

Skanska Commercial Property Development



Agenda

Time	Subject	Speaker
08:30-09:00	Commercial Property Development in the Group	Claes Larsson
09:00-10:00	Commercial Development Nordic Commercial Development Europe	Jan Odelstam Nicklas Lindberg
10:00-10:30	Commercial Development USA	Mats Johansson
10:30-11:00	Break	
11:00-11:30	Leasing	Arkadiusz Rudzki Caroline Arehult
11:30-12:00	Transactions	Fredrik Bergenstråhle Adrian Karczewicz
12:00-12:30	Q&A and info regarding site visit	
12:30-13:15	Lunch	
13:15-13:45	Transportation to site visit	
13:45-15:15	Presentation of Stockholm New and site visit	Markus Dangré Daniel Dahlqvist
Ca 15:30-16:00	Transportation back to Skanska HQ	



Skanska Commercial Property Development

Claes Larsson
Executive Vice President

Stockholm New, Sweden

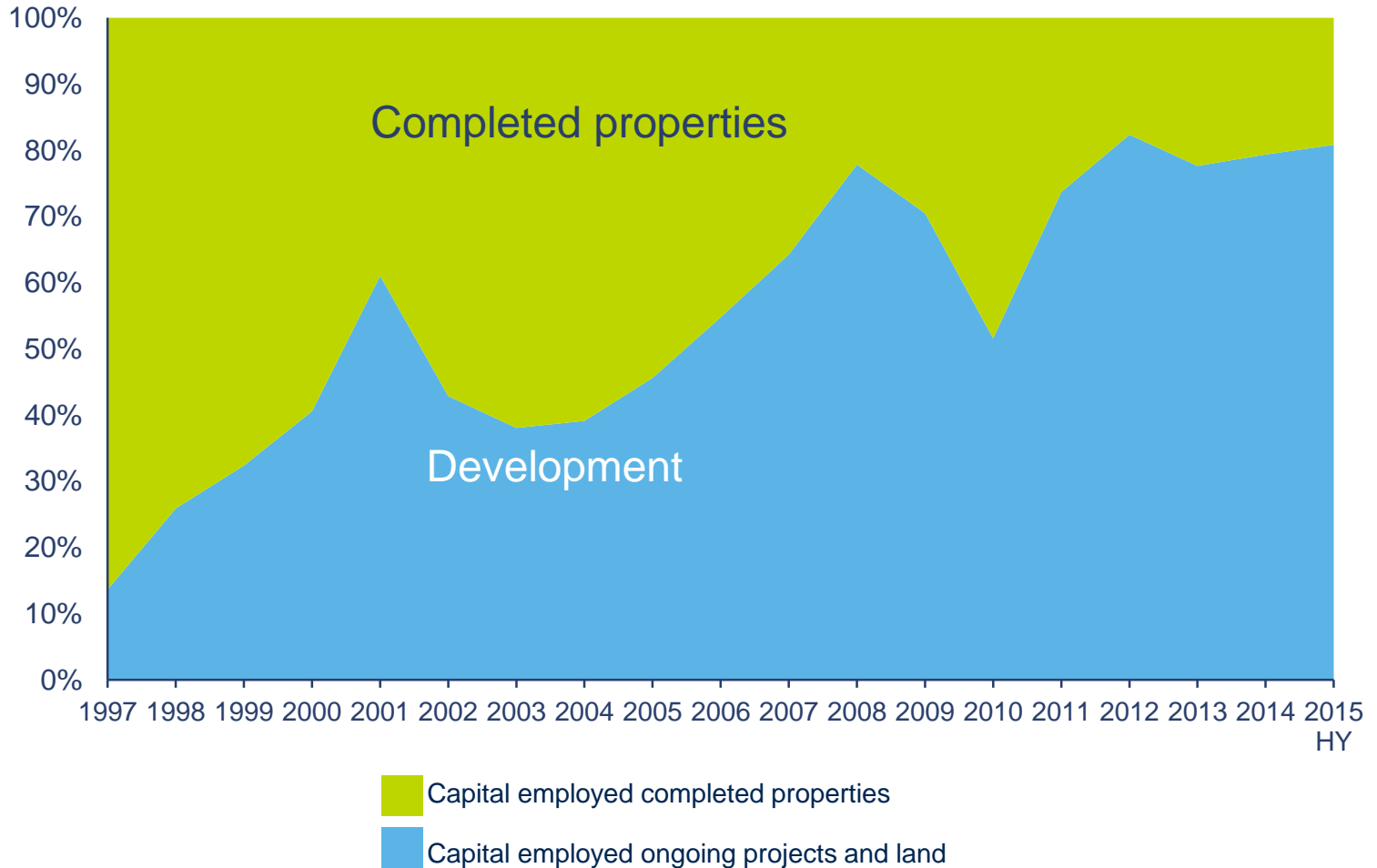


Agenda

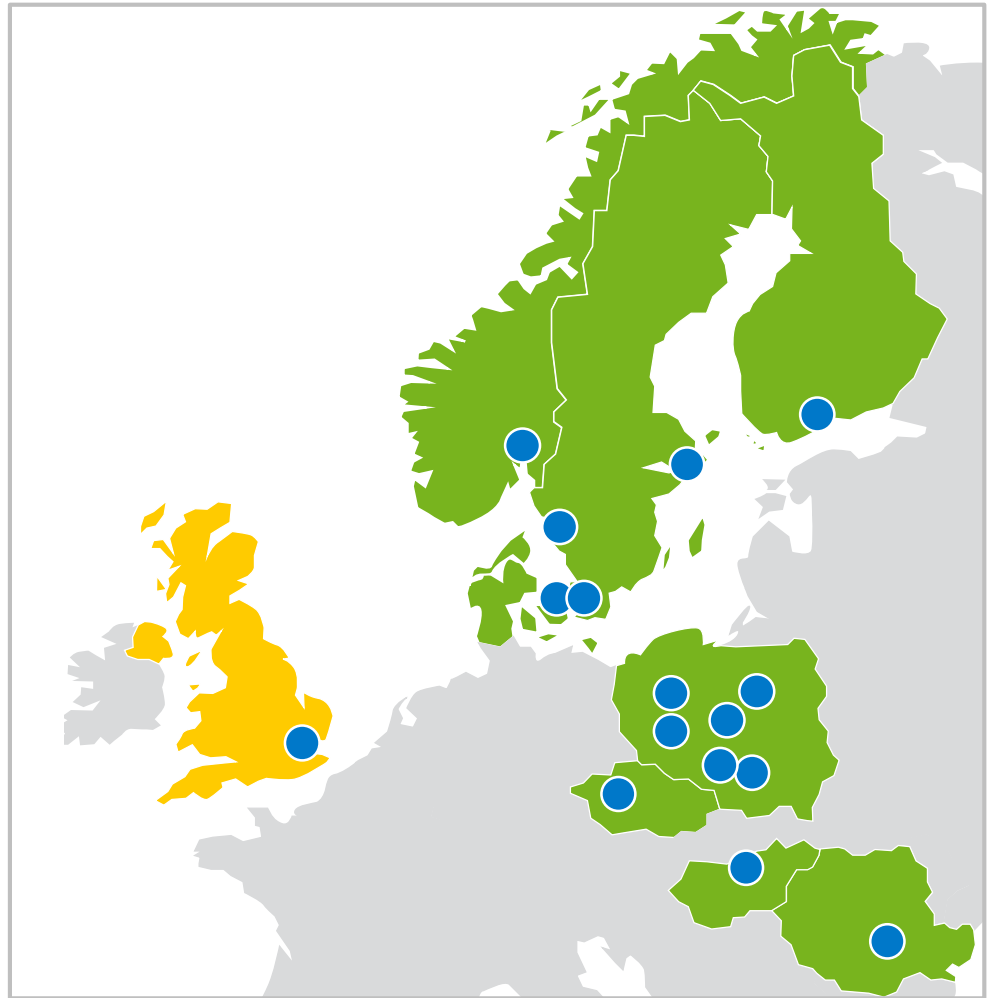
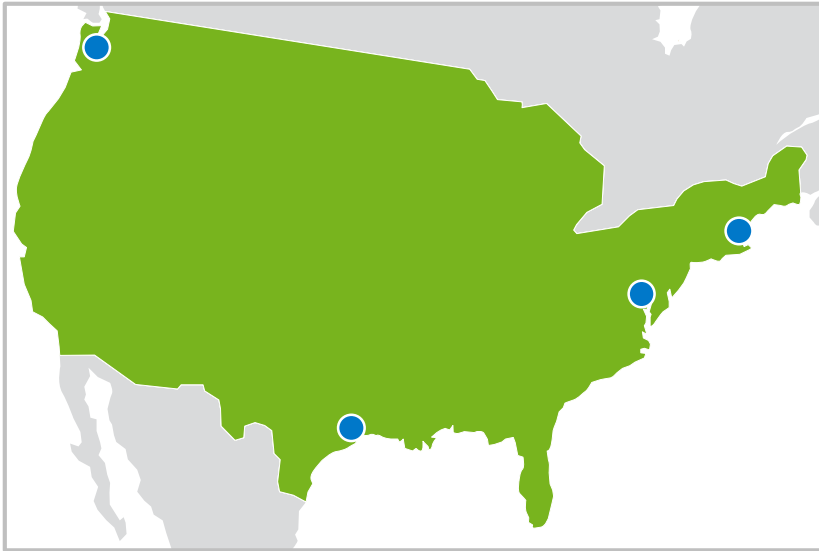
- 1) Background/history/overview
- 2) Value creation
- 3) Financial performance and allocation
- 4) The future



Transition from a property company to a developer



Skanska's Commercial Development markets per Q2 2015



Products

- Office
- In selected markets
 - Retail
 - Rental residential
 - Industrials





Agenda

- 1) Background/history/overview
- 2) Value creation
 - The value chain
 - Key functions
 - Risk management
- 3) Financial performance and allocation
- 4) The future



Complete value chain



Key functions in house

Leasing



Project management



Property management



Property transactions



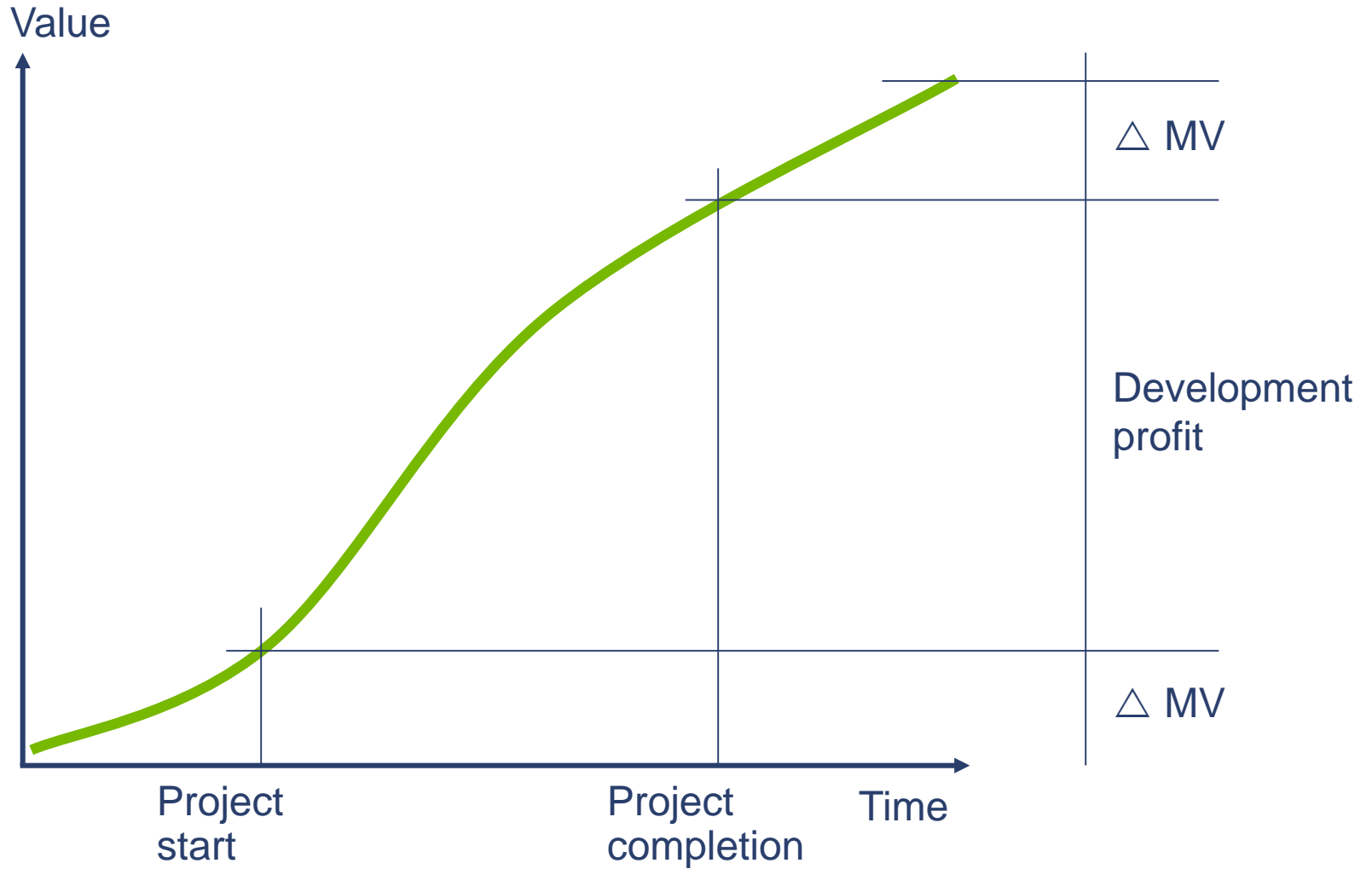
Risks

- Zoning risks
- Permit risks
- Construction cost risks
- Leasing risks
- Exit risks

