

# Citycon Full Year 2012 Results

## Webcast Presentation

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**CITYCON**  
creating success for retailing



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# Highlights of 2012

# Summary of 2012 – Financial results

in EUR million	Q4 2012	Q4 2011	Q3 2012	FY 2012	FY 2011	Change-%
Net Rental Income, total	42.1	37.3	42.6	162.0	144.3	12.3
NRI Finland	25.7	23.2	25.2	98.2	90.5	8.5
NRI Sweden	10.0	8.6	10.6	39.2	35.4	10.8
NRI Baltic Countries and New Business	6.5	5.5	6.7	24.6	18.4	33.6
EPRA Operating Profit	34.2	28.9	37.3	135.7	117.4	15.5
EPRA Earnings	16.2	12.5	17.8	63.9	53.3	20.0
EPRA EPS, basic	0.049	0.043	0.062	0.214	0.197	8.5
EPRA NNNAV per share			3.24	3.08	3.29	-6.4

Proposal to EGM: **EUR 0.15** of dividend and equity return per share

# Summary of 2012 – Operational results

in EUR million	FY 2012
<b>Like-for-like NRI growth, total</b>	<b>4.9%</b>
L-f-l Shopping centre NRI growth	6.0%
L-f-l supermarket s& shops NRI growth	-0.6%
Like-for-like sales in shopping centres, growth	4.0%
Like-for-like footfall in shopping centres	2.0%

## Significant leasing activity

- New brands: Debenhams (agreement + LOI), Tommy Hilfiger, Tiger, Crocs, Collage, Furla, Cos, NewYorker
- New tenants to the region, cross border agreements: H&M, Expressions (accessories), Yo

# Summary of 2012

## Refinancing

- EUR 150 million unsecured domestic bond with a 5 year maturity
- Credit facility of EUR 360 million, an average maturity of 5 years with a Nordic bank group
- Rights issue of approx. EUR 90.7 million and 49 million new shares

## Business Improvements

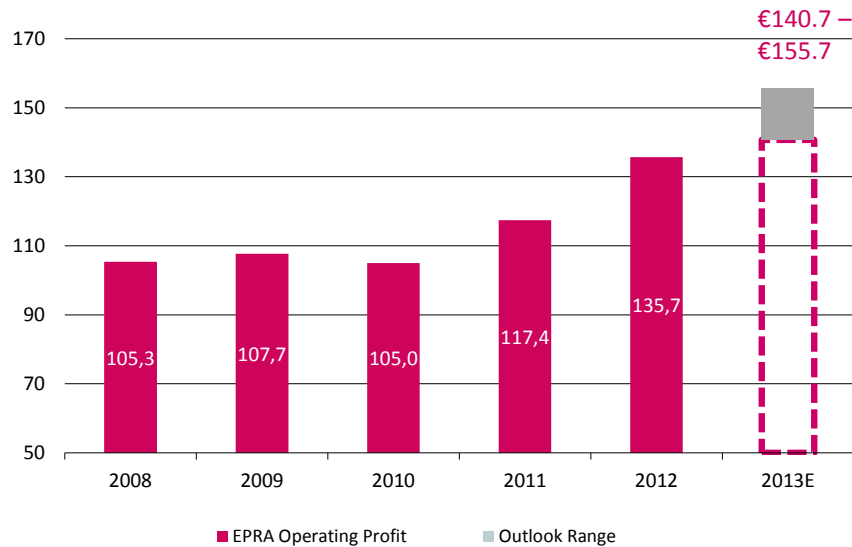
- Like-for-like NRI growth 4.9%
- The efficiency program continues with higher targets for 2013: admin cost savings target is up to EUR 5 m compared to 2012
- Change from country organization to clusters: One Citycon
- Fair value of property portfolio:
  - The average net yield requirement by external appraiser: 6.3% (6.4%)
  - Net fair value gains EUR 23.6 million (EUR -35.3 m)

## Growth

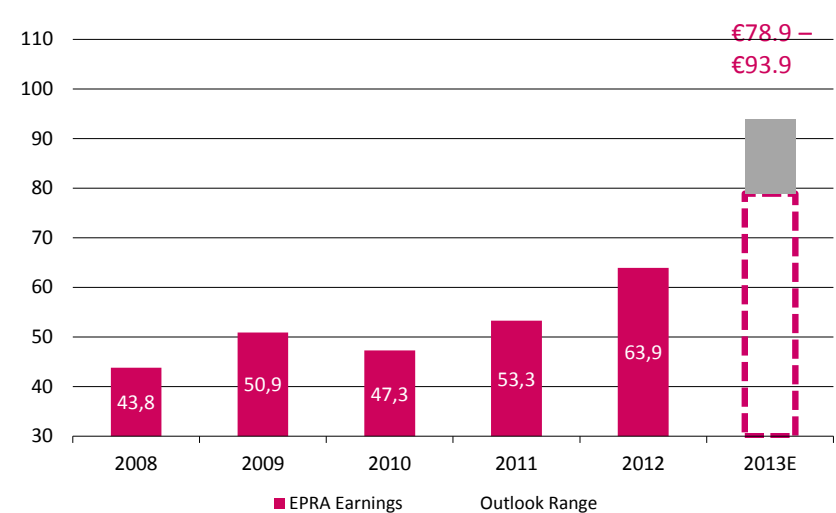
- The acquisition of Kista Galleria

# Citycon Outlook 2013

## EPRA Operating Profit, EURm



## EPRA Earnings, EURm



- **The company expects:**

- its turnover to increase by EUR 5–20 million compared to 2012
- Its EPRA operating profit to grow by EUR 5–20 million
- its EPRA earnings to increase by EUR 15–30 million
- EPRA EPS is expected to be EUR 0.22–0.26 based on the existing number of shares

