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Skanska sells ongoing property projects in Sollentuna and Malmö to group of pension funds

Skanska has entered into an agreement to sell two ongoing projects, a detention center in Sollentuna outside Stockholm and a police building in Toftanäs outside Malmö. The combined floor space totals 40,600 square meters, making it one of the largest property transactions in Sweden this year.

The buyer is a consortium of pension funds belonging to seven leading Swedish companies, namely Atlas Copco, Apoteksbolaget, Ericsson, Sandvik, Skanska, Stora Enso and Volvo.

Skanska's investment in the two properties amounts to SEK 1.25 billion. It is estimated that approximately 65 percent of the investment will have been completed by the end of 2009. In accordance with Skanska's information policy, the sales gain for commercial development properties under construction is not disclosed. The development gain is reported quarterly in pace with completion of the project. Possession of the properties will be taken upon completion of the projects in autumn 2010.

"The transaction clearly demonstrates Skanska's ability to utilize the Group's collective expertise in the areas of construction, project development and financing. I cannot imagine a better example of a win-win situation – the purchasers receive fully leased properties with stable and long-term tenants, public authorities and users gain access to state-of-the-art premises and Skanska's shareholders take satisfaction from construction and development gains," says Johan Karlström, Skanska's President and CEO.

Skanska's financial specialist unit Skanska Financial Services took the initiative to gather the pension funds and create the new consortium that is making the property investment.

"This is a very attractive solution. The properties are a favorable investment, offering us an effective matching of our pension commitments. It also means that a portion of our assets is hedged against inflation," says Christian Haglund, manager of Atlas Copco's pension fund.

“For us at Skanska’s pension fund, there has long been an interest to invest in modern properties with stable tenants and long leases. When we put the question to other major Swedish pension funds it was revealed that they shared this interest,” says Jonas Granholm, manager of Skanska’s pension foundations.

The detention facility in Sollentuna is being developed and is owned by Skanska Sweden. It constitutes part of a newly established judicial center for northern Stockholm and is adjacent to the police headquarters and the new district court in central Sollentuna. The building, which includes administrative premises and a detention center, comprises a total of approximately 23,600 square meters. Construction began in January 2008 and the building is scheduled for transfer in September 2010. The entire property is leased to the Swedish Prison and Probation Service on a 25-year contract.

The police building in Malmö is being developed and is owned by Skanska Öresund, which is part Skanska Commercial Development Nordic. The police building for operating units in Malmö is located in Toftanäs, about seven kilometers east of central Malmö. The building, comprising approximately 17,000 square meters, houses offices, garages, workshops and a sports center. Construction started in September 2008 and it is scheduled for completion in June 2010. The entire property is leased to the Police Authorities in Skåne on a 25-year lease.

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