} Risk exposure:
Land investment

} Risk exposure:
Full investment

Development profit definition





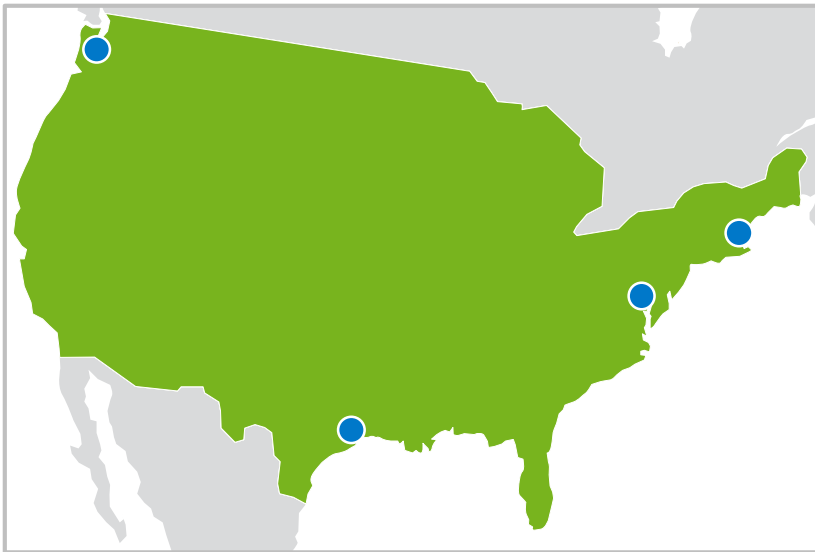
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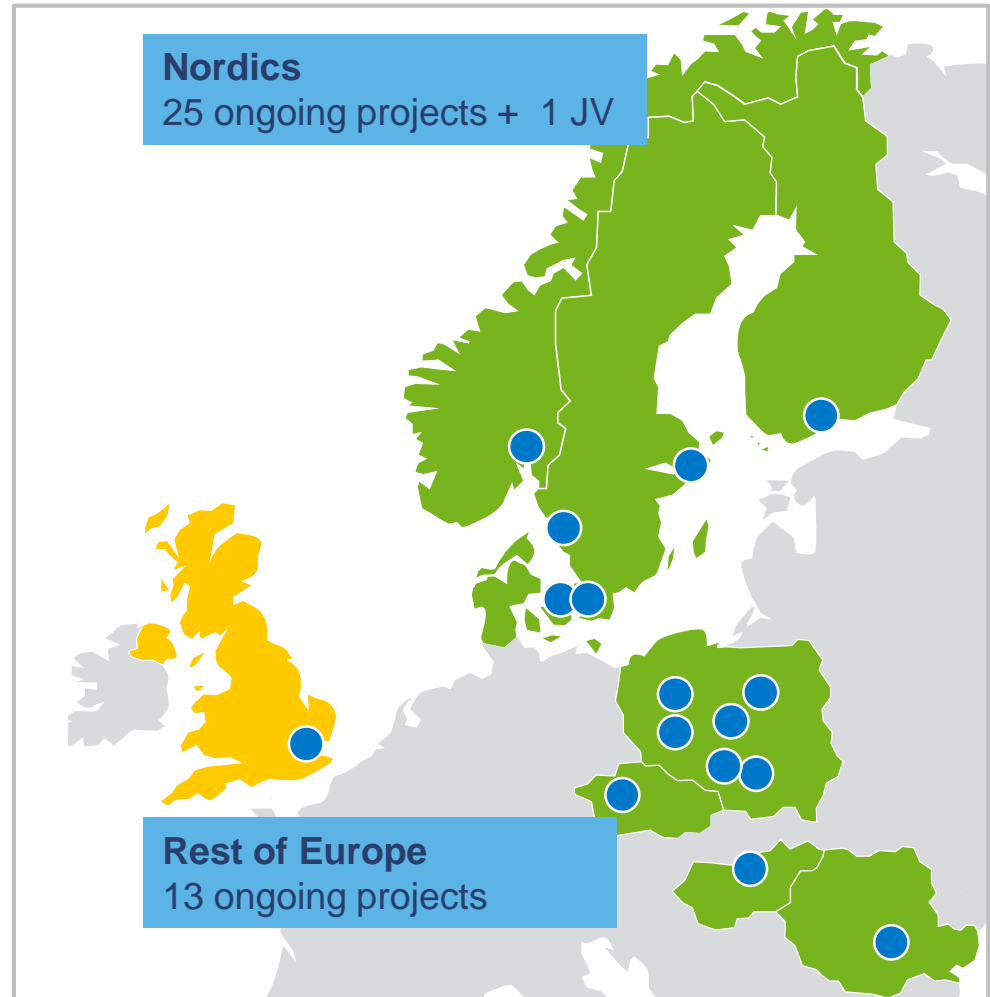


Skanska's Commercial Development markets YTD 2015

Grand total (in balance sheet)
43 ongoing projects + 3 JV
Investment SEK 19.0 bn



U.S.
5 ongoing projects + 2 JV

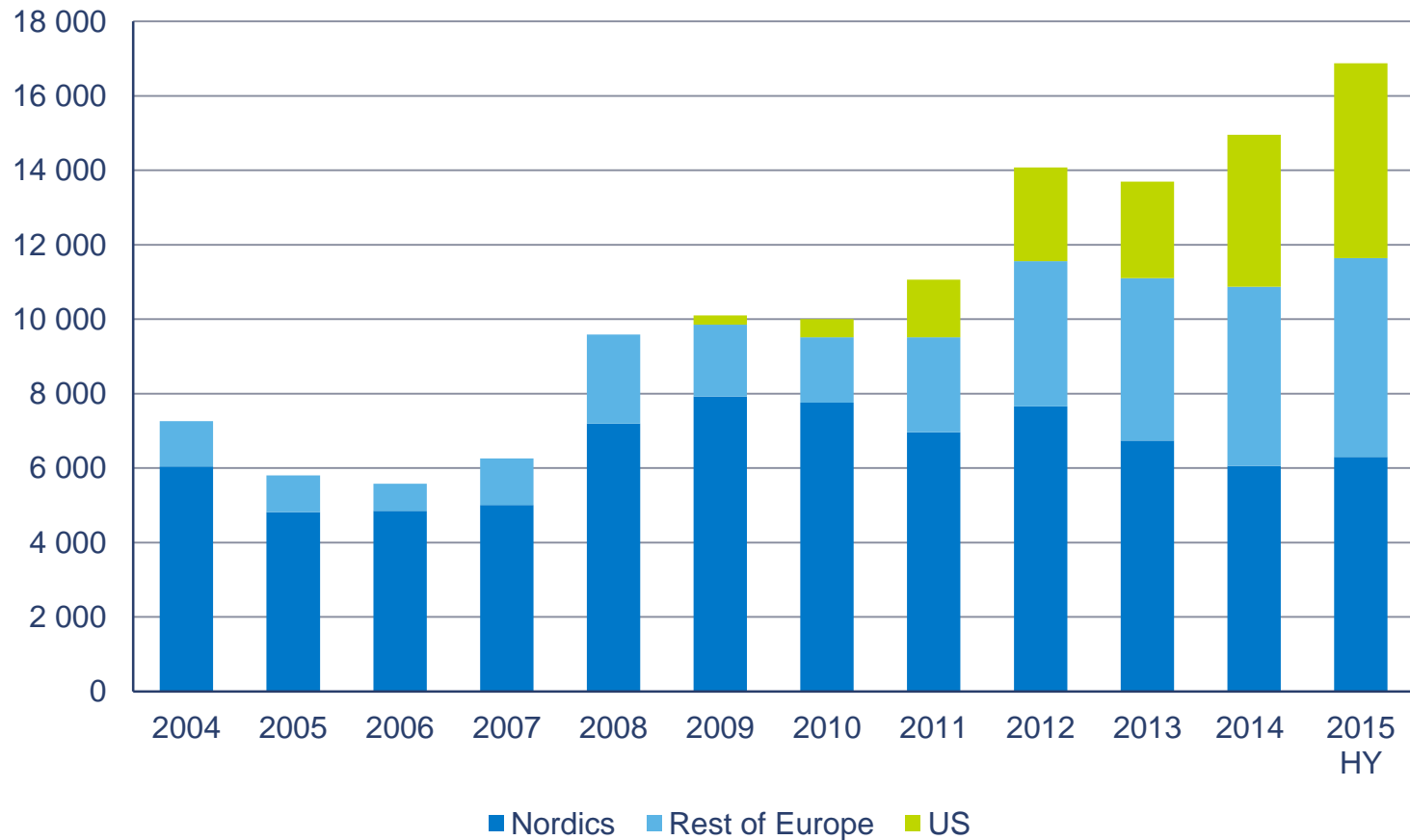


Nordics
25 ongoing projects + 1 JV

Rest of Europe
13 ongoing projects

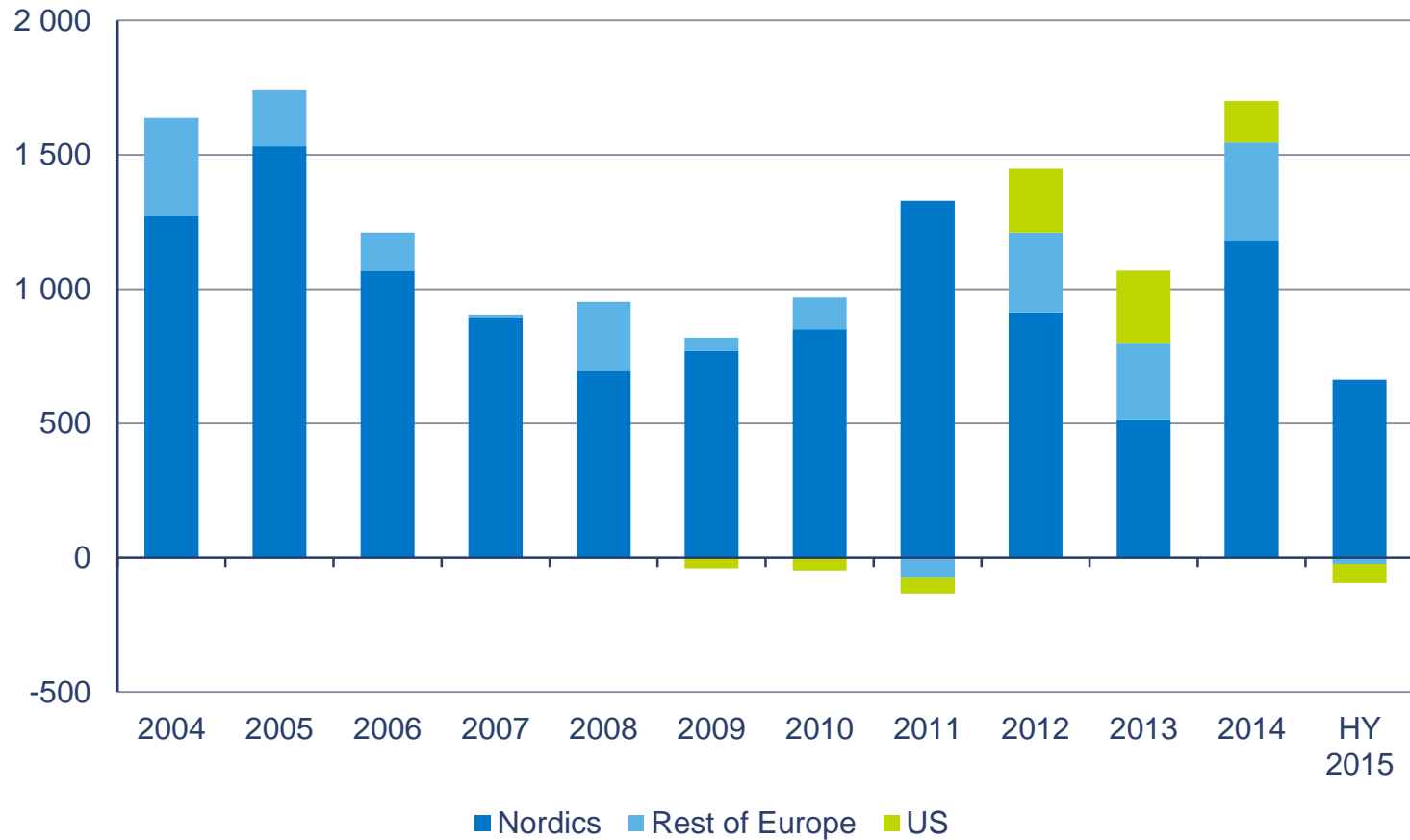
Commercial Development Properties – book value per unit