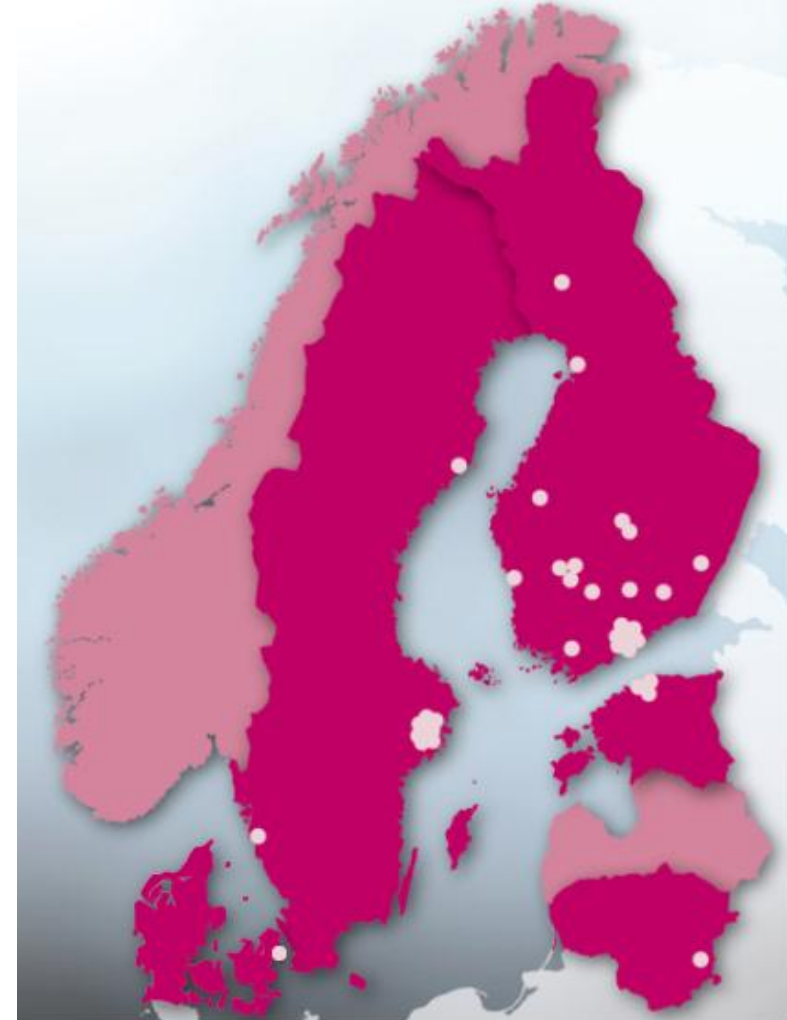


# Asset strategy



# Asset strategy

- **High quality portfolio**
  - urban locations
  - strong occupancy & footfall
  - strong development pipeline
- **“Safehaven” economics**
  - GDP for 2013E <sup>1)</sup>
    - Finland: 1.2%
    - Sweden: 1.8%
    - Denmark: 1.9%
    - Estonia: 3.5%
    - Lithuania: 3.3%
    - Euro zone average: 0.6%
  - Retail sales 2012<sup>2)</sup>:
    - Finland: 4.4%
    - Sweden: 2.3%
    - Estonia: 7.0% (jan-nov'12)
    - Lithuania: 4.8% (jan-nov'12)
  - Full inflation protection



- 1) Nordea
- 2) Statistics Finland, Sweden, Estonia and Lithuania

# Property Portfolio (Re)development Project & Sustainability Achievements

# Changes in the Property Portfolio

- Acquisitions in 2012

- Shopping centre Arabia, Helsinki (EUR 19.5 m)
- Albertslund Centrum, Greater-Copenhagen, Denmark (tot. EUR 24 m)
- Minorities in existing shopping centres:
  - Koskikeskus, Tampere, FIN (EUR 7.8 m)
  - Citytalo next to Galleria, Oulu, FIN (EUR 13.5 m)
  - Strömpilen, Umeå, SWE (EUR 13.8 m)
  - Stenugstorg, Greater-Gothenburg area, SWE (EUR 14.7 m)

- Divestments in 2012

- Retail properties in Sweden totaling EUR 14.9 m
- Residential in Sweden totaling EUR 15.6 m
- Retail properties in Finland and a shopping centre totaling EUR 1.4 m

→ EUR 31.9 m

- News on non-core properties, economic occupancy rate 88.7% (86.5%)

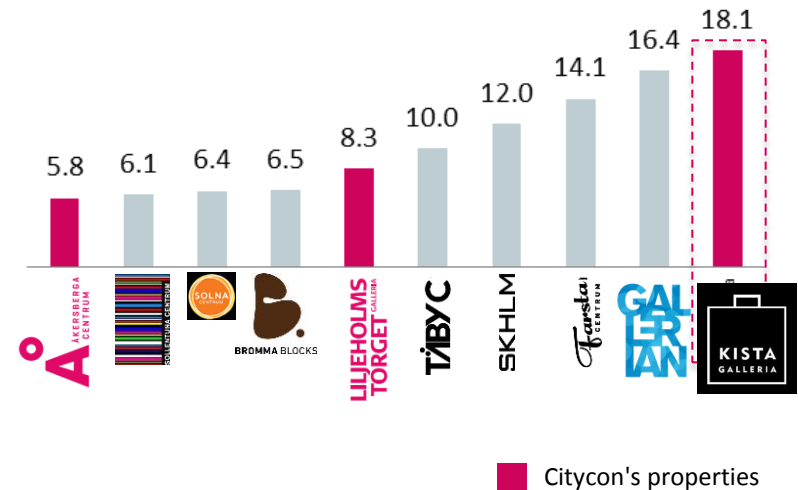
- Supermarket and shops, Finland, occupancy 90.3% (85.0%)
  - In Finland better occupancy by more than 13000 m<sup>2</sup>
  - Kesko LOI
  - New concept under planning (Pori)

