ¹	Economic occupancy rate, %
Stockholm	5	145	275	30	12	23	40	12	158	2,027	7.8	288	4,198
Gothenburg	5	41	28	7	0	2	0	6	13	318	4.1	42	1,000
Öresund	3	33	41	6	0	4	0	12	19	227	8.4	36	515
Other European countries	2	32	18	6	0	0	0	1	11	335	3.3	32	0
Total	15	251	362	49	12	29	40	31	201	2,907	6.9	398	5,713
Corporate and business unit overhead									17				
Operating net after corporate overhead on annual basis									184				
Added back to adjust for acquisitions, divestments and reclassifications during 2011									102				
Operating net after corporate overhead according to income statement									286				

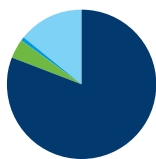
¹ The sum of contracted rent and estimated market rent for unleased space.

Completed properties, Stockholm

Expiration year of leases, completed properties

Percentage of rental income, %	Stockholm
2012	12
2013	9
2014	19
2015 and later	56
Residential	0
Parking facilities	4
Total	100

Rental value by type of space



■ Office, 81%
■ Parking, 4%
■ Retail, 1%
■ Other, 14%

Property list, January 1, 2012

County, municipality, property designation, street address	Year built/renovated	Leasable space, sq.m				Total	Rental value 2012, SEK M ¹	Site leasehold	Location ²
		Retail	Office	Other	Parking				
Stockholm									
Solna									
Laboratoriet 1 (del av) Lundagatan 2	1930/2001		12,384	4,310	0	16,694	23.6	N	
Stockholm									
Alptanäs 1 Haukdalsgatan 3	1980/2001		3,295	5,700	0	8,995	10.0	T N	
Blekholmen 1, Klara Strand Klarabergsviadukten 90	1994	440	24,861	9,329	3,900	38,530	114.2	T C	
Gångaren 11 Lindhagensgatan 86	2009		27,902	1,833	3,500	33,235	83.0	T C	
Sundbyberg									
Eken 6 Allén 5	1997/2008		26,755	3,164	18,150	48,069	57.0	N	
Total Stockholm		440	95,197	24,336	25,550	145,523	287,8		

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

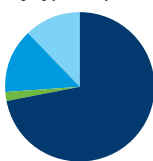
2 Refers to central (C) or other (O) locations. In Stockholm, refers to central Stockholm (C), north of central Stockholm (N) or south of central Stockholm (S).

Completed properties, Gothenburg

Expiration year of leases, completed properties

Percentage of rental income, %	Gothenburg
2012	2
2013	1
2014	5
2015 and later	90
Residential	0
Parking facilities	2
Total	100

Rental value by type of space



■ Office, 72%
■ Parking, 2%
■ Retail, 14%
■ Other, 12%

Property list, January 1, 2012

County, municipality, property designation, street address	Year built/renovated	Leasable space, sq.m					Rental value 2012, SEK M ¹	Site leasehold	Location ²
		Retail	Office	Other	Parking	Total			
Västra Götaland									
Gothenburg									
Gårda 18:25 (Phase I+II) Johan på gårdas Gata	2011		16,984		3,400	20,384	46.1		C
Gullbergsvass 5:23 Kilsgatan 10	1880/1989		873	61		934	1.5		C
Gullbergsvass 5:26 Kv Tennet, Kilsgatan 4-8	2001		7,827	131	1,125	9,083	18.5		C
Nybro									
Tallen 58 Dunderbergsgatan 10	2010			20,416		20,416	10.4		O
Ljungby									
Ljungby Berghem 1:27 Ringvägen 3 A-D	2009	9,696				9,696	12.0		O
Total Gothenburg		9,696	25,684	20,608	4,525	60,513	88.0		

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

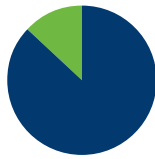
2 Refers to central (C) or other (O) locations.

