

TK Development has entered into an agreement to sell the “Strædet” retail project in Køge

Summary:

- *TK Development has entered into an agreement to sell “Strædet”, a retail project in Køge, Denmark, comprising premises of about 19,000 m².*
- *The project will be sold to Citycon, a leading Finnish real estate company operating in the Nordic region.*
- *TK Development maintains its profit estimate for the 2014/15 financial year.*

The “Strædet” retail project in Køge to be sold to Citycon

TK Development has entered into an agreement to sell “Strædet”, a retail project in Køge, Denmark, comprising premises of about 19,000 m² as well as parking areas of about 13,000 m². The project will be handed over upon completion of construction, and the parties have agreed to calculate the price on the basis of a rate of return of 6.25 %. The selling price is expected to be in the DKK 560 million range.

TK Development has been developing the Køge-based “Strædet” project over the past few years. The project forms part of a major development project that Køge Kyst (a company jointly owned by Køge Municipality and Realdania) is executing in the central part of Køge.

TK Development has exercised the right to buy part of the project area under a previously concluded conditional agreement, and will acquire the remaining area now, in connection with entering into the agreement with Citycon.

Designed to high architectural standards, the project has been adapted to the old part of Køge and thus naturally complements the town’s existing environment. Årstiderne Arkitekter have designed the project, which will be integrated with Køge’s main shopping street, forming part of a loop linking Torvet (the central square) with Køge Station and Kulturtorvet, which will house a planned cultural centre and cinema.

The project will consist of premises of about 19,000 m² as well as parking areas of about 13,000 m². The project will comprise about 38 retail units, of which two have been let to supermarket operators (Irma and Fakta), as well as a mix of other retail stores, including fashion and home furnishing stores, cafés and a six-screen cinema let to Nordisk Film.

Apart from the share sold to Citycon, the overall project includes an extension of the town hall of about 3,000 m² and a rehabilitation centre of about 6,000 m² (both sold to Køge Municipality) as well as residential units of about 6,300 m², to be sold as owner-occupied apartments to private users.

Headquartered in Helsinki, Finland, and specializing in grocery-anchored retail shopping centres, Citycon is the no. 1 shopping centre owner in Finland and Estonia and among the market leaders in Sweden.

Citycon is a leading owner, manager and developer of urban grocery-anchored shopping centres in the Nordic and Baltic regions, with assets under management totalling approximately EUR 3.3 billion and a market cap of approximately EUR 1.6 billion.

With this acquisition, Citycon will expand its platform in Denmark.

TK Development expects to start construction of the retail project in Køge in early 2015, with the opening scheduled for spring 2017. The project will underpin long-term earnings and impact profits in the 2017/18 financial year.

Profit estimate

The Group maintains its profit estimate of about DKK 40 million before tax for the continuing activities for the 2014/15 financial year.

The Group expects to announce its profit estimate for 2015/16 at the same time as publishing its preliminary announcement of financial statements for 2014/15.

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