SEK M



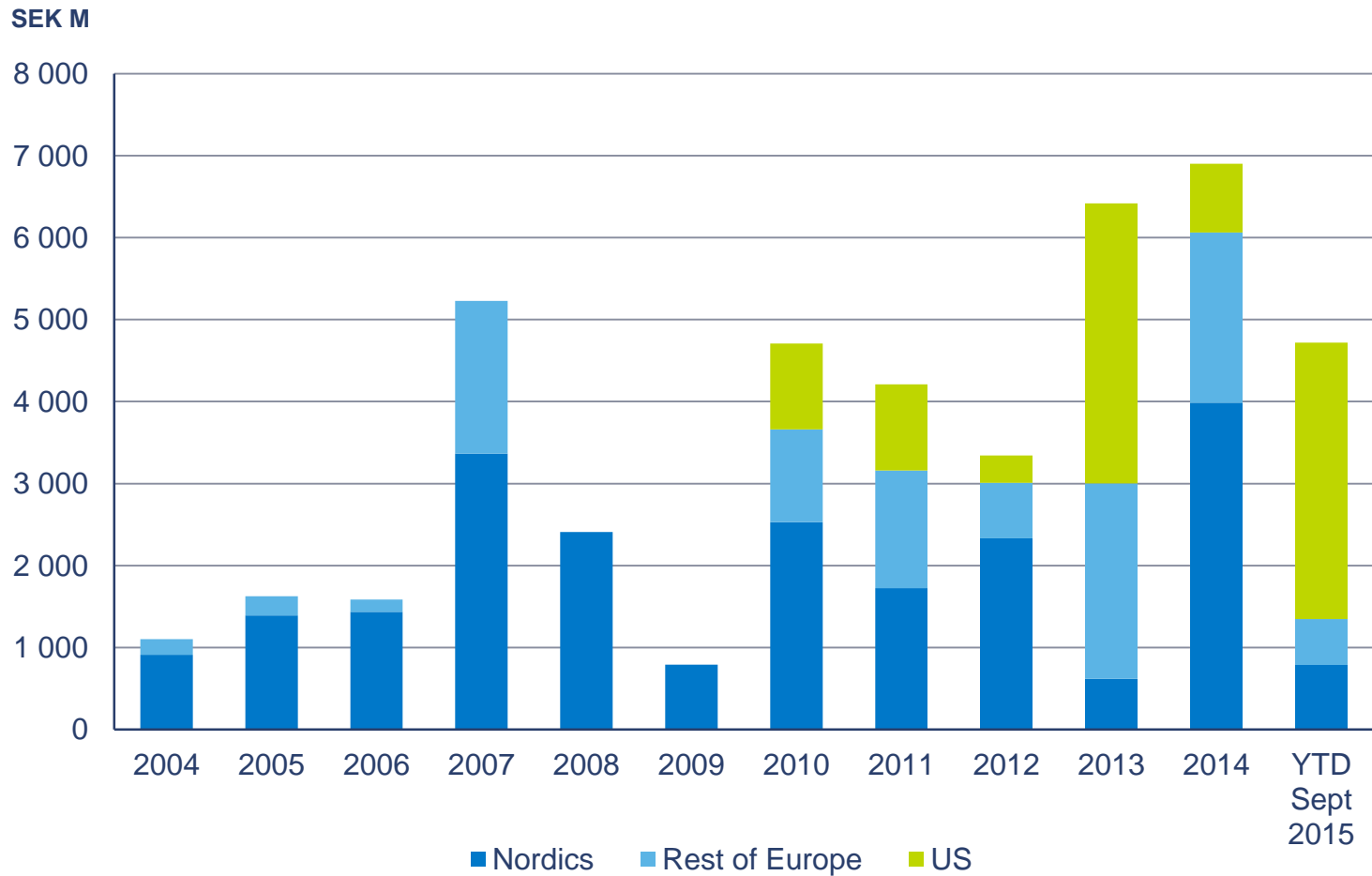
Commercial Development EBIT

SEK M

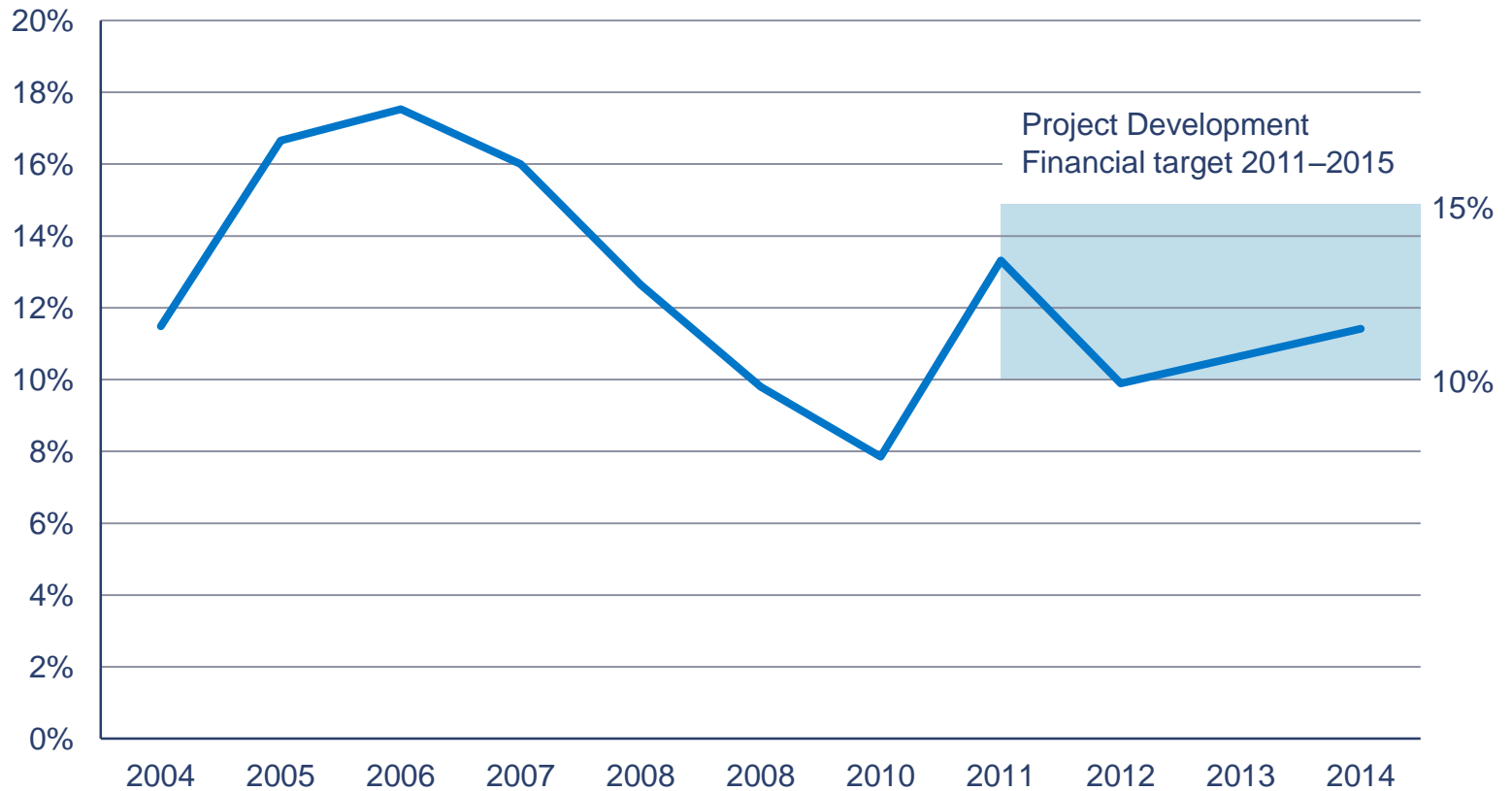


Commercial Development

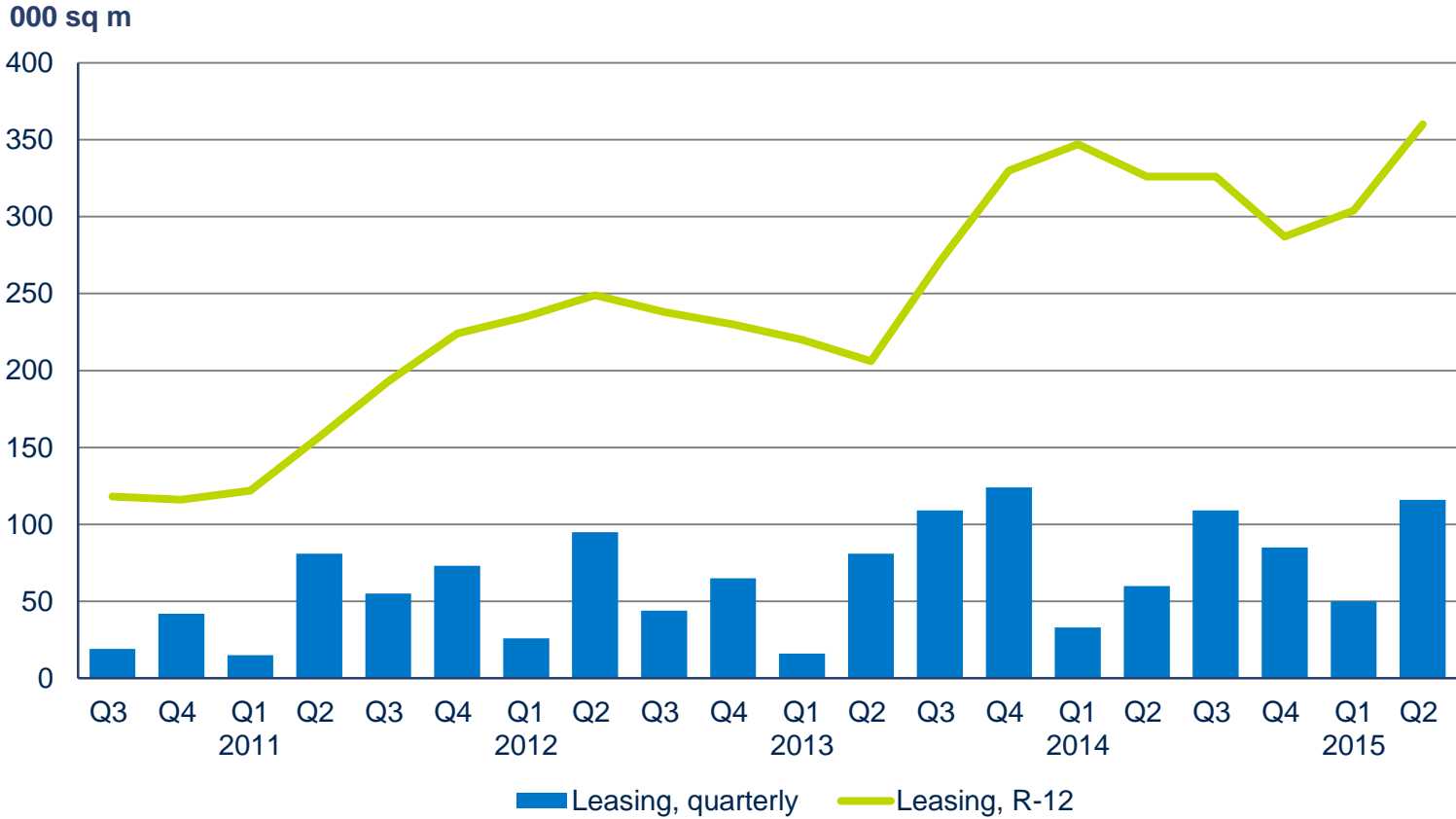
New projects started



Commercial Development ROCE adjusted