# Kista Galleria - Winning asset in its catchment area

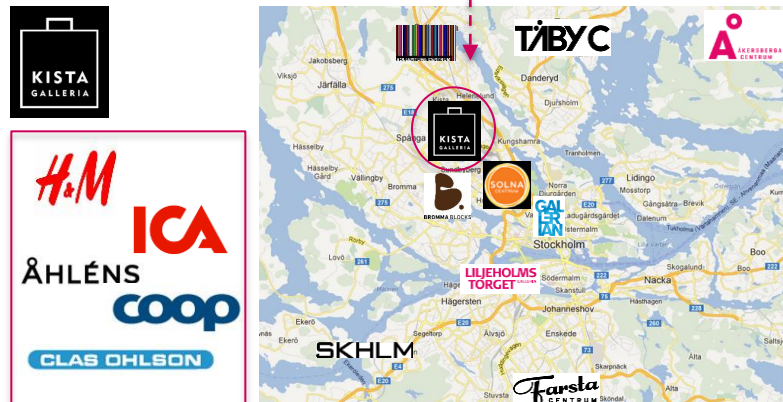
Perfect mix of mid-market brands that suit well to the demography of Kista up-and-coming inhabitants and workers

- One of the largest shopping centres in Stockholm
- Superior connectivity
- Purchasing power in the catchment area to **grow by 62% by 2025** driven by population and economic growth
- Well positioned in its catchment area

Stockholm leading footfall in 2011 (m)



## Stockholm key shopping centres



Total catchment: 345,000  
 Primary catchment:  
 125,000 + 70,000 per day  
 Natural footfall: >50,000 daily

# Kista Galleria - Transaction structure

## Joint venture with CPPIB



- 50/50 ownership with Canada Pension Plan Investment Board ("CPPIB"), representing their first investment in the Nordics region
- The CPPIB Fund is €126 billion of which €13 billion (approx. 11%) is real estate
- A key strategy for CPPIB in their joint venture investments is to partner with top-tier investment managers around the world
- Citycon will be responsible for the asset and property management of Kista Galleria, in which Citycon receives management fees in line with market practice
- Kista Galleria will be equity consolidated to Citycon



# Kista Galleria - Investment rationale



**Enhancement of Citycon's earnings quality and growth potential**

**High quality asset addition to portfolio**

**Increased exposure to attractive Swedish market**

**Increased clustering of attractive Stockholm market**

**High quality long term partner - CPPIB**

**Improved retail space offering to tenants**

# (Re)development Projects in 2012

Property	Area, sq.m. before and after	Total Estimated New Investment, Meur	Actual Cumulative Capex, by the end of period, Meur	Expected yield on completion when stabilized,% <sup>1)</sup>	(Pre-) Leasing rate,%	Est. of Completion	
<b>Åkermytan Stockholm, SWE</b>	8 500 10 100	6.9	6.7	6.9	93	Q2/ 2013	The redevelopment project, the shopping centre and its parking will be renewed and energy efficiency will be improved. Slight delay due to negotiations with existing tenants.
<b>Magistral Tallinn, EST</b>	9 500 11 700	7.0	7.0	8.3	100	Completed in May 2012	The redevelopment and extension of the Magistral shopping centre.
<b>Myllypuro Helsinki, FIN</b>	7 700 7 300	21.3	21.3 <sup>2)</sup>	7.4	85.3	Completed in May 2012	Building of a new retail centre replacing the existing one next to the Myllypuro subway station.
<b>Koskikeskus Tampere, FIN</b>	27 700 28 600	37.9	40.5	6.6	90.5	Completed in Nov 2012	Redevelopment of the centre. The interior, the entrances, facades and all the technical systems will be thoroughly renewed. Better tenant mix.
<b>Iso Omena Espoo, FIN</b>	60 600 63 000	7.6	7.5	-	100	Completed in Nov 2012	Extension of shopping centre to former parking facility on the roof top on the second floor.

Redevelopments and extensions

Extension

15

1) Yield on completion,% = Expected stabilized (third year after completion) net rents incl. possible vacancy / total investment (=total capital invested in property by Citycon)

Full Year 2012 Webcast

2) The compensation of EUR 5.9 million and its tax impact received from City of Helsinki has been deducted from actual gross investments

CITYCON



# Largest (Re)development Projects Under Planning

Citycon's Board of Directors has **not** yet made a decision on these (re)development project, but it is under planning.

Property	Project area, <sup>1)</sup> sq.m.	Net expected Citycon's investment need, MEUR <sup>2)</sup>	Target year of project launch	Target year of completion	Additional information
Iso Omena <sup>3)</sup> Espoo (Helsinki MA) Finland	27 000	80-90 (total 170)	2013 <sup>4)</sup>	2016	Planning reservation together with the construction company NCC regarding above ground premises of the upcoming Matinkylä subway station of western subway line, bus terminal and extension of shopping centre Iso Omena. The subway line is scheduled to be completed late 2015. GIC owns 40% of Iso Omena together with Citycon. LOI signed with the first Debenhams to enter Finland signed to the extension part.
IsoKristiina Lappeenranta Finland	32000 <sup>5)</sup>	55	2013	2015	Refurbishment and extension of the existing shopping centre under planning. Co-operation agreement with city of Lappeenranta signed. The city plans to locate its city theatre into the shopping centre's extension part. Already more than 50% of the shopping centres lease agreements has been signed /agreed.
Lippulaiva Espoo Finland	15000- 20000 <sup>5)</sup>	40-50	2014	2016	Extension of the shopping centre. The refurbishment of interior premises completed. Planning of the extension continues.
Myyrmani Vantaa (Helsinki MA) Finland	16000	55	2014 <sup>4)</sup>	2016	Extension possibilities of the shopping centre to two different sides of the centre to the former health care centre's and Paalutori's plot. Parking is planned to be transferred underground. Prisma hypermarket and residential units are under planning to be built in connection to Myyrmani. Covered access from the adjacent local train station to the planned extension.

