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Bostads AB Drott acquires nearly 1,000 apartments in Umeå

Bostads AB Drott is expanding its operations to Umeå, one of Sweden's fastest-growing cities. An agreement has been reached with Norrporten to acquire all the shares in Norrporten Bostäder i Umeå AB effective June 1, 2004.

The acquired company owns 39 properties with total rental space of 83,000 square meters, 80 percent of which is residential. The portfolio contains 971 apartments, which will ensure the Group of management efficiencies. Annual rental revenues are estimated at SEK 70 M.

The agreed purchase price for the shares gives the property portfolio a consolidated acquisition value of SEK 676 M, of which SEK 61 M is deferred tax. The acquisition will generate a direct yield of approximately 6.5 percent in the first year.

The acquisition of this property portfolio expands Bostads AB Drott's operations to all six of Sweden's largest growth regions. The Group owns residential properties in Stockholm, Gothenburg, Malmö, Lund, Uppsala and now Umeå. The portfolio in Umeå will account for approximately 7 percent of both the Group's total apartment portfolio and its total rental revenues per year.

Norrporten's property portfolio in Umeå consists of 150 000 square meters rental space after this sale.

Comment from Bostads AB Drott President Daniel Skoghäll: "The company's goal is to expand operations geographically to other growth regions. We are very pleased that we could take this step so quickly and add Umeå as a new area for our operations. Because of its size, we will be able to efficiently manage this portfolio and become an active player in Umeå. Our decision was influenced by the willingness on the part of the municipal authorities, local businesses and the city's university to work together to achieve future growth, and we want to play a part in that."

Comment from Norrporten President Anders Wiklander: "The sale of this portfolio, which comprises mainly residential properties, is in keeping with our strategy. Norrporten's mission is to own and manage commercial properties in growth areas outside Sweden's metropolitan regions. For us, it was important to find a serious, long-term buyer for this portfolio, which we have now succeeded in doing. Through this sale, we increase our capacity for future acquisitions."

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Bostadsaktiebolaget Drott (publ) owns, manages and develops residential properties in Sweden's growth regions. The Group's property portfolio comprises a total of approximately 1,020,000 sq. m. of rentable space, of which about 868,000 sq. m. is residential. In all, the portfolio contained 12,435 apartments as of April 30, 2004. The company's shares will be listed on the Stockholm Stock Exchange's O-list as of May 6, 2004.