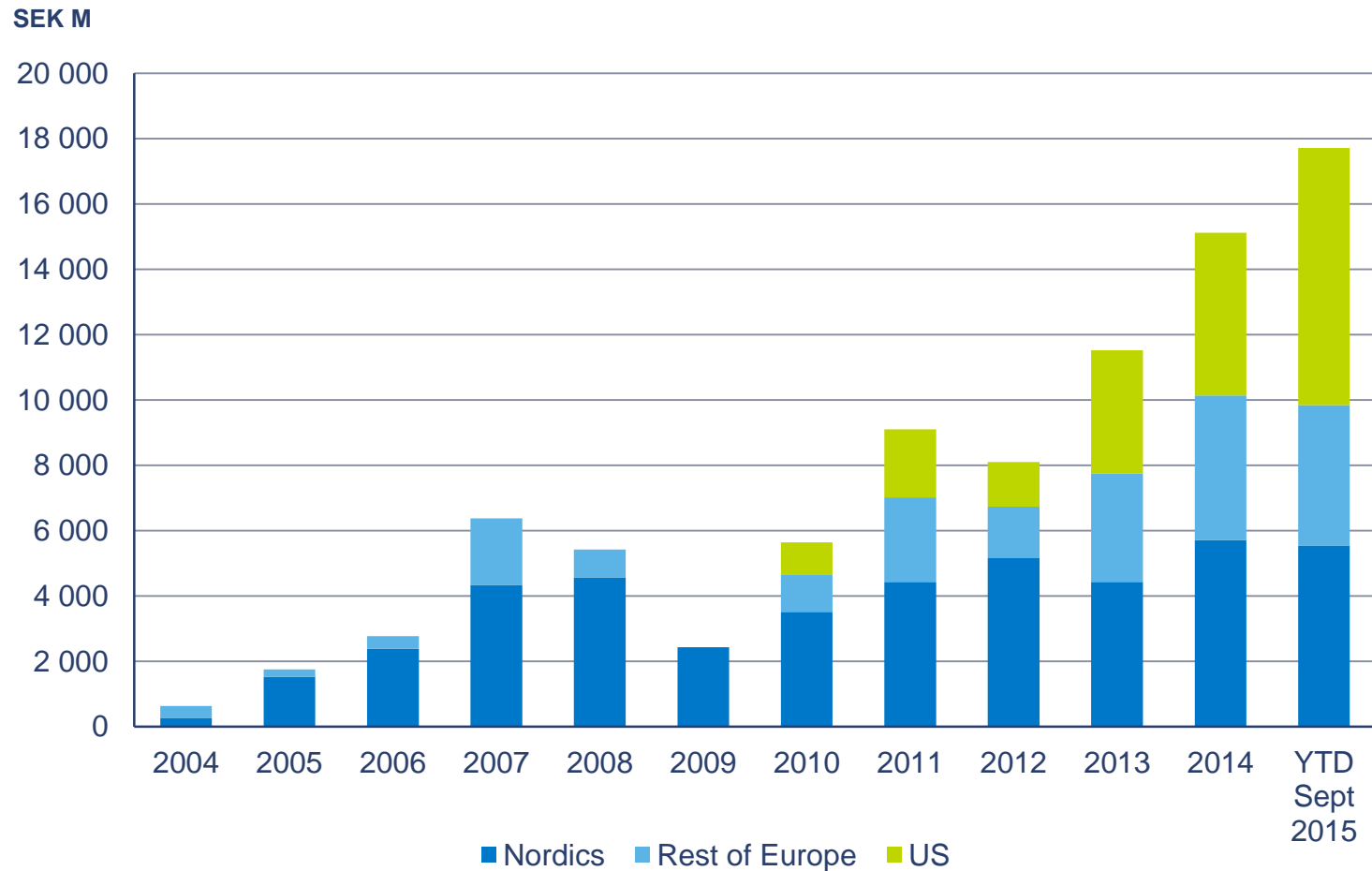


Commercial Property Development Leasing

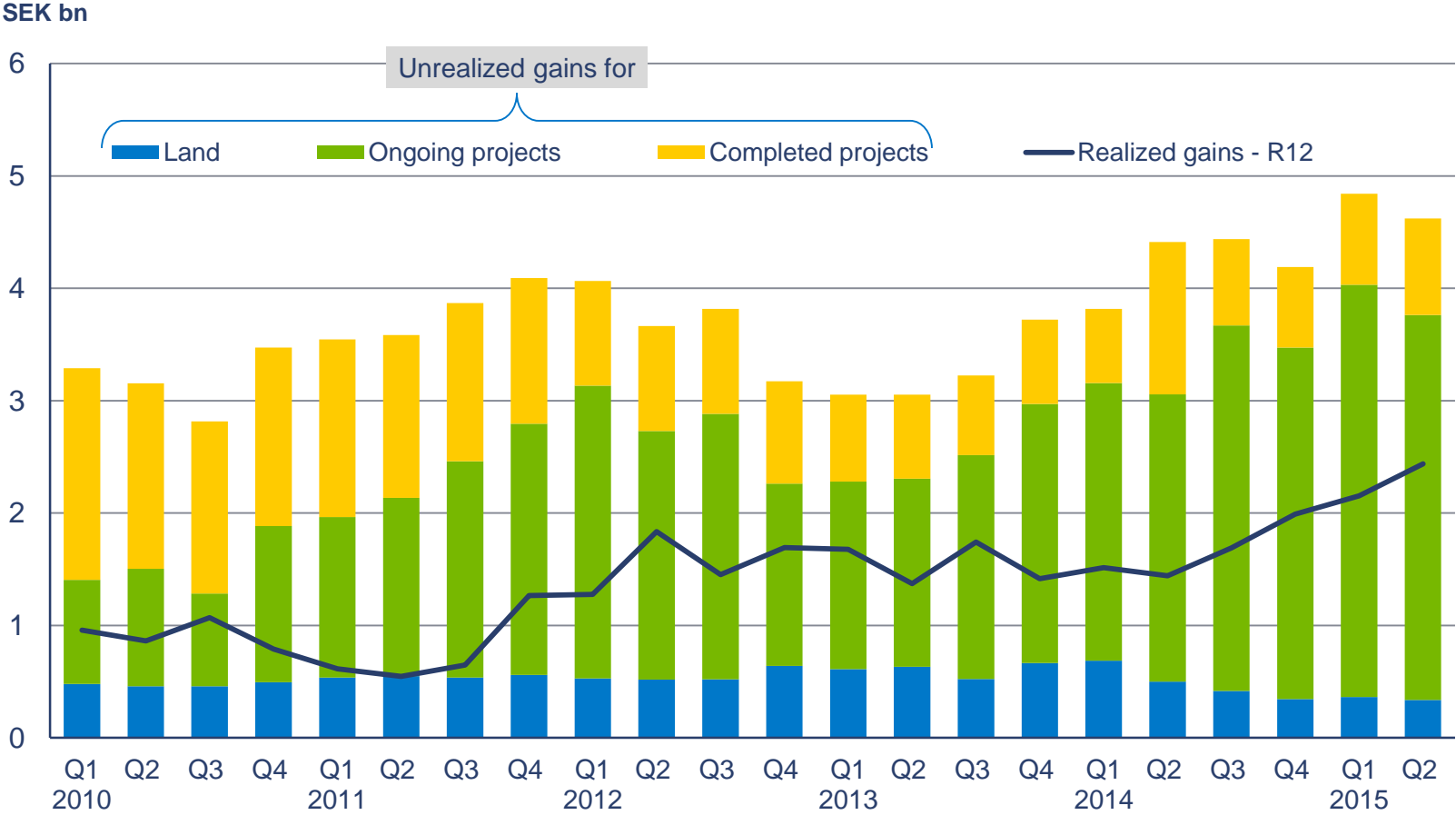


Commercial Development

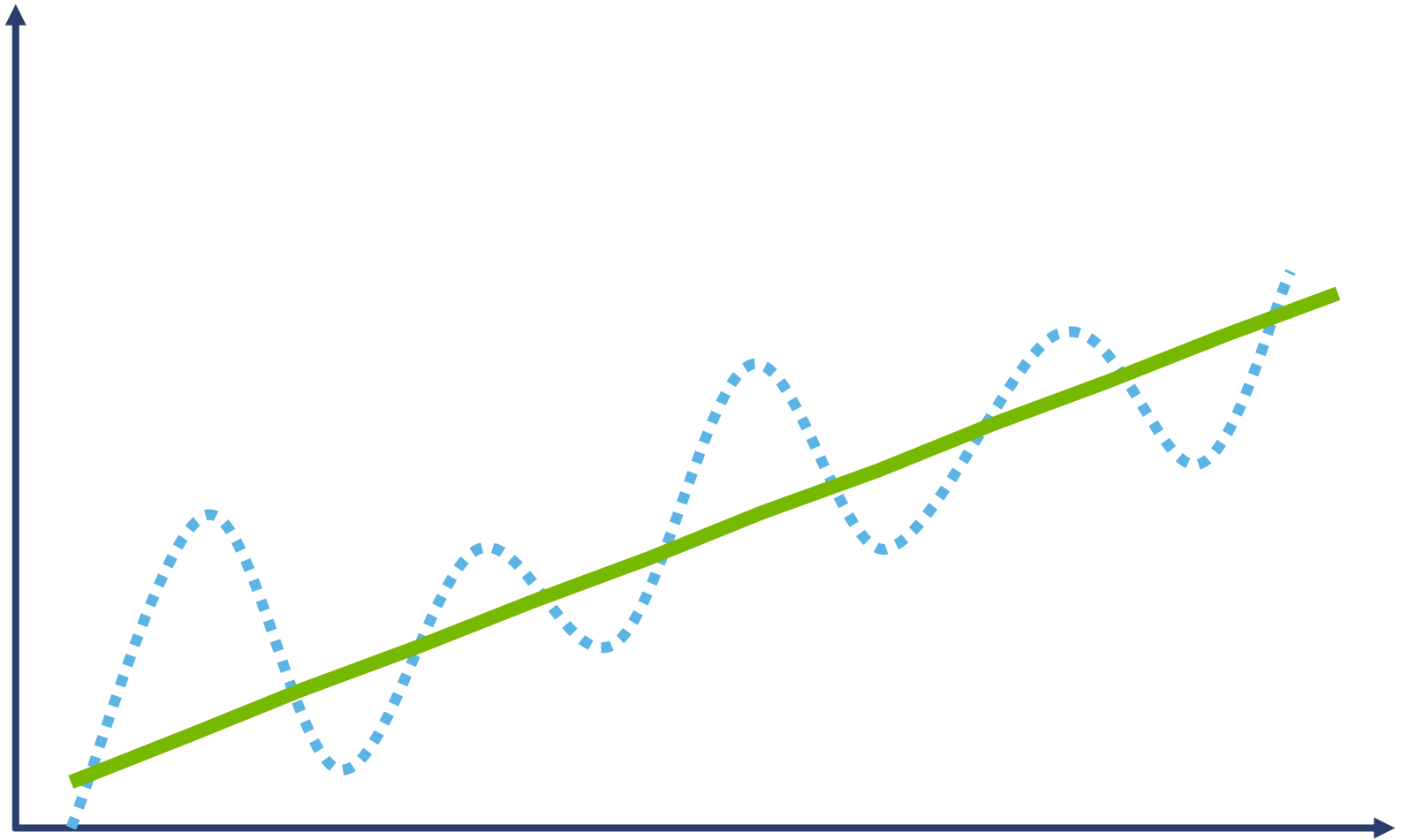
Ongoing projects, book value at completion