1) The project area refers only to the area of the planned extension.

2) The amount of investment needed will change and become more precise as the planning process proceeds. The figure is the best current estimate.

3) Partly-owned property.

4) The schedule for the project completion and/or project launch and/or project area involves risks associated with city planning.

5)The project area refers to the combination of the area of the existing premises under refurbishment owned by Citycon and the area of the extension. Full Year 2012 Webcast



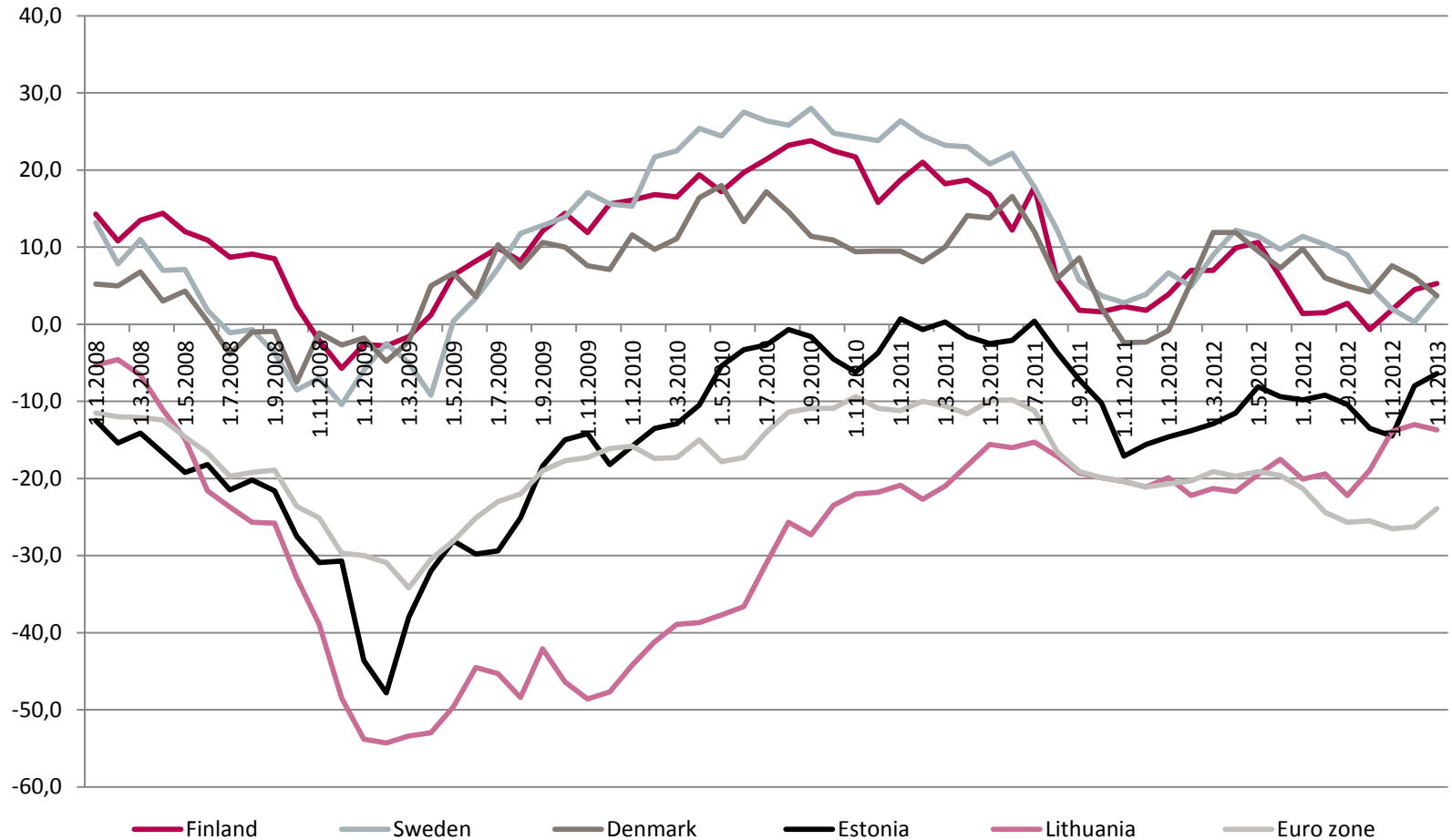
# Summary of Environmental Targets and Results in 2012

Strategic objectives related to environmental responsibility	Targets for 2012	Results of 2012	
<b>Climate Change</b>			
Reduction of greenhouse gas emission by 20 per cent by year 2020 from the 2009 level	2-3%	In I-f-I shopping centres: -3.3 %	✓
<b>Energy</b>			
Reduction of energy consumption (electricity, heating and cooling) by 9 per cent by 2016 from 2009 level	2-3%	In I-f-I shopping centres: -1.7 %	○
Identifying solution that utilise renewable energy	-	in progress	✓
<b>Water</b>			
Lowering water consumption to an average level of less than 3.5 litres per visitor	4.0 l/visitor	In I-f-I shopping centres: 3.9 l/visitor	✓
<b>Waste</b>			
Shopping centre waste recycling rate to be raised to at least 80 per cent by 2015	78 %	83 %	✓
Reduction of landfill waste to a maximum of 20 per cent of total waste by 2015	22 %	16 %	✓
<b>Landuse and Sustainable Construction</b>			
All development projects to be implemented in accordance with environmental classification principles	All projects ongoing in 2012 assessed with LEED criterias	achieved	✓ CITYCON
Development projects are located in built-up environments, within reach of good public transport connections	100 %	achieved	25 ✓

# Business environment

# Business Environment

## CONSUMER CONFIDENCE



Source: Eurostat

Consumer confidence indicator is conducted as an interview survey. It includes respondent's view on financial situation, general economic situation, unemployment expectations over the next 12 months, and savings over the next 12 months.

