

Press Release

11 July 2014 – 8.30 a.m.

Peab further develops Project Development's operations

- **Advanced business model for Project Development**
- **Disposal of Varvsstaden**
- **Presentation of development rights portfolio**
- **Financial effect, operation profit + SEK 100 million, employed capital under SEK 500 million during the third quarter**

Advanced business model for Project Development

One of the measures in Peab's action plan, carried out in the autumn of 2013, was to hasten the turnover rate in order to achieve a better balance between tied up capital and profit generation. The first step in this work was to transfer housing development from Business Area Construction to Business Area Project Development in order to improve focus from an organizational perspective.

We have continued to work to develop Project Development's business model and this has entailed, among other things, a more clearly defined strategy and a review of the project development portfolio.

In regards to our strategy Peab's primary ambition is to work with development projects based on development rights we have on our own balance sheet. Collaboration with other partners via joint ventures may take place from time to time during a project. This might occur already when land is purchased, or when we begin to develop a property or later on the development process. The decision regarding when to start up a collaboration and with whom is governed by how much capital a project needs, the opportunities for work for Peab's construction operations and what expertise is required to realize the project. The goal is to create capital efficient developments with partners that bolster business and profit generation.

Disposal of Varvsstaden

As part of this strategy a partnership has been formed with Balder to further develop Varvsstaden in Malmö. This collaboration will be created by selling Varvsstaden in its entirety to development company Centur which is jointly owned by Peab and Balder. Varvsstaden contains future development rights for 350,000 square meters of housing and commercial space. The project is aimed at developing a new city block in Malmö where Kockum's once had its shipyard.

Presentation of the project development portfolio

After the disposal of Varvsstaden housing in the development rights portfolio are allocated per den 30 June 2014 as shown in the table below:

Homes (number)	
Development rights on our own balance sheet	approx. 15,500
Development rights via joint ventures	approx. 6,900
Development rights via options etc.	approx. 6,100
Total	Approx. 28,500

Peab's project development portfolio consists of directly owned or indirectly owned property and projects. The total amount of capital employed in the Business Area Project Development on 31 March 2014 was SEK 11,365 million and allocated as shown in the table below (including Varvsstaden):

Employed capital BA Project Development (MSEK)	
Project and exploitation property	7 068
Shares in joint ventures	772
Financial statements and other	3 525

On 31 March 2014 booked values for project and exploitation property of MSEK 7,068 were allocated as shown in the table below (including Varvsstaden):

Housing development	4,036
- of which development rights	3,645
- of which shares in tenant owner associations or the like	391
Property development	3,032
- of which investment properties	1,387
- of which projects under construction	888
- of which commercial development rights	757
Total Project and exploitation property	7,068

Financial effect

There are major variations in timetables for planned developments in the portfolio and in connection with the review certain values have been corrected to better reflect the time aspect and the market conditions in different geographic markets for these projects.

The affect on operating profit of these changes and transactions including the disposal of Varvsstaden is SEK 100 million and entails a reduction of consolidated capital employed of around SEK 500 million. The affects will be presented in the third quarter 2014.

Peab AB discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 11 July 2014 at 8.30 a.m.



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