Completed properties, Öresund

Expiration year of leases, completed properties

Percentage of rental income, %	Öresund
2012	4
2013	5
2014	74
2015 and later	5
Residential	0
Parking facilities	12
Total	100

Rental value by type of space



■ Office, 87%
■ Parking, 13%
■ Retail, 0%
■ Other, 0%

Property list, January 1, 2012

County, municipality, property designation, street address	Year built/renovated	Leasable space, sq.m					Rental value 2012, SEK M ¹	Site leasehold	Location ²
		Retail	Office	Other	Parking	Total			
ÖRESUND									
Sweden									
Malmö									
Trollhättan 6	1959/-66/-98		4,167	0	10,175	14,342	10.0	T	C
Nordenskiöldsg 13, Ankargripsg 4									
Österport 7	1971/1999		9,438	681	4,728	14,847	20.0		C
Drottningtorget 14									
Denmark									
Søborg Gladsaxe									
Tobaksvej 12-14	2010		3,659			3,659	5.9		O
Total Öresund			17,264	681	14,903	32,848	35.9		

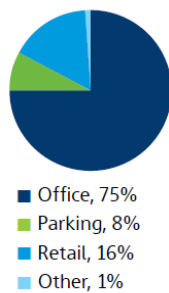
1 Projected rental value refers to estimated annual rent, fully leased, when each property is completed.

2 Refers to central (C) or other (O) locations.

Completed properties, Other European countries

Expiration year of leases, completed properties	
Percentage of rental income, %	Europe
2012	0
2013	0
2014	0
2015 and later	95
Residential	0
Parking facilities	5
Total	100

Rental value by type of space



Property list, January 1, 2012

County, municipality, property designation, street address	Year built/renovated	Leasable space, sq.m					Rental value 2012, SEK M ¹	Site leasehold	Location ²
		Retail	Office	Other	Parking	Total			
Czech Republic									
Prag									
Vysocanska Brana	2009	2,400	10,200	300	4,000	16,900	18.1		O
Ostrava									
Nordica, Ceskobratská 46	2010	1,700	9,800	400	3,100	15,000	14.1		C
Total Other European countries		4,100	20,000	700	7,100	31,900	32.2		

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.

Projects completed in 2011

Responsible unit, property designation, municipality	Leasable space, sq.m					Total	Projected rental value SEK M	Projected operating net fully leased SEK M	Location ²
	Retail	Office	Other	Parking					
Commercial Property Development Nordic Countries									
Gothenburg									
Gårda18:25			17,184	3,400	20,584	46.1	36.2	C	
Johan på gårdas Gata									
Total	0	0	17,184	3,400	20,584	46.1	36.2		
Commercial Property Development Europe									
Total	0	0	0	0	0	0	0		
Total, projects completed	0	0	17,184	3,400	20,584	46.1	36.2		

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.

	Commercial Property Development Nordic	Commercial Property Development Europe	Total
Carrying amount on December 31, 2011, SEK M	468	0	468
Economic occupancy rate, December 31, 2011, %	100	0	100

Projects sold before completion 2011

Responsible unit, property designation, county, municipality	Leasable space, sq.
Commercial Property Development Nordic	
Gångaren 16, Stockholm	14,000
Svågetorp, Malmö	5,000
Total projects sold before completion	19,000