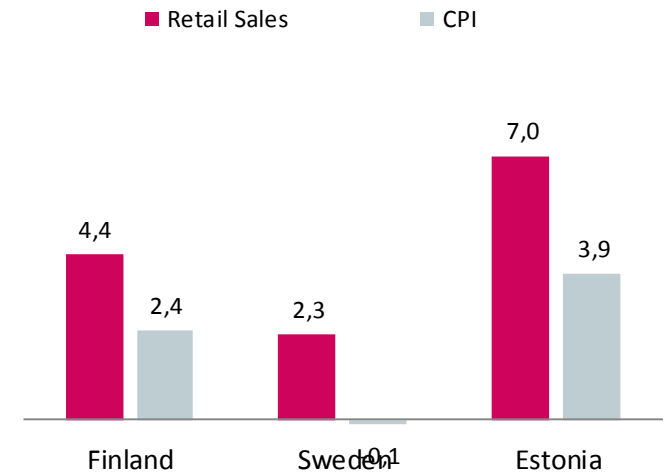
# Business Environment

December unemployment rates below the European average (10.7%):

- FINLAND 7.7%
- SWEDEN 8.1%
- DENMARK 7.9%
- ESTONIA 9.5% (Oct 2012)
- LITHUANIA 12.5% (Oct 2012)

In the real estate market, polarization to prime and non-prime. Shopping centre prime yields have remained stable but the secondary yields are facing upward pressure.

RETAIL SALES, 2012  
AND DECEMBER, 2012

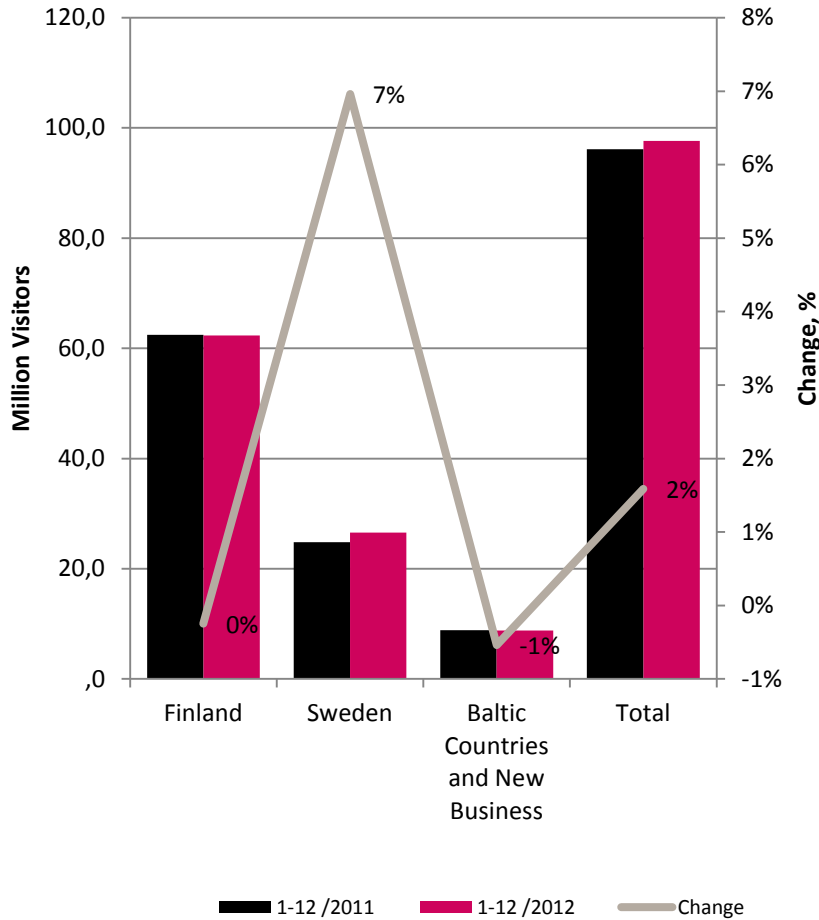


Sources:

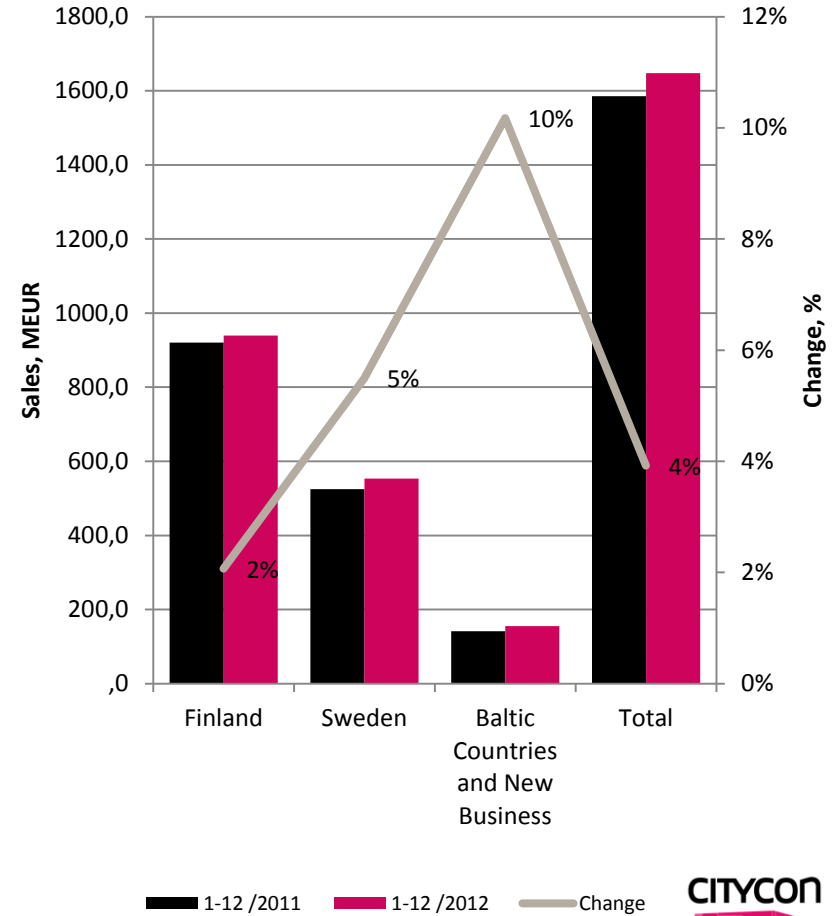
Statistics Finland, Statistics Sweden, Statistics Estonia, Eurostat, JLL

# Citycon Shopping Centres - Sales and Footfall

## LFL Shopping Centre Footfall



## LFL Shopping Centre Sales

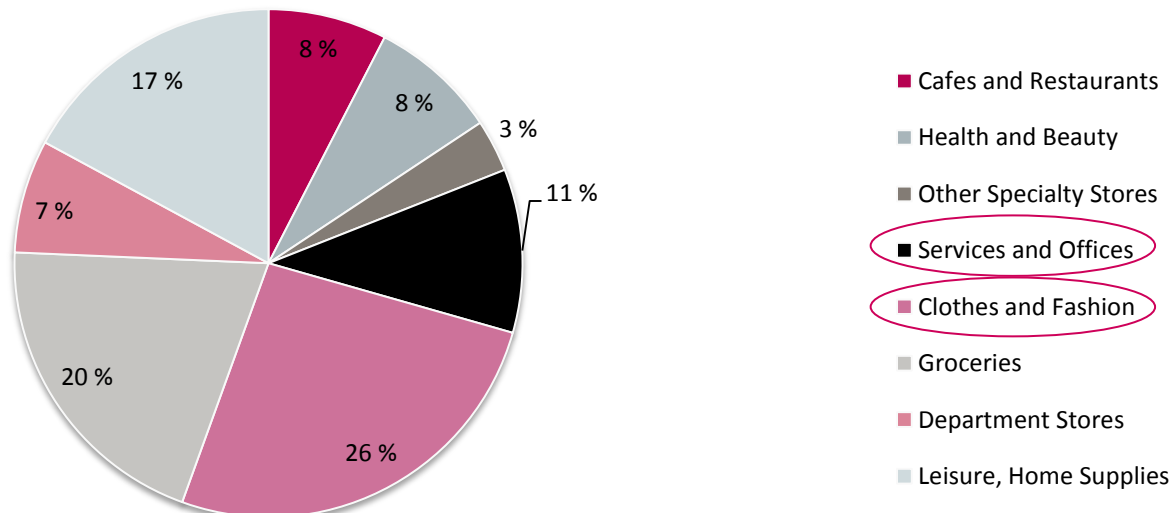


# Property portfolio

# Key Figures - Property Portfolio

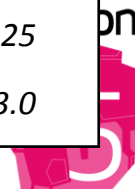
- **3,846 (3,955)** leases with an average length of **3.5 (3.4)** years
- GLA total was **1.000.270 m<sup>2</sup>** → First time more than a million!!
- Rolling 12-month occupancy cost ratio for total like-for-like shopping centres was **8.9%**
- Rents linked to CPI (nearly all the agreements)

Shopping Centre Rental Income by Branches based on valid rent roll at 31 Dec. 2012



# Snapshot of Statement of Comprehensive Income

EUR million	Q4/2012	Q4/2011	2012	2011
Gross rental income	58.5	53.0	225.9	206.0
Service charge income	3.6	3.0	13.3	11.1
<b>Turnover</b>	<b>62.1</b>	<b>56.0</b>	<b>239.2</b>	<b>217.1</b>
Property operating expenses	20.1	18.4	75.8	71.6
Other expenses from leasing operations	-0.1	0.3	1.4	1.2
<b>Net rental income</b>	<b>42.1</b>	<b>37.3</b>	<b>162.0</b>	<b>144.3</b>
Administrative expenses	7.9	9.0	26.5	27.7
Net fair value gains/losses on investment property	3.8	-17.0	23.6	-35.3
Net gains on sale of investment property	-0.4	-0.6	4.2	0.3
<b>Operating loss/profit</b>	<b>37.6</b>	<b>10.7</b>	<b>163.4</b>	<b>81.8</b>
Net financial income and expenses	-17.4	-16.3	-68.1	-62.4
Share of profit/loss of jointly controlled entities	0.3	0.3	0.2	0.3
<b>Profit/loss before taxes</b>	<b>20.5</b>	<b>-5.3</b>	<b>95.5</b>	<b>19.7</b>
Current taxes	-0.2	0.0	-1.4	-0.9
Change in deferred taxes	1.5	2.1	-6.4	2.5
<b>Profit/loss for the period</b>	<b>21.8</b>	<b>-3.2</b>	<b>87.7</b>	<b>21.3</b>
Other comprehensive expenses/income for the period, net of tax	-2.4	-5.1	-10.7	-26.2
<b>Total Comprehensive profit/loss for the period, net of tax</b>	<b>19.4</b>	<b>-8.3</b>	<b>77.0</b>	<b>-4.9</b>
EPS (basic), EUR			0.26	0.05
EPRA earnings per share (basic), EUR	0.049	0.043	0.214	0.197
EPRA earnings, EUR million	16.2	12.5	63.9	53.3
Net cash from operating activities per share, EUR	0.04	0.04	0.21	0.25
Profit/loss for the period attributable to parent company shareholders, EUR million	20.4	-5.4	77.2	13.0