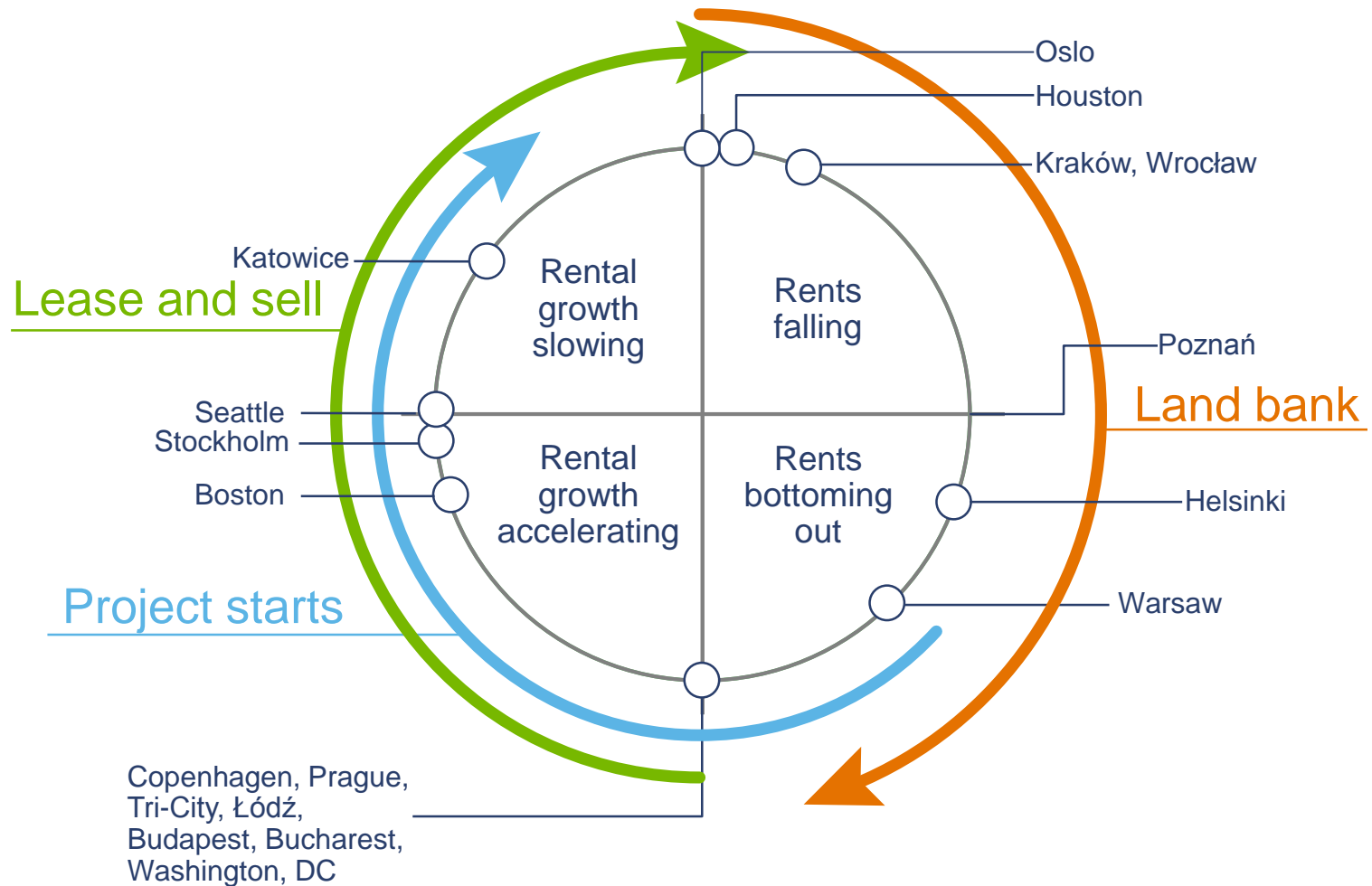
Unrealized and realized gains



Timing is crucial

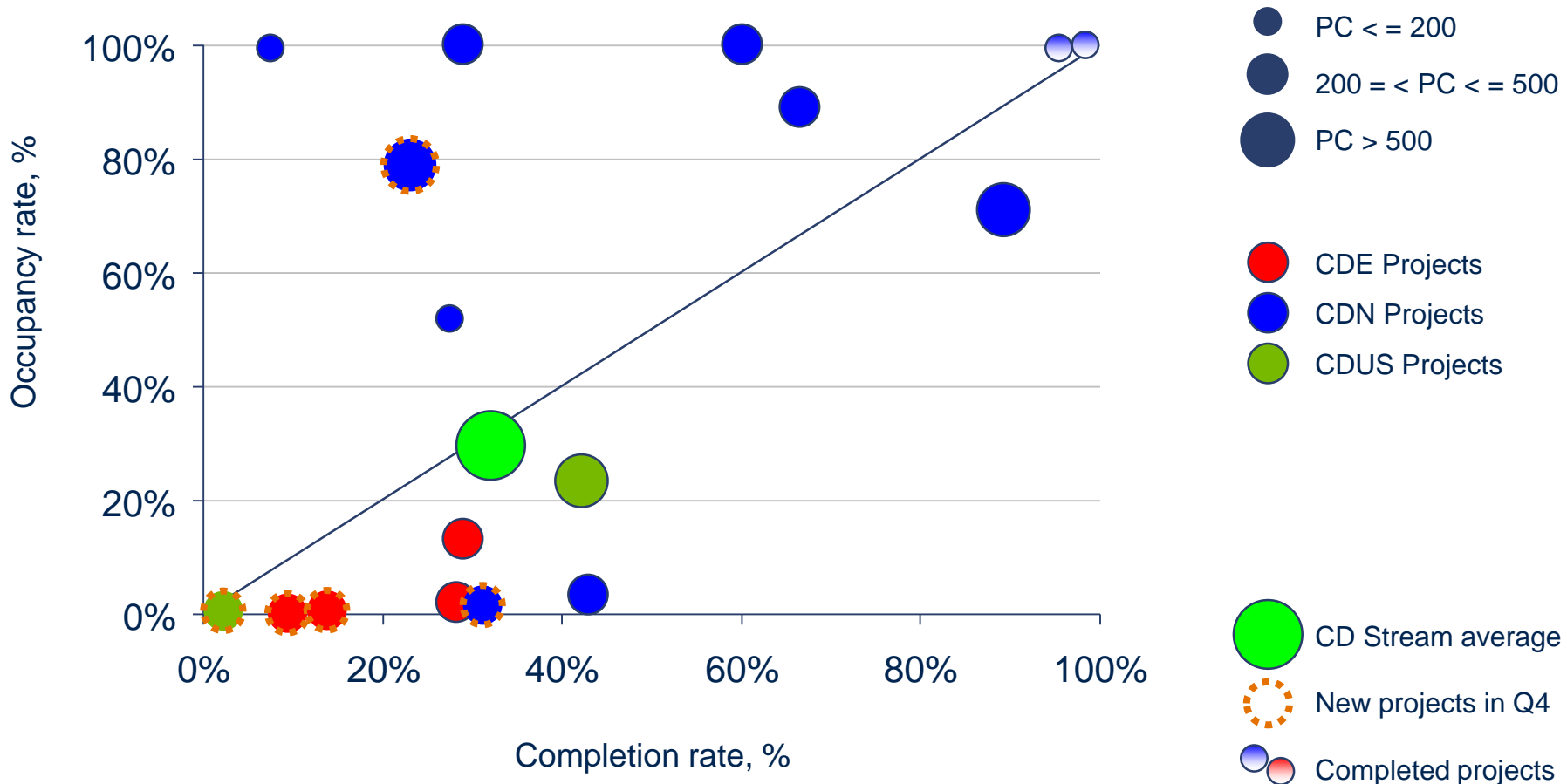


Important to manage the cycles

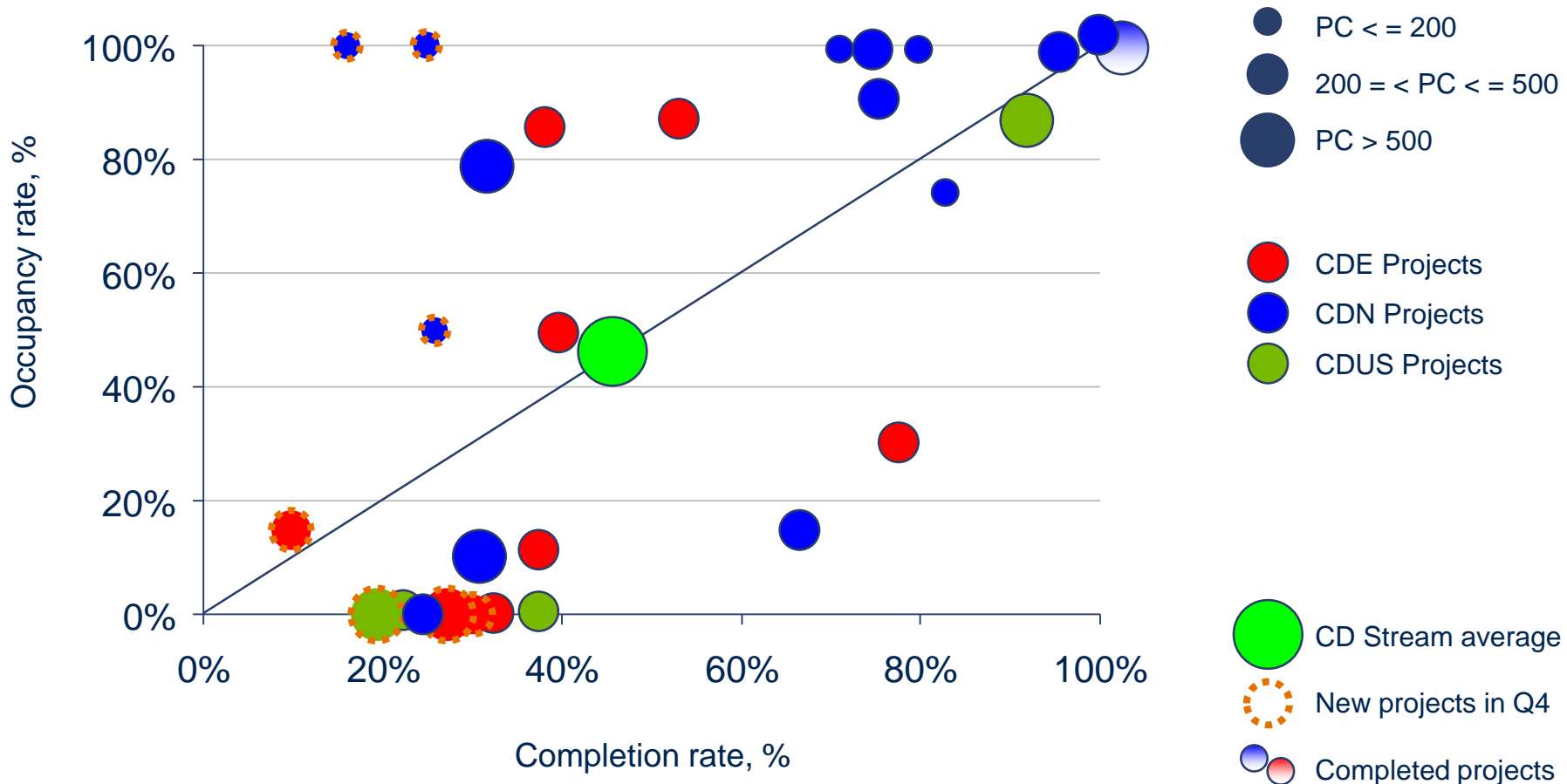


Source: Jones Lang LaSalle

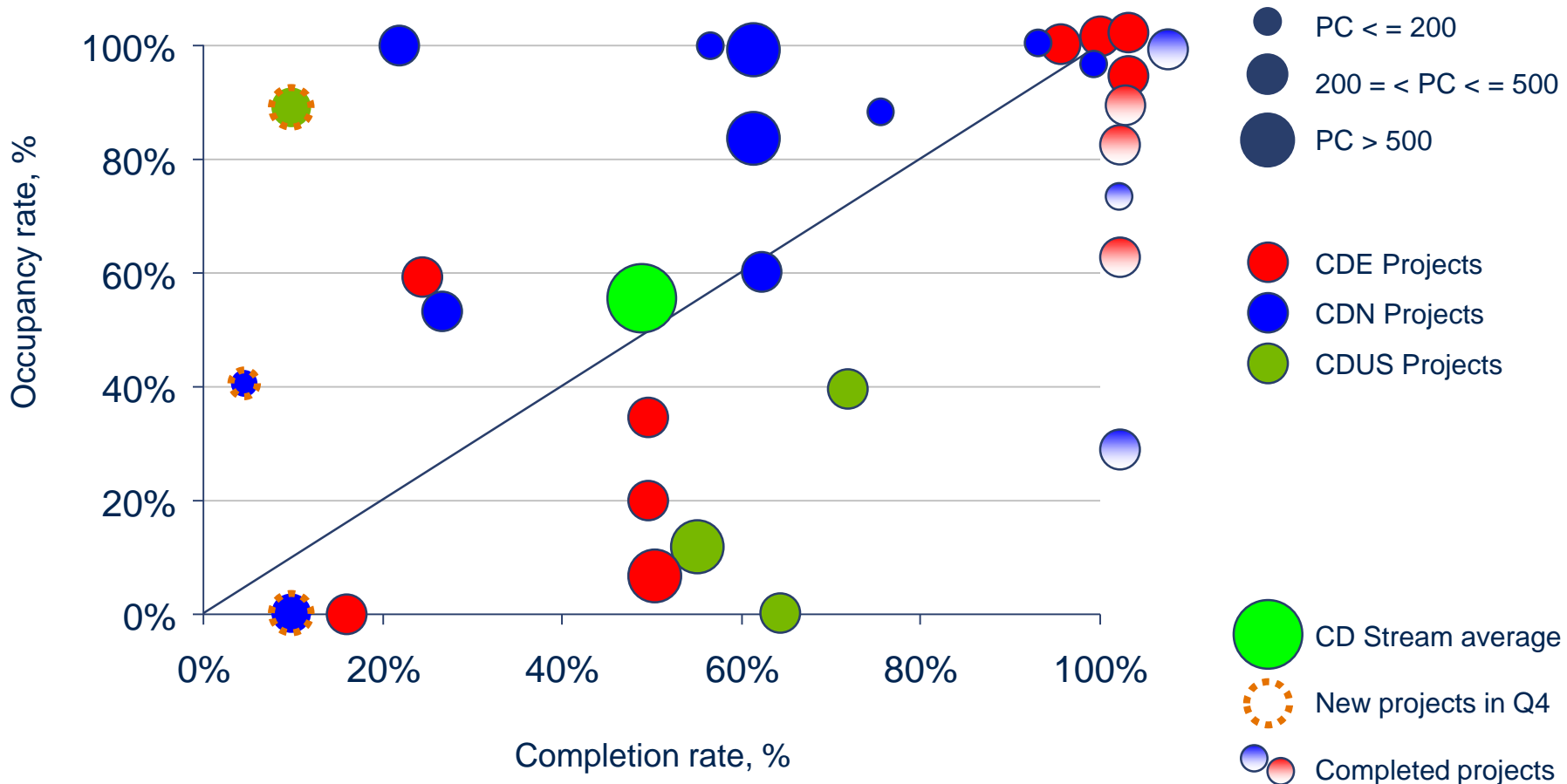
Ongoing projects Q4 2010



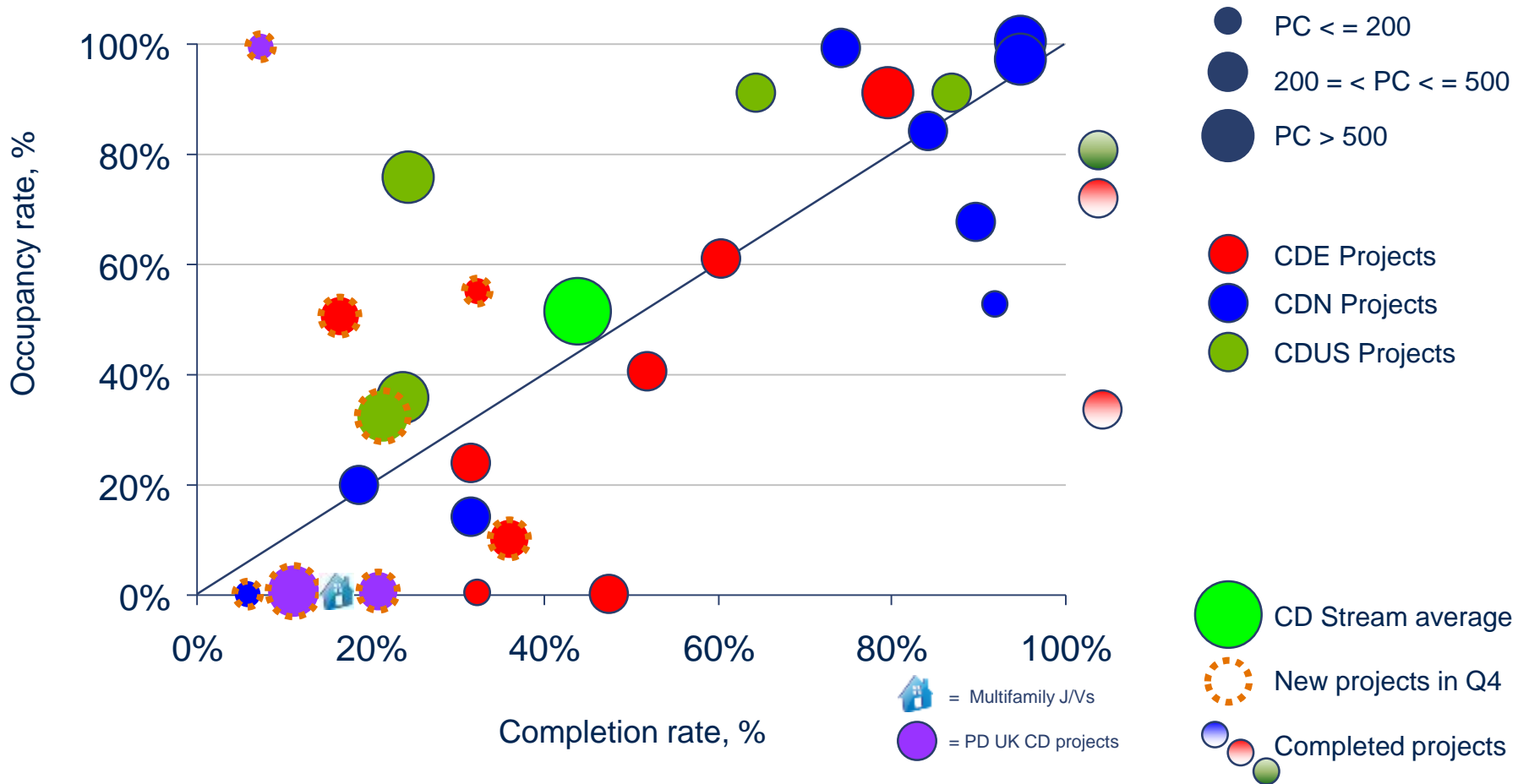
Ongoing projects Q4 2011



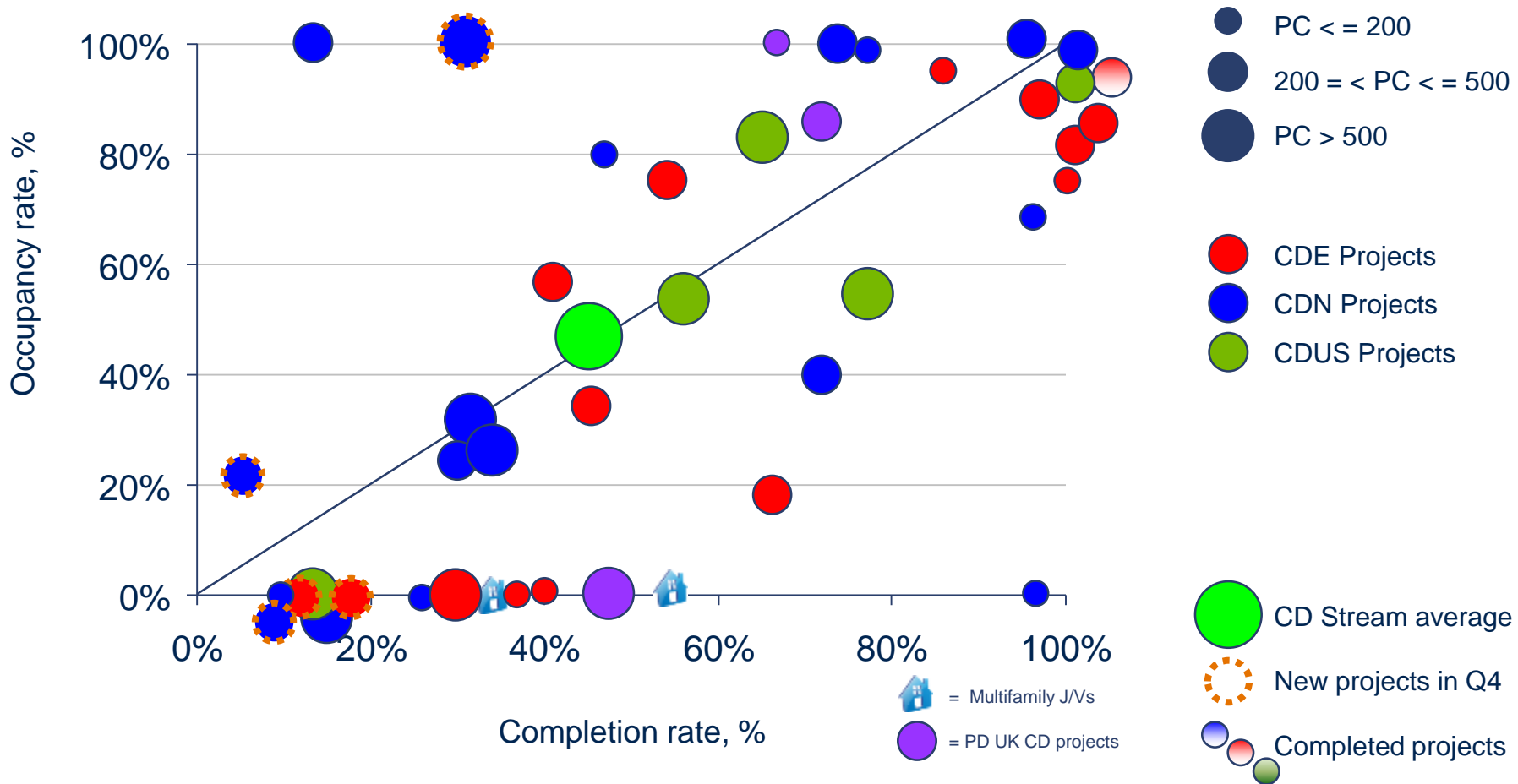
Ongoing projects Q4 2012



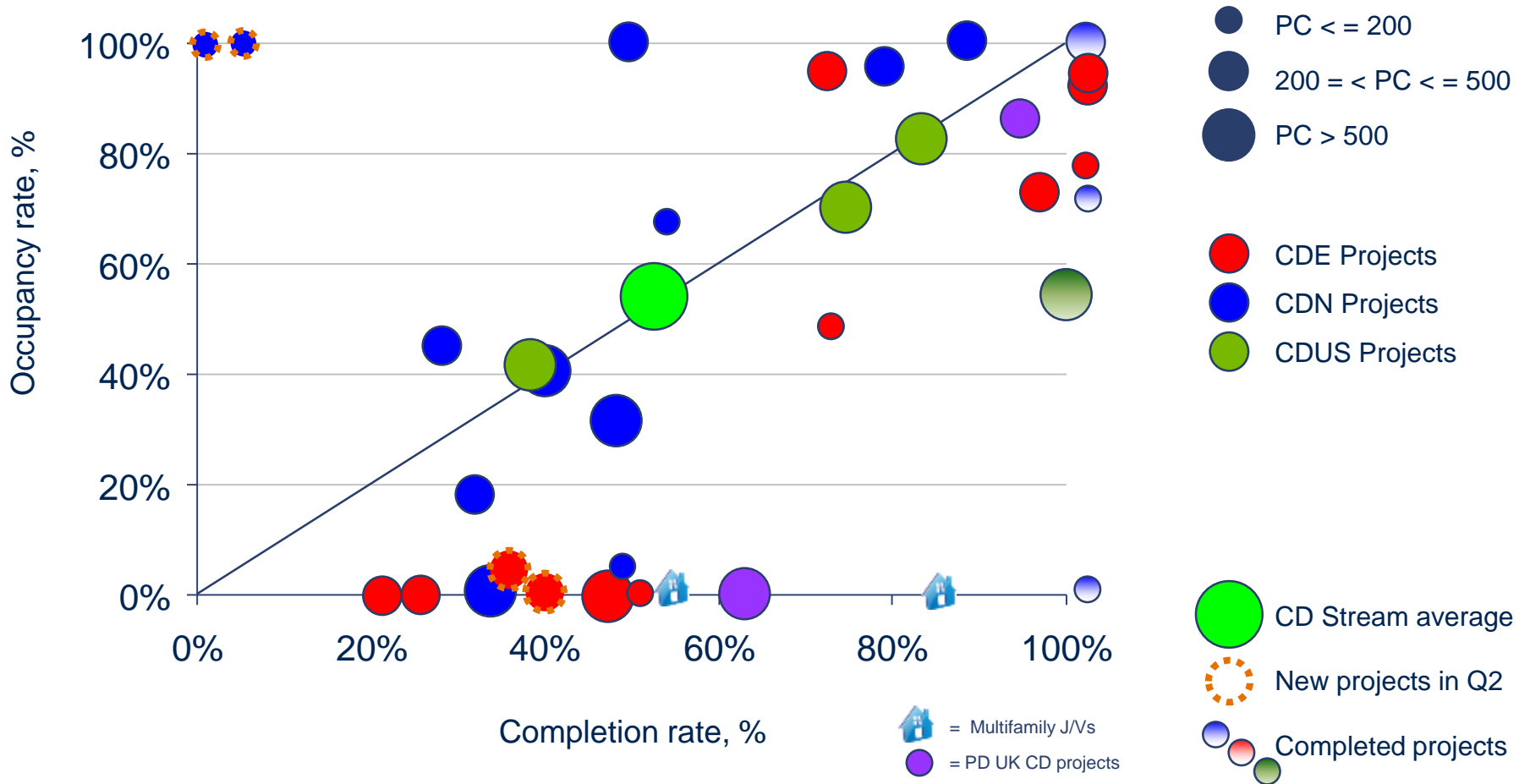
Ongoing projects Q4 2013



Ongoing projects Q4 2014



Ongoing projects Q2 2015





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The future for Commercial Development

- Transfer/rotation and development of key people
- Keep proven business model
- Evaluate new markets
- Land bank focus to backfill pipeline
- Market orientation
- Key client management
- Cost efficiency
- Manage the cycles





Commercial Development Nordic

Jan Odelstam
Business Unit President



Stockholm New, Sweden

Skanska Commercial Development Nordic

- 108 employees
- Headquartered in Stockholm

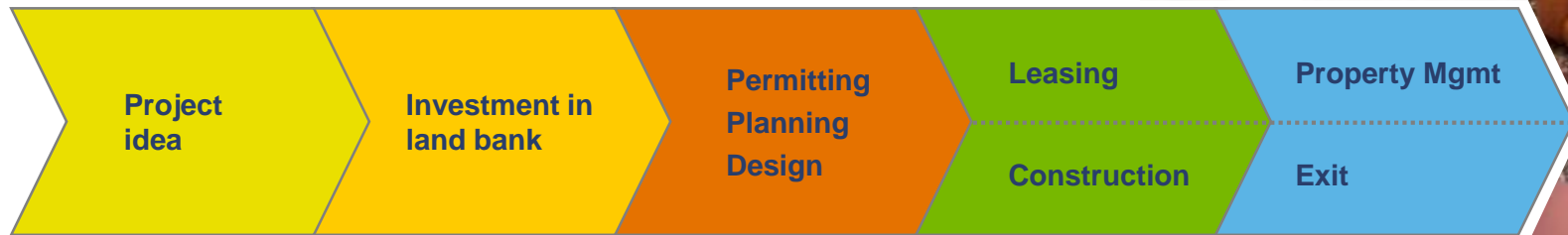
2006–2015 Q2

- 1.2 million sqm leased
- 95 projects developed