Ongoing projects in the Nordic countries

Leasable space, sq.m									
County, municipality, property designation, street address	Projected completion year/month	Retail	Office	Other	Parking	Total	Rental value 2012, SEK M ¹	Site leasehold	Location ²
Commercial Property Development Nordic countries									
Sweden									
Stockholm									
Lustgården 14, Lindhagensgatan, phase I	1401		35,200	900	10,500	46,600	89.4	84.5	C
Lustgården 14, Lindhagensgatan, phase II	1401		18,900	540	5,630	25,070	48.1	45.5	C
Sundbyberg Fröfjärden 5	1305	3,800				3,800	7.3	7.0	O
Uppsala									
Uppsala Entré	1210	2,324	10,057			12,381	23.0	18.0	C
Göteborg									
Gullbergsvass 5:26 Kilsgatan, Phase II	1305		9,000		1,600	10,600	19.8	18.3	C
Kålltorp 127:3, Torpavallen Phase I	1303	5,100				5,100	8.9	8.5	O
Kålltorp 127:3, Torpavallen Phase II	1303	4,500				4,500	6.6	6.6	O
Arendal 1:9	1212			3,200		3,200	6.0	5.0	O
Hotell Lindholmen	1304			13,500		13,500	26.9	25.9	O
Malmö									
Bassängkajen, Universitetsholmen, phase 1	1202		8,460	250	1,125	9,835	19.9	18.8	C
Bassängkajen, Universitetsholmen, phase 2	1205		7,720	280	1,125	9,125	18.9	17.8	C
Polisen 1, Rosengård	1208		2,475	1,080		3,555	10.3	9.6	O
Åle									
Nödinge Äldreboende	1209			4,000		4,000	5.7	4.7	O
Finland									
Helsinki									
Ruskeasu, Mannerheimintie, phase 1	1202		9,100		3,800	12,900	25.6	19.8	C
Ruskeasu, Mannerheimintie, phase 2	1208		7,500		3,100	10,600	20.5	15.8	C
Denmark									
Copenhagen									
Nordhuset, Scanport Kastrup	1203		5,000			5,000	8.6	8.3	O
Helsingör, Denmark									
HC Örstedtsvej	1203	4,200				4,200	3.8	3.7	O
Total Norden		19,924	113,412	23,750	26 880	183,966	349.3	317.8	

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).

Ongoing projects in Other European countries and the U.S.

County, municipality, property designation, street address	Projected completion year/month	Leasable space, sq.m				Total	Rental value 2012, SEK M ¹	Site leasehold	Location ²
		Retail	Office	Other	Parking				
Commercial Property Development Europe									
Poland									
Green Towers phase 1, Wroclaw	1203	500	11,400	400	4,600	16,900	20.8	20.8	O
Green Towers phase 2, Wroclaw	1301	500	11,200	300	3,600	15,600	20.3	20.3	O
Green Corner phase 1, Warsaw	1210	800	13,400	500	4,200	18,900	30.8	30.8	
Green Corner phase 2, Warsaw	1212	900	12,800		2,400	16,100	27.4	27.4	
Atrium phase 1, Warsaw	1312	900	17,000	400	3,500	21,800	51.2	51.2	
Green Horizon phase 1, Lodz	1211	600	17,600	200	5,800	24,200	26.3	26.3	
Malta House, Poznan	1312	1,700	13,800	300	6,900	22,700	27.2	27.2	
Czech Republic									
City Green Court, Prague	1206	1,100	15,300	400	5,800	22,600	31.1	31.1	C
Hungary									
Green House, Budapest	1212	500	16,900	500	6,500	24,400	25.4	25.4	C
Total Europe		7,500	129,400	3,000	43,300	183,200	260.5	260.5	
Commercial Property Development USA									
Washington DC									
733 10th Street	1203	432	15,273	187	2,900	18,792	55.2	55.2	C
1776 Wilson Boulevard, Arlington	1209	2407	10,096	450	5,000	17,953	36.7	36.7	O
Cambridge, MA									
2nd Street	1212		10,937	436	1,800	13,173	49.2	49.2	
Houston, TX									
Post Oak	1306	342	27,739		25,550	53,631	56.3	56.3	
Total USA		3,181	64,045	1,073	35,250	103,549	197.4	197.4	
Total, Ongoing projects		30,605	306,857	27,823	105,430	470,715	807.2	775.7	

	Commercial Property Development Nordic	Commercial Property Development Europe	Commercial Property Development USA	Total
Projected Carrying amount on completion, SEK M	4,431	2,584	2,089	9,104
Carrying amount, December 31, 2011, SEK M	2,464	994	824	4,282
Economic occupancy rate, December 31, 2011, %	72	30	22	44

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.