

TK Development sells 65 % of the BROEN shopping centre project in Esbjerg, Denmark

Summary:

- *TK Development has conditionally sold 65 % of its 29,800 m² development project in Esbjerg.*
- *The project has been sold to CapMan Real Estate, which will join the project as a partner in the development phase.*
- *Construction is expected to start in spring 2015 and to be completed in spring 2017.*

Conditional sale of 65 % of the BROEN shopping centre project in Esbjerg

TK Development has conditionally sold 65 % of its shares in the company owning the BROEN development project in Esbjerg to CapMan Real Estate. At the same time, TK Development has entered into a letting and development agreement with the project company, which means that TK Development will be in charge of the continued development, letting and construction of the project.

The agreement with CapMan Real Estate is subject to the condition that a so-called CSM approval of the project is obtained; see below.

CapMan Real Estate manages four real estate funds and is part of CapMan Group - one of the European leaders in the private equity industry. CapMan has 25 years of experience in developing companies and real estate and supporting their sustainable growth. The latest CapMan Nordic Real Estate Fund has DKK 2.0 billion of equity, of which 25 % has already been invested and committed to transactions in Denmark.

The 29,800 m² shopping centre will comprise about 70 stores. TK Development has received good backing from future tenants throughout the development process and has currently concluded lease agreements for more than 60 % of the premises.

A building permit has been granted for the shopping centre, but before construction can start, the project must undergo a validation and approval procedure to ensure safe railway operations, etc. (CSM approval).

A conditional agreement has been made with the design build contractor KPC regarding construction of the shopping centre. Various preliminary construction works have been carried out, and actual construction is expected to start in spring 2015, with the opening scheduled for spring 2017.

The project sale will have no immediate impact on the Group's results. The project earnings relate to the earnings potential on the remaining 35 % ownership interest, to which must be added continuous fee income from letting and project development that will be recognized in step with the letting of the remaining premises and construction of the centre.

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