

The city council of Jyväskylä has resolved to initiate the Hippos2020 project together with the consortium of Lehto and Fennia

Lehto Group Plc
Stock exchange release
29 May 2018 at 7:00 am EEST

The city council of Jyväskylä decided on 28 May 2018 in its meeting to initiate the Hippos2020 project together with consortium of Lehto Group Plc ("Lehto") and Fennia Asset Management Ltd ("Fennia") and accepted the main principles of the agreements and plans of the project.

The Hippos2020 project seeks to build a center for sports, physical education, health promotion and well-being in Jyväskylä. The total size of the project is approximately 160,000 gross square meters which includes approximately 50 % of sport premises.

According to the city council's decision the city of Jyväskylä shall establish jointly with Lehto, Fennia and other investors a Real Estate Company Hippos that will own and govern the Hippos2020 center. According to the plan, the city of Jyväskylä will invest EUR 28-34 million and Lehto, Fennia and other potential investors will invest jointly approximately EUR 60 million. The remaining approximately 50-60 percent of the financing need shall be covered by debt.

The development project will continue by lease negotiations with the anchor tenants and financing negotiations with financiers. After drafting the financing agreements all the agreements shall be introduced for acceptance to the boards of the investor consortiums and the city council of Jyväskylä and further on to the building permit procedure. The aim is to initiate construction works in the early 2019.

Lehto's leading role in the project is to function as the "design and build" contractor and hence carry the responsibility for both designing and building. Lehto has also agreed to invest REC Hippos EUR 10-25 million in equity.

The project includes normal uncertainties that can be found in all real estate development projects such as gaining financing or finding tenants and the level of the tenants commitment. It is possible that the project will not be carried out as planned. The progress of the project has no impact on the outlook for 2018 previously published by Lehto Group.

Further information:

Timo Reiniluoto
Lehto Group Plc
EVP, Business Support Services
+358 40 550 1656
timo.reiniluoto@lehto.fi

www.lehto.fi

<http://hippos2020.fi/fi/>

Lehto is the fastest growing construction and real e group. We operate in four service areas: Business Premises, Housing, Social Care and Educational Premises, and Building Renovation. We are the innovator and pioneer of the construction sector. Our economically driven operating model makes construction more profitable, ensures the quality of construction and brings significant time and cost savings to the customer. We employed around 1,300 people (Q1 2018). Our net sales for 2017 amounted to EUR 598 million.