- Investments SEK 20.3 billion
- Divestments SEK 27.3 billion



Business concept

- Invest in self developed properties
- Create value in the whole value chain
- Prime products for institutional investors
- High turnover in project portfolio
- Long term land banking



Malmö Live, Sweden

Products & Markets

Office

Stockholm
Gothenburg
Malmö
Oslo
Copenhagen
Helsinki



Logistic
facilities

Sweden



Rental
Residential

Copenhagen



Skanska Commercial Development Nordic



Stockholm
– 12 M sqm
– Growth 120,000 sqm / year

Gothenburg
– 3 M sqm
– Growth 40,000 sqm / year

Malmö
– 2 M sqm
– Growth 30,000 sqm / year

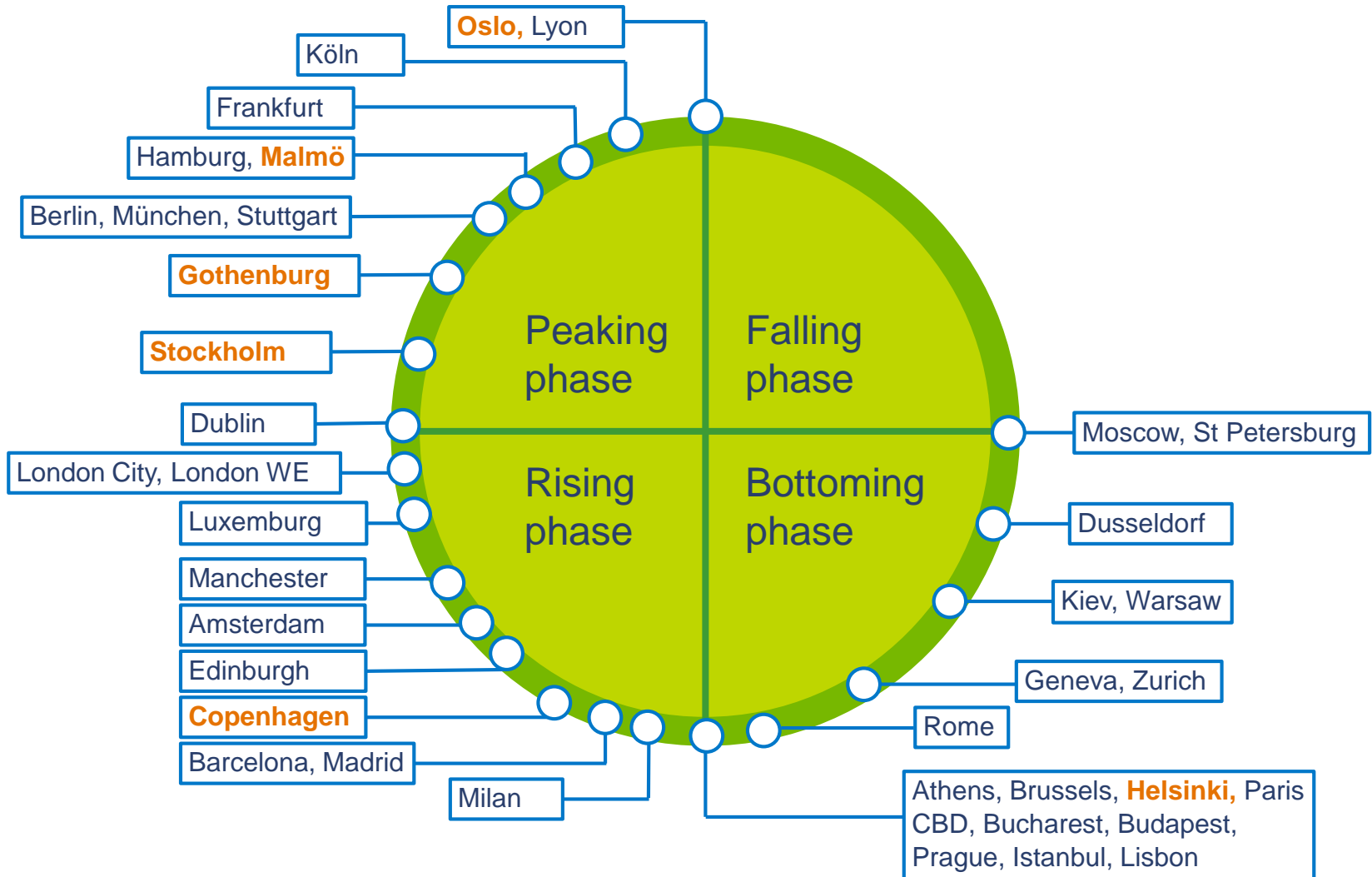


Copenhagen
– 12 M sqm
– Growth 120,000 sqm / year

Helsinki
– 9 M sqm
– Growth 50,000 sqm / year

Oslo
– 8 M sqm
– Growth 80,000 sqm / year

Property Clock, Q2 2015



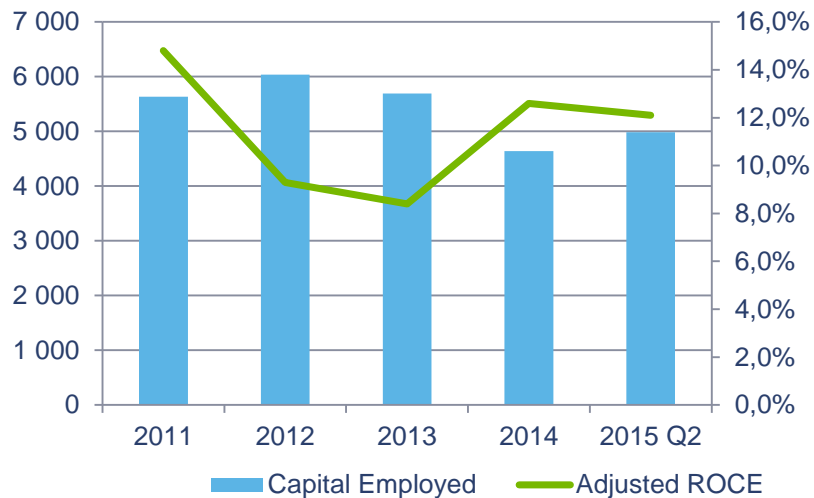
The Nordic Real Estate Market – Office Trends

- Shared services for global companies will continue to relocate outside the Nordics
- Location will be no 1 with access to public communications
- New ways of working puts sqm/person out of play
- Green still important but not a differentiator