# NRI Growth by Segments and Portfolios

EUR million	Baltic Countries & New Business				Other	Total	TURNOVER
	Finland	Sweden	Business				
<b>2010</b>	<b>86,7</b>	<b>28,7</b>	<b>11,8</b>		<b>0,0</b>	<b>127,2</b>	<b>195,9</b>
Acquisitions	0,1	0,8	6,0		-	7,0	10,3
(Re)development projects	4,2	1,4	-0,3		-	5,3	6,5
Divestments	0,1	-0,9	-		-	-0,8	-1,8
Like-for-like properties	-0,7	3,8	0,9		0,0	4,0	3,2
Other (incl. exch. diff.)	-0,1	1,6	0,1		0,0	1,6	3,0
<b>2011</b>	<b>90,5</b>	<b>35,4</b>	<b>18,4</b>		<b>0,0</b>	<b>144,3</b>	<b>217,1</b>
Acquisitions	1,5	1,4	4,6		-	7,5	11,1
(Re)developments projects	4,6	0,6	0,6		-	5,8	8,3
Divestments	-0,5	-1,7	-		-	-2,3	-4,6
Like-for-like properties	2,2	2,3	1,1		-	5,5	5,3
Other (incl. exch. diff.)	0,0	1,2	-0,1		0,0	1,1	1,8
<b>2012</b>	<b>98,2</b>	<b>39,2</b>	<b>24,6</b>		<b>0,0</b>	<b>162,0</b>	<b>239,1</b>

- A** Acquisitions: Kristiine, Högdalen, Arabia and Albertslund.
- B** (Re)development projects: Martinlaakson Ostari, Koskikeskus, Myyrmanni, Myllypuro, Åkersberga, Magistral
- C** Divestments: Floda and Landvetter, residential disposals in Sweden, Tullintori and Valtari in Finland and other smaller divestments.
- D** LFL properties: Positive LFL NRI growth: +4.9% (+5.3% in Q3'12). LFL turnover growth was +3.2% and LFL OPEX was flat. LFL growth in the Shopping Centres portfolio was 6.0%, mainly from Rocca al Mare, Liljeholmstorget, Iso Omena, Jakobsberg.
- E** Other: FX impact of +1.1M€ on NRI.

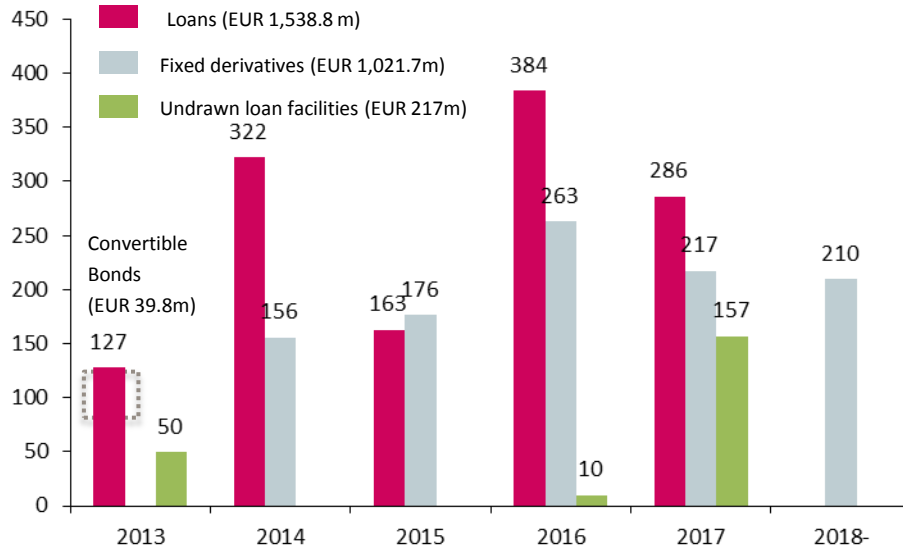
# Financing overview

# Financing Overview

- 2012: Refinancing, diversification of funding sources, rights issue
- The year-to-date weighted average interest rate for interest-bearing debt increased compared to the previous year's corresponding period, being **4.07%**(4.03%), mainly due to higher credit margins on drawings from the EUR 360 million long-term unsecured credit facility taken out on 30 November 2012.
- Equity ratio **37.8%** (Q3/2012: 34.8%) after the rights issue.
- The average loan maturity stood at **3.2** years (2.9 years), increase due to early refinancing of debt due in Nov 2013. The average time to fixing **3.5** years, hedging ratio of the loan portfolio **89.2%**
- Cash from operating activities per share: EUR **0.21** (EUR 0.25)
- Net financial expenses stood at EUR **68.1** million (EUR 62.4 m)
- Two covenants
  - Equity ratio: Covenant level 32.5%, equity ratio as defined in loan agreements was **40.5%**
  - Interest cover ratio: Covenant level 1.8x, Citycon's period end ICR **2.1x**

