

Press Release

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Skanska sells newly developed real-estate project in Budapest – at a gain of SEK 300 M.

Skanska is selling all three phases of the West End Business Center project in Budapest to a group of German insurance companies for EUR 66.5 M (SEK 630 M). Payment will be made during the first quarter of 2002. Skanska's gain on this sale amounts to approximately SEK 300 M.

This sale is being effected at a yield of 9 percent, which is confirmation of the continuing decline in yields in Central Europe.

"This level of return demonstrates the profit potential of Skanska's project development operations in Central Europe," says Fredrik Wirdenius, President of Skanska Project Development Europe. "The sale also shows that this is a highly attractive market for the commercial real-estate development, and that Skanska's long-term strategic investment in cities in Central Europe is the right policy."

The West End Business Center has a total floor space of 28,000 square meters, of which 2,000 square meters is retail premises. The Center was developed and built by Skanska in stages from 1999 to 2001. The site was acquired in 1997. The largest tenants are Ernst & Young, Dresdner Bank and Diago/United Distillers/Guinness, and 85 percent of the Center has been rented.

The group of German insurance companies is acquiring all the shares in the three separate property companies that own each phase in the West End Business Center project. This office center will be part of a Central European property fund that is in the process of formation and in which the insurance companies are major stakeholders.

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