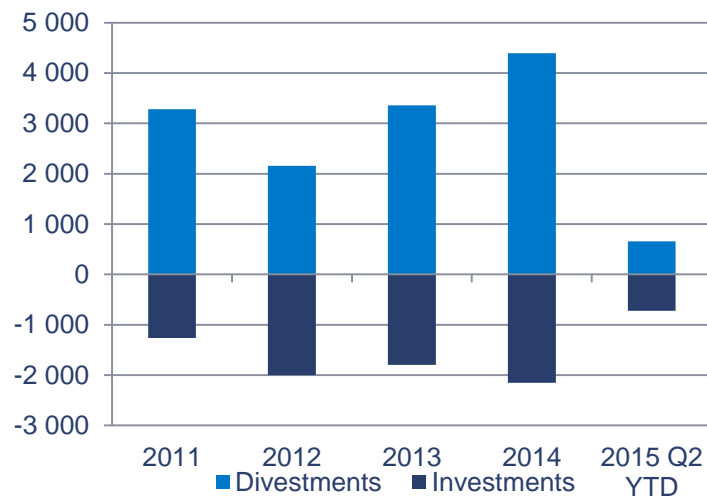


Result 2011 – 2015 Q2

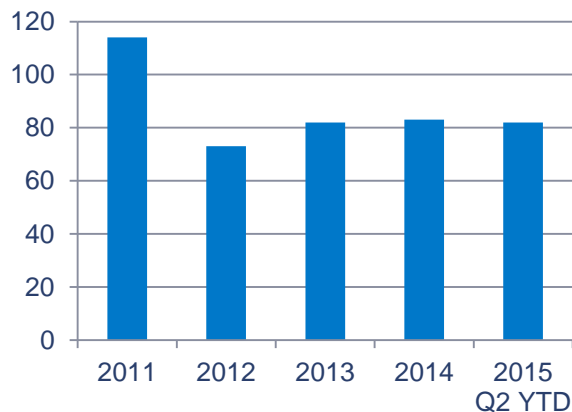
Capital employed and ROCE



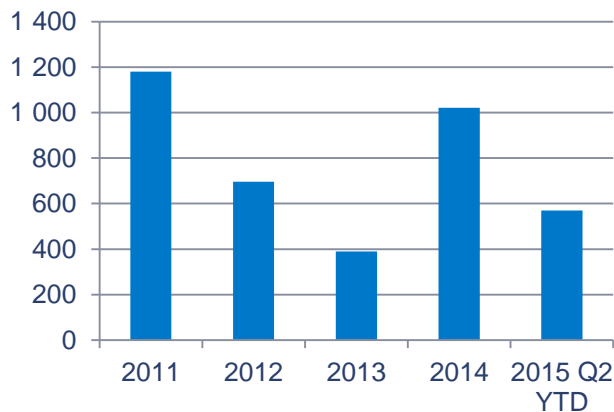
Investment and divestments



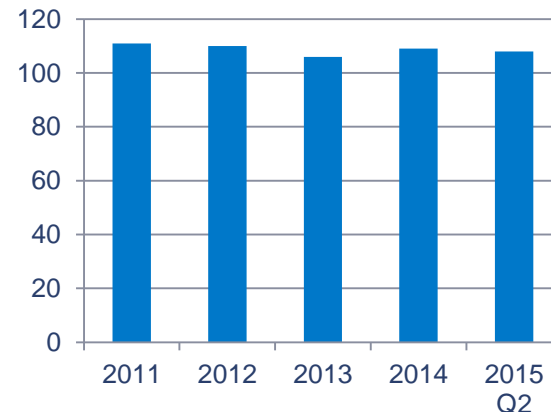
Leasing, thousand square meters



EBIT, SEK M



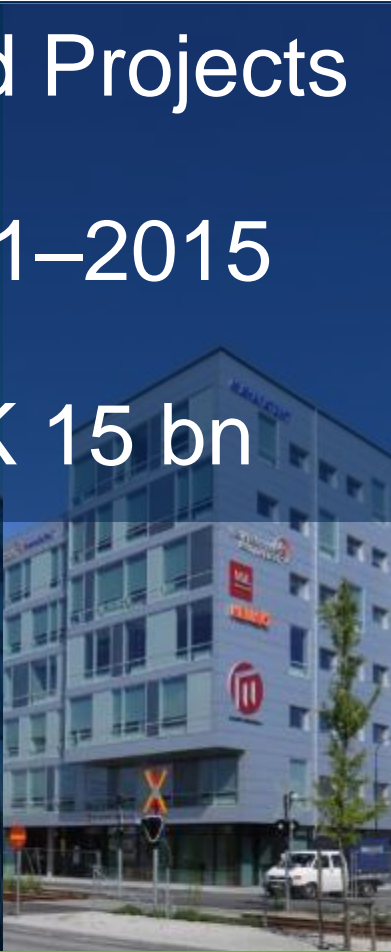
Number of employees



Sold Projects

2011–2015

SEK 15 bn



2011

2012

2013

2014

2015

SEK 4,555 M

SEK 2,068 M

SEK 2,167 M

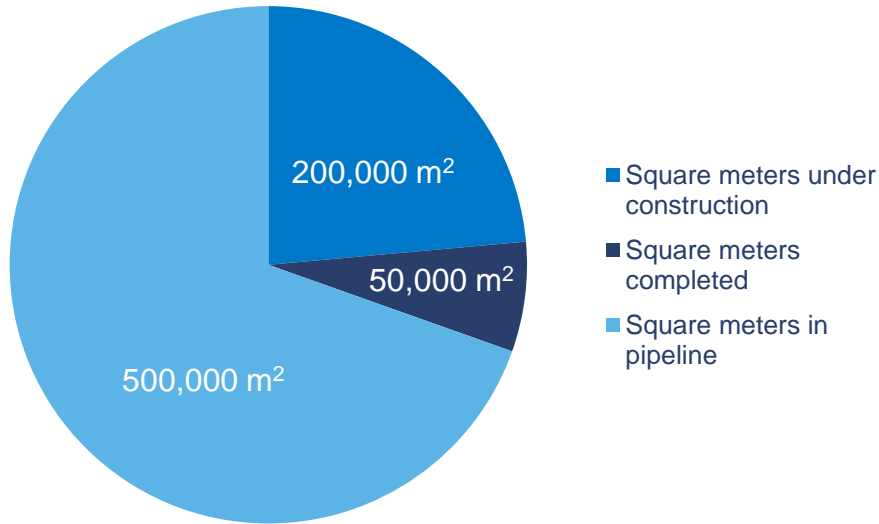
4,360 MSEK

SEK 1,907 M

Current portfolio

Square meters
under construction / completed / pipeline

Total of 750,000 m²



Gothenburg



Malmö



Copenhagen



Helsinki

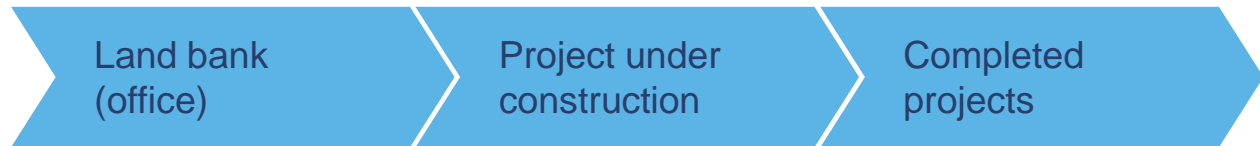


Oslo



Stockholm

Current portfolio



Stockholm	No of projects 5 Office 200,000 m ²	No of projects 2 Total investment 720 MSEK	No of projects 2 Capital employed 770 MSEK
Gothenburg	No of projects 3 Office 50,000 m ²	No of projects 6 Total investment 860 MSEK	No of projects 3 Capital employed 360 MSEK
Malmö	No of projects 2 Office 35,000 m ²	No of projects 4 Total investment 1.450 MSEK	No of projects 1 Capital employed 210 MSEK
Helsinki	No of projects 4 Office 50,000 m ²	No of projects 1 Total investment 200 MSEK	No of projects 1 Capital employed 220 MSEK
Oslo	No of projects 2 Office 30,000 m ²	No of projects 1 Total investment 570 MSEK	No of projects 1 Capital employed 120 MSEK
Copenhagen	No of projects 4 Office 130,000 m ²	No of projects 4 Total investment 1.814 MSEK	No of projects 1 Capital employed 29 MSEK

18 projects ongoing / 6 sold / 500.000 m² land

Example Prime Ongoing Projects



Seaside
Stockholm

- Office
- 16,000 m²
- Completion: Q4 2016



STUDIO
Malmö

- Office
- 21,000 m²
- Completion: Q4 2016



Sundtkvartalet
Oslo

- Office
- 30,000 m²
- Completion: Q1 2017



Öresund Strandpark
Copenhagen

- Residential
- 42,000 m²
- Completion: Q2 2018

Prime Future Projects



Stockholm New
Stockholm

- Office
- 40,000 m2
- Project Start: 2016



Talisman
Helsinki

- Office
- 9,000 m2
- Project Start: 2016



Copenhagen Highline
Copenhagen

- Office
- 25.000 m2
- Project Start: 2016



Gothenburg City Gate
Gothenburg

- Office
- 20.000 m2
- Project Start: 2017

Challenges

- High turnover in project portfolio
- New zoning plans
- Market conditions

Opportunities

- Strong organization
- Land bank
- Leasing and investor market

In summary

- Strong track record
- Solid organization
- Competitive land bank
- Keep market shares in Sweden
- Increase market shares in Oslo and Helsinki





Commercial Development Europe

Nicklas Lindberg
Business Unit President



Stockholm New, Sweden

Why Central Europe?

1

Strong market

- **Lot of liquidity** on the market
- **Healthy demand** from tenants
- Poland and Czech Republic perceived as mature markets
- Romania & Hungary **picking up** quickly

2

BPO/SSC leadership

- Key change from **back office to middle office**
- **Strong inflow of operations** from banks / financial institutions
- **Well-established partnerships** in the sector

3

Drive for innovation

- We are on the rapid journey and we **need keep with the market**
- **Innovation & work smarter** is our idea for the future growth
- One Skanska **enabling functions**

Country by country

Key facts:



Poland:

- Warsaw – business hub for CEE, Wrocław & Kraków has reached momentum, Poznań, Katowice & Łódź constantly growing
- Growth of the public sector and modern services drives leasing performance

Czech Republic:

- HQ offices (moderately sized leases) for local or CEE-based companies
- Once the building is leased, it's highly likely to find a buyer

Hungary & Romania:

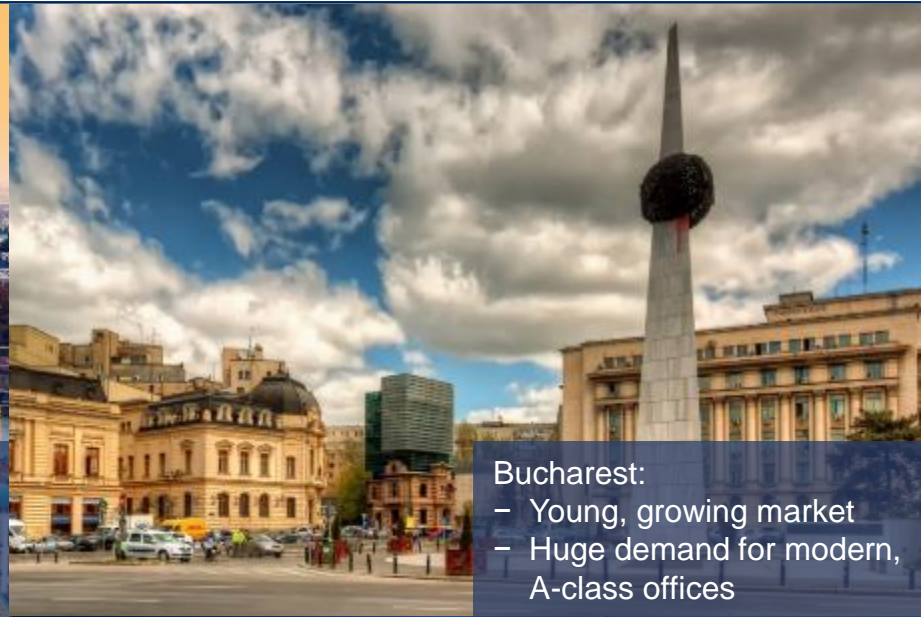
- Coming up from low levels but are gaining momentum now as there is an increasing BPO/SSC demand

Prime markets



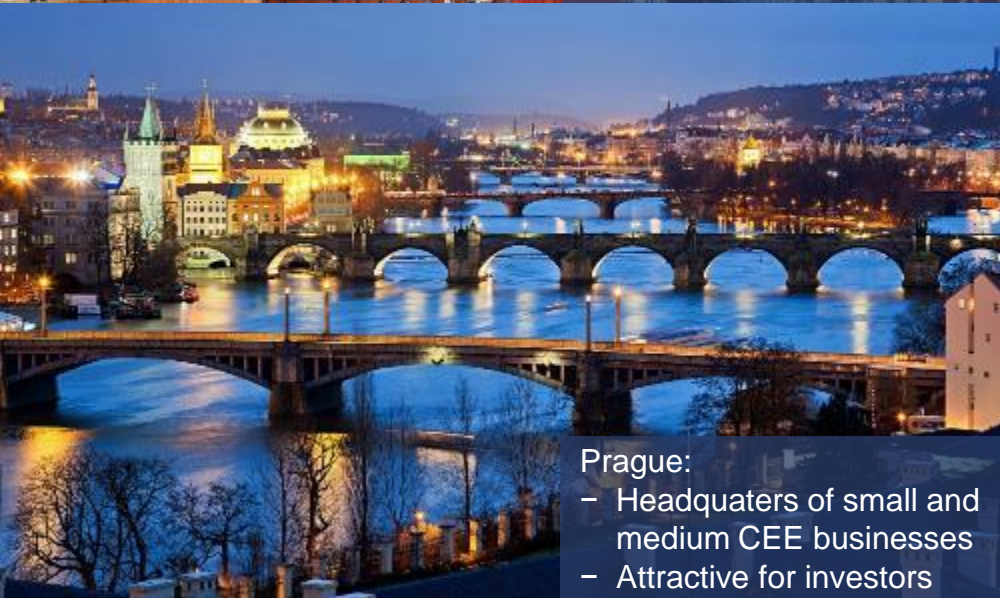
Budapest:

- Gaining up from low levels
- Front office IT outsourcing



Bucharest:

