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Citycon to Acquire a Shopping Centre and Retail Property in Umeå, Sweden

Citycon has today signed an agreement to acquire 75 per cent of the shares in the Swedish real estate company Balticgruppen Handels AB from Balticgruppen AB for approximately SEK 490 million (ca EUR 53.3 million). The real estate company owns the shopping centre Strömpilen and the Länken retail property in Umeå, the most rapidly growing urban community in northern Sweden. The acquisition also offers the opportunity for a major expansion and development of both properties. The deal is subject to customary closing conditions such as municipal approvals and is expected to close by the end of July. This investment is expected to be accretive to Citycon's future earnings per share.

Shopping centre Strömpilen is the leading shopping centre in Umeå, with a commercially outstanding location close to the city centre and university campus area. Its gross leasable area is around 25,000 square metres, comprising some 22,300 square metres of retail premises. A two-phase expansion project is planned for the shopping centre. The first phase, an extension worth approximately EUR 14.5 million, involves the development of the property and an increase in the leasable area by some 5,000 square metres. The planned second phase will further expand the shopping centre area by around 20,000 square metres.

The shopping centre's anchor tenant is the hypermarket ICA Maxi, other tenants include strong, well-known chains such as Systembolaget, the Swedish alcohol monopoly, Elgiganten, the electronics and home appliance retailer, and the clothing retailers, Lindex and H&M. Preliminary figures for 2006 suggest that some 2 million customers visited the shopping centre, generating total sales (incl. VAT) of over SEK 600 million. The centre's occupancy rate is close to 100 per cent.

Länken is a modern retail property located in the Ersboda Retail Park area, close to Umeå city centre. The property consists of two buildings, with a total leasable area of about 7,200 square metres. There is also the possibility to expand Länken with a new building of some 5,000 square metres. At present, both buildings have one tenant: Willy's (Axfood) and the hardware store, Jula. The occupancy rate is 100 per cent and the number of parking spaces 190.

“As a growing university city, Umeå fits well in our strategy to focus on large cities and growth centres. This city can be characterised as the economic engine of the whole of northern Sweden with a population of over 111,000, and growing steadily”, says Ulf Attebrant, Citycon's Vice President, Swedish Operations. “Strömpilen and Länken properties are also strategically ideal for Citycon's property portfolio, as they offer solid cash flow and outstanding development opportunities.”

Umeå is a new territory for Citycon in Sweden, in addition to the Stockholm and Gothenburg areas, where the retail sales have grown by almost 35 per cent over the last three years. Including Strömpilen and Länken, Citycon owns 15 shopping and retail centres in Sweden.

Helsinki, 25 May 2007

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