

Summary of property market activities in Sweden

- Investment market: Several large deals
- Indirect market: Important info
- Rental market: Some lettings
- Retail market: Limited information
- Other information: Various information

Investment Market

British **Resolution Property plc** is selling its Swedish holdings to German fund **Oppenheim** for BSEK 2.64 (MEUR 289). The portfolio contains five retail parks in Stockholm (Barkaby and Länna), Gothenburg, Borås and Helsingborg. Oppenheim has previously bought office and retail properties in the Stockholm region.

Tornet has signed an agreement including the whole of its Norrland holdings and 16 properties in Västerås to Danish investor **Keops**. Agreements have also been reached for sale of properties in Gävle, Kungsbacka, and Mölndal. The total sales price for the agreements made amounts to MSEK 1,768 (MEUR 193). The initial yield is said to be slightly below eight percent.

Keops has also bought properties in Södertälje and Uppsala from **Whitehall Funds** for an estimated MSEK 1,000 (MEUR 109).

Norwegian asset manager **Acta** has bought BSEK 1.6 (MEUR 175) worth of properties from **Blackstone**. The deal comprises headquarters of Electrolux in Stockholm, headquarters of the Swedish Social Insurance Administration and Ericsson's premises in Lund. Following the deal Acta now owns properties in Sweden for BSEK 17 (BEUR 1.86).

The Swedish property fund **Sveafastigheter** has bought **Norrporten's** portfolio of five commercial properties in Karlstad for MSEK 775 (MEUR 85). The 74,000 sq. m. are centrally located and houses among others public institutions on long leases.

Wihlborgs has sold two properties in central Stockholm to the German fund **DIFA** for MSEK 750 (MEUR 82). The properties, containing 21,715 sq. m., are situated at Norra Stationsgatan and were bought by Wihlborgs from Diligentia last year.

Kungsleden is buying 27 properties from **ICA** for MSEK 580 (MEUR 63). Total space is 57,000 sq. m. and annual rental value is MSEK 56 (MEUR 6.1). Following the deal, ICA is signing new leases on the properties with an average lease period of eight years. The initial yield is said to be 7.25 percent.

Finnish plc **Citycon** has made its first international acquisition and bought 75 percent of the shares in the shopping centre **Åkersberga Centrum**, northeast of Stockholm. Seller is the local municipality. The centre is valued to MSEK 440 (MEUR 48). The current 33,000 sq. m. are to be expanded to 50,000, out of which 63 percent will be shopping space. Annual income return upon completion is said to be around 9 percent. Citycon will acquire the remaining 25 percent of the shares upon completion of the expansion.

State-owned regiment-property developer **Vassallen** is selling five converted regiment areas to a

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private investment company, **Frösundaviksparken**. The price is said to be MSEK 310 (MEUR 34) for the areas situated in Härnösand, Sollefteå, Falun, Kristianstad and Ystad.

Castellum has made a number of transactions in the last couple of weeks. 13 commercial properties has been acquired in Västerås for MSEK 212 (MEUR 23.2). Furthermore, Castellum has sold three residential properties in Helsingborg for MSEK 74 (MEUR 8.1) and a few minor deals.

Masmästaren is on its way of becoming the largest property owner in the region of Dalecarlia. In the last couple of months, acquisitions have been made for MSEK 255 (MEUR 27.9). The company now has properties worth of MSEK 1,850 (MEUR 202.4) and lettable space of 255,000 sq. m. About half the space is residential properties. Half the portfolio is situated in Falun, the largest city in Dalecarlia.

Akelius has bought 477 apartments for MSEK 187 (MEUR 20.5) in Luleå in northern Sweden. Vendor is municipal housing company **Lulebo**.

Fabege has sold two properties for MSEK 94 (MEUR 10.3), one mixed property in Älvsjö (Stockholm suburb) and one office property in Södertälje.

Aberdeen has on behalf of **Nordea Life** sold a residential property in Stockholm for MSEK 40 (MEUR 4.4) to a tenant housing cooperative.

Indirect market

Catella, along with AP Fastigheter, Fabege, Humlegården, Klöver, Persson Invest, LRF and Backahill (i.e. Erik Paulsson) is planning for a new listed property company. The company is to be named **Diös** (previously the name of a former plc developer/property company bought in 2000 by AP Fastigheter). The company is to focus on properties in northern Sweden. The founding companies will put their northern properties into the company that is expected to have BSEK 1.8 (MEUR 196.1) worth of properties by the year-end. The IPO is planned for early next year.

Brinova is changing its strategy from a property company primarily focused on logistics to become a more diverse property investor. The intention is to promote new investment opportunities in the property market, ranging from property bonds to control positions in other listed property companies. Erik Paulsson of Fabege will transfer most of his ownership in other companies to Brinova where he will have 48 percent of the capital and 29 percent of the votes. Brinova is thus set to get a key role on the Swedish property market.