- Young, growing market
- Huge demand for modern, A-class offices



Prague:

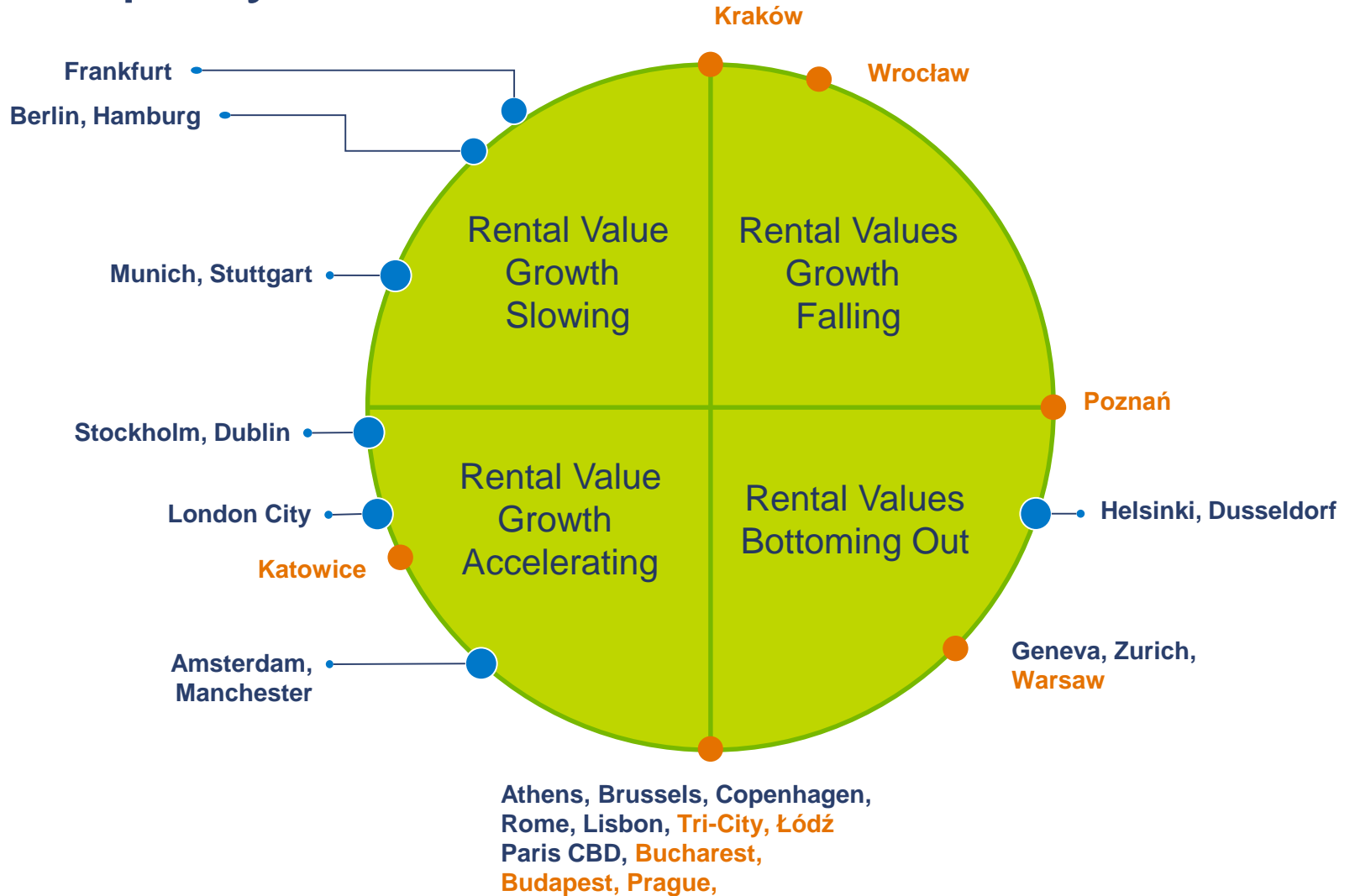
- Headquarters of small and medium CEE businesses
- Attractive for investors



Warsaw:

- Biggest market in the region (over 4,5 mln sqm)
- Public sector growth

Property Clock



Our clients

- **Modern services sector** will stay stable or grow and **remain our main client** (with 60-80% of growth generated by existing centers)
- **More advanced services** will be performed for CEE to develop as a middle office vs back office
- **New tenants: public authorities** moving from old, inefficient buildings to new offices with a lower cost of occupation
- Big corporate clients looking to increase efficiency of their work environment – **activity based workplace**



*ABSL Business Service Sector in Poland 2015



Acquiring & retaining great people is key

Risks and challenges:

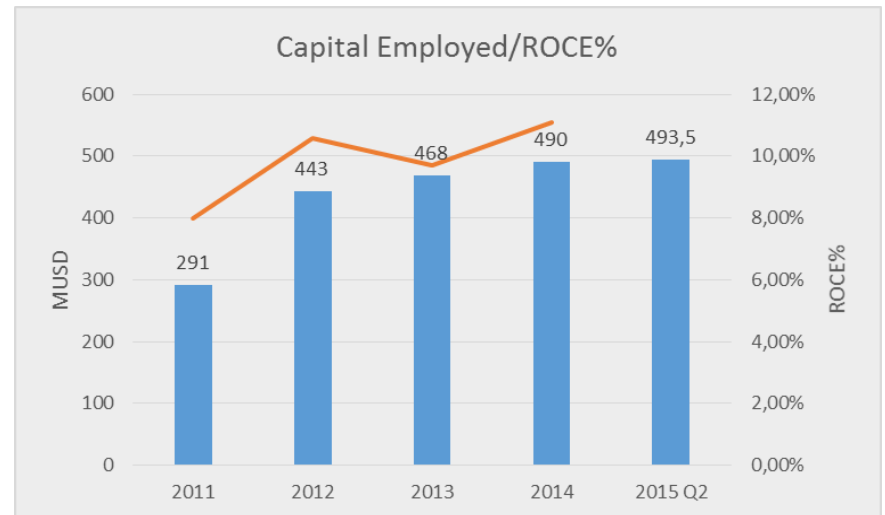
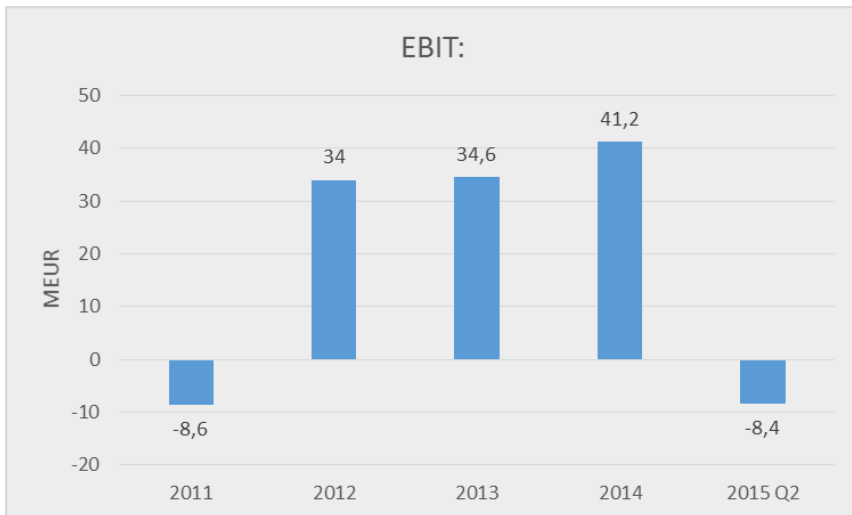
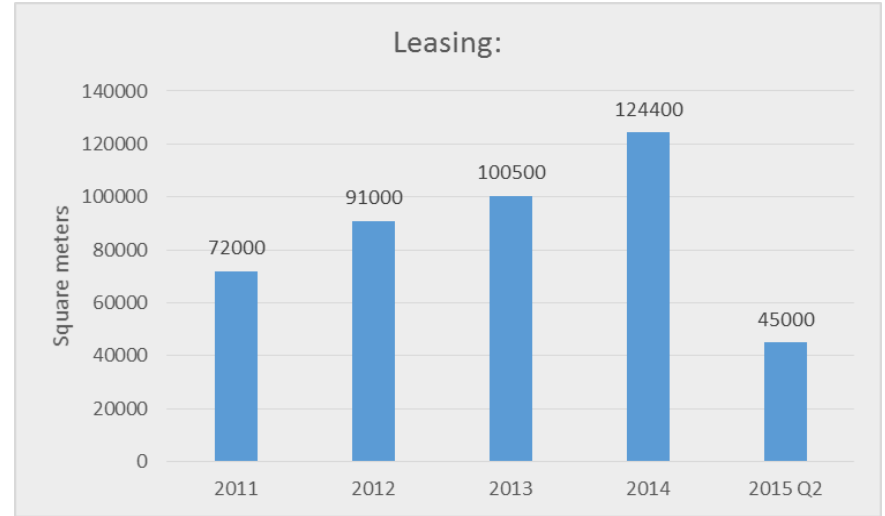
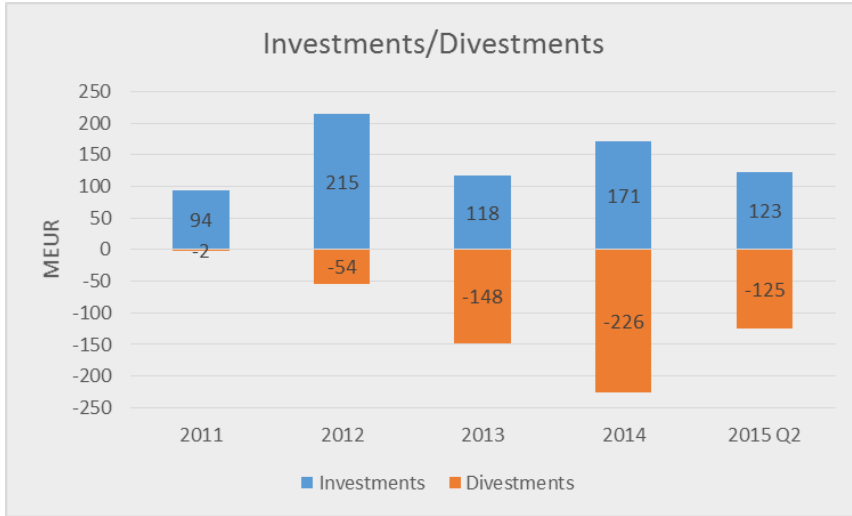
- **Keep the company culture** in a growing organization
- Getting people **ready to deliver** and understand what creates value
- Process management **balanced** with creativity, innovation and flexible approach
- How to **retain best people** – more independent generations, more competitive labor market and mobility

CD Way of Working



- The increased investment rate requires focus on risk management
- Key Clients management strategy
- A system supporting pipeline growth
- Easy to maintain and develop:
 - Supporting and educating system for newly employed
 - Supporting system for senior people

Our results 2011–2015



Track record in CEE

530 000 sqm delivered

170 000 sqm ongoing

320 000 sqm planned

CDE selected project status

Land bank	Projects under construction	Completed projects	Sold projects
Generation Park 85,000 sqm	Atrium 2 20,000 sqm	Malta House 15,500 sqm	Atrium 1 17,000 sqm
Wolska 6 70,000 sqm	Axis 19,200 sqm	Silesia Business Park A 11,500 sqm	Green Court Bucharest A 19,500 sqm
Green Day 2 16,000 sqm	Corso Court 16,400 sqm	Kapelanka 42 A 18,000 sqm	Riverview 7,500 sqm
Five 14,000 sqm	Green Court B 17,600 sqm		Green House 30,000 sqm
Parkview 16,000 sqm	Nordic Light 26,200 sqm		Green Day 15,500 sqm
Green Court Bucharest C 12,000 sqm	Maraton 25,000 sqm		Green Horizon 33,300 sqm
City Gate 35,000 sqm	Silesia Business Park B 11,500 sqm		Dominikanski 40,000 sqm

Total transaction volume in 2014 exceeded **EUR 330 M & 125 000 sqm**



Green Court Bucharest A

44 MEUR, 19 500 NLA SQM
Buyer: Globalworth Real Estate Investments LTD



Riverview, Prague

20 MEUR, 7 000 NLA SQM
Buyer: Invesco Real Estate



Green House, Budapest

36 MEUR, 17 800 NLA SQM
Buyer: Torony Real Estate Investment Fund



Kapelanka 42 A, Cracow

29 MEUR, 11 700 NLA SQM
Buyer: Invesco Real Estate



Green Horizon, Lodz

66 MEUR, 33 000 NLA SQM
Buyer: Griffin Real Estate



Dominikański, Wroclaw

117 MEUR, 40 000 NLA SQM
Buyer: Union Investment

Ongoing
CDE Projects
Total:
170,000 sqm



Nordic Light
Hungary, Budapest
Q3 2016
26,200 sqm



**Green Court
Bucharest**
Romania, Bucharest
Q4 2016
52,000 sqm



Dominikański
Poland, Wrocław
Q3 2015
38,000 sqm



**Silesia
Business Park**
Poland, Katowice
Q3 2015
48,000 sqm



**Corso
Court**
Czech Republic, Prague
Q3 2015
17,000 sqm



Axis
Poland, Kraków
Q3 2016
20,000 sqm



Maraton
Poland, Poznań
Q4 2016
25,000 sqm



Atrium 2
Poland, Warsaw
Q1 2016
20,000 sqm

Prime Future Projects

More than 300,000 sqm



Five
Czech Republic, Prague
2018
15,000 sqm



City Gate
Poland, Łódź
2018-19
32,000 sqm



Generation Park
Poland, Warsaw
2018-2020
84,000 sqm



Pawia
Poland, Kraków
2018-2022
70,000 sqm



Nordic Light 2
Hungary, Budapest
2016
25,200 sqm

Challenges

- Future land bank, lack of easy plots on the market
- Easy money on the market-competition catching up

Opportunities

- Macro economical stability in the region
- Strong inflows of foreign capital
- Domestic investment funds becoming active

Summary

- Stable macroeconomic situation and market growth
- Favorable market conditions and prospect tenants segments bring continued opportunities
- Well-established structures within the region, all countries delivering