Tornet is to distribute BSEK 1.5 (MEUR 164.1) to its shareholders for the year 2004. This corresponds to SEK 58 (EUR 6.34) per share, in relation to the share price of SEK 198 (EUR 20.68). In addition, the equity is to be reduced by reducing the nominal value of the shares from SEK 50 to SEK 10 per share.

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Rental market

Vasakronan has made several lettings in Infra City, the business park on the way to Arlanda. Steel company **Ovako** will locate its headquarter there and the moving in is scheduled for later this autumn. Furthermore, Electronics producer **Samsung** has signed an agreement with Vasakronan for 2,000 sq. m. in Infra City.

Skanska has signed a 10-year rental agreement with mobile operator **3**. **3** is to lease 9,700 sq. m. at Lindhagensplan, on outer Kungsholmen in central Stockholm. Moving in is due by year-end.

Akademiska Hus has signed an agreement on letting 5,000 sq. m. to EU's new authority on infectious disease control, **ECDC**. The premises are situated on the hospital campus of Karolinska Sjukhuset in Solna just north of central Stockholm.

Retail property market

Aberdeen has on behalf of **Alecta** signed a new rental agreement with food retailer ICA Maxi for the shopping centre **Giraffen** in Kalmar. Following the agreement, Giraffen will be expanded with another 10,000 sq. m. in addition to the current 44,000 sq. m.

Danish investor **IBI** is expanding the external shopping center Knuby Torg in Norrtälje. So far, additional space of 10,000 sq. m. has been added, creating big boxes for Willys (food), Blomster-

landet (gardening), Rusta (home improvement), Intersport and Jysk (bedrooms).

Part of the **Malmö Exhibition & Convention Center** is to be converted into a ICA food store of 6,000 sq. m. The properties are owned by **Diligentia**.

Other information

Aberdeen Property Investors Property Fund Sweden was launched in May. The core plus fund is to invest in office, retail, residential and logistics, thus creating a balanced asset mix. The objective is to outperform the Swedish IPD index, creating an expected annual total return of 10-12 percent in the coming five years. Including gearing, the expected return on equity is 19-24 percent p.a. The first closing is intended for October/November. The fund is open to both Swedish and international investors.

Aberdeen is to managed German insurance group **Allianz's** first acquisition in the Nordic market. The CBD-located property, containing some 21,000 sq. m. was bought earlier this year. Aberdeen is intended to assist Allianz also in other future investments in the Nordic markets.

Aberdeen has assigned **Alessandro Bronda** as head of European research within its Investment Strategy team. Mr. Bronda was previously head of research at **Catella**.

According to **JLL**, the vacancy rate was largely unchanged in Stockholm during Q1. CBD is

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reported to have a vacancy rate of 12.4 percent while greater Stockholm is a 17.6 percent. Rent levels are currently stable, but JLL expects rent increases for good premises in the CBD this year. Due to the lack of good and centrally located premises in both Gothenburg and Malmö, there may be rent increases for such space also in these regions.

Skanska's office index is now indicating that the number of companies in need of additional office space in the coming year is larger than the number of companies with excess space. 39 percent of the responding companies intend to increase employment rolls. 15 percent reported intentions of increasing its space while 12 percent intended to decrease its space. 73 percent of the companies intend to retain the current amount of space.

The **Nordic IPD** index reported a total return of 6.6 percent in 2004 measured in local currency. In EUR terms, the return was 7.3 percent and 16.7 percent in USD terms. The index is a weighted index of the national indices of Sweden (44%), Finland (21%), Denmark (19%) and Norway (17%).

Norwegian **Acta** is in the process of acquiring residential property company **Markarydsbostäder**. The company has around 490,000 sq. m. of residential space; a little more than 6,000 apartments and some 42,000 sq m. commercial space. The portfolio is located to Märsta, Uplands-Bro, Vårby Gård (all three in greater Stockholm), Södertälje, Norrköping, Markaryd and Landskrona.

Retailer **Coop**, the largest in the Nordic region, intends to sell one third of its property holdings. The properties, located in Sweden, Finland and Denmark, has a book value of BSEK 7 (MEUR 765.9), with a substantially higher market value.

Ramsbury is to reconstruct a property in central Stockholm, close to Hötorget. The total project is for 26,700 sq. m. of office and shopping space. Ramsbury is owned by Hennes & Mauritz main shareholder, **Stefan Persson**.

Mats O. Sundqvist, the financier with large holdings in Fabège, Wihlborgs and Klöver, has bought Norrportens's 20 percent stake in property company Norrvidden.

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