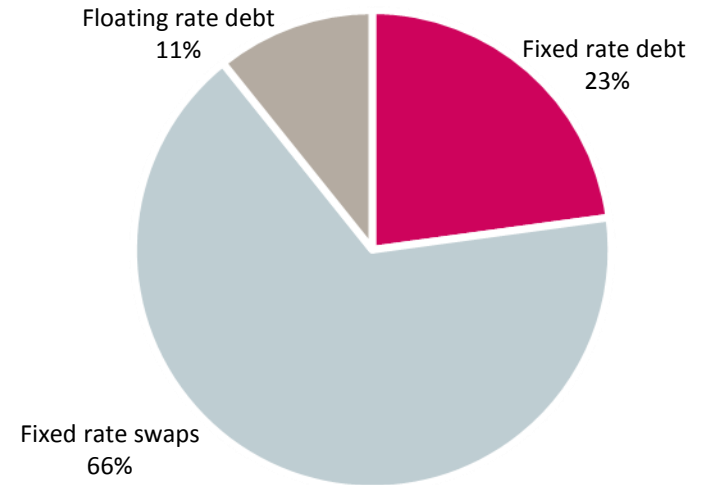
# Key Figures – Financing Overview

## Maturity profile of loans and derivatives



## Interest-bearing debt by fixing type

EUR 1,538.8 m <sup>1)</sup>



- On 30 Nov 2012, settlement of refinancing the majority of debt due in 2013 from the EUR 360 million long-term unsecured credit facility and other credit facilities took place. As a result the average loan maturity increased to 3.2 years. The average time to fixing was 3.5 years.
- Convertible bond buy-back of EUR 1.45 million executed during Q4 - further reducing debt maturities during 2013.
- The Q4 period-end interest-bearing net debt decreased by EUR 87.4 million from Q3 resulting from the EUR 90.7 million rights issue completed 1 October 2012.

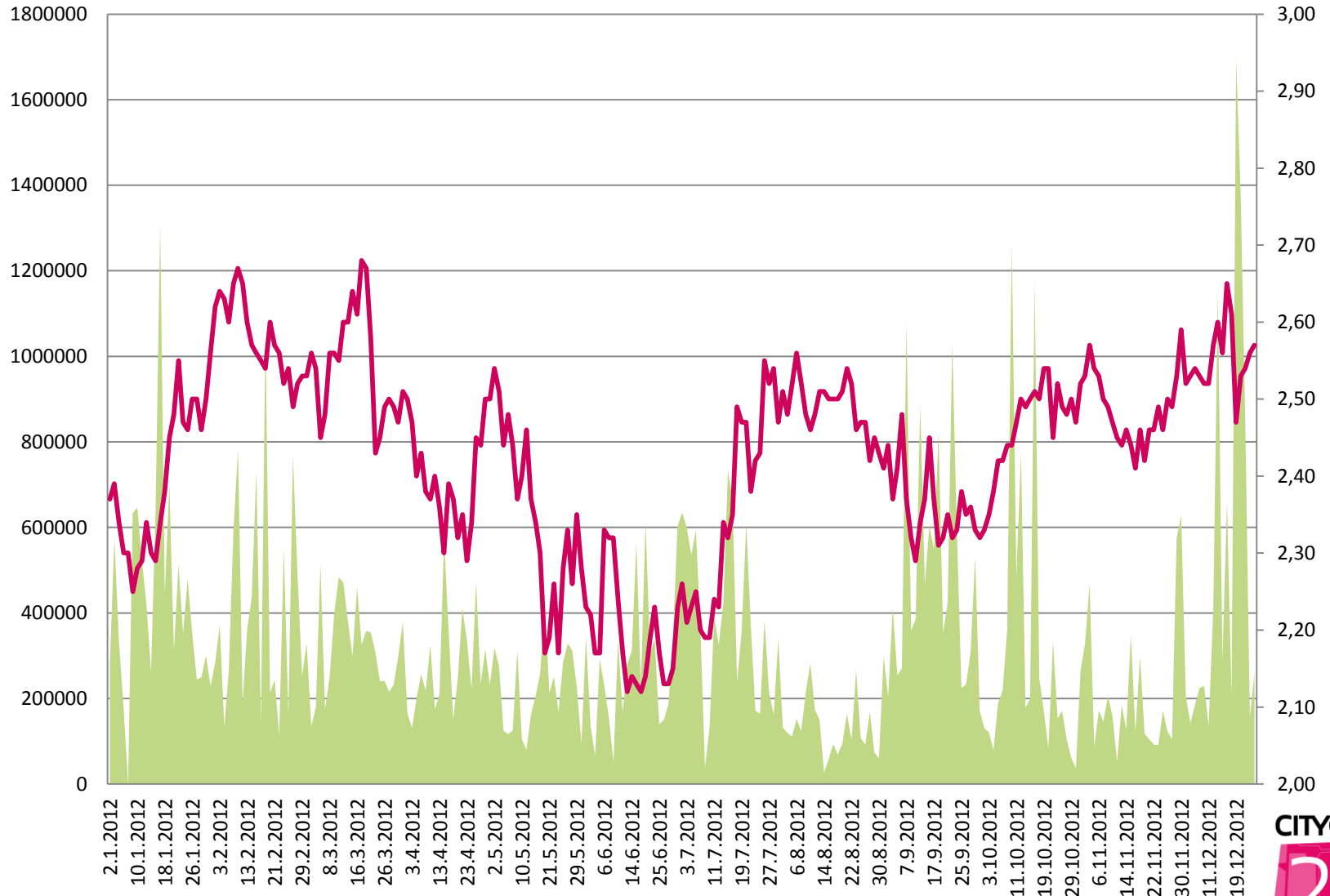
# Snapshot of Statement of Financial Position

Statement of Financial Position, EUR million	31 Dec 2012	31 Dec 2011
Investment property	2,714.2	2,522.1
Total non-current assets	2,737.6	2,540.1
Current assets	75.5	125.0
Assets total	2,818.5	2,677.7
Total shareholder's equity	1,059.9	961.8
Total liabilities	1,758.6	1,715.9
Liabilities and share holders equity	2,818.5	2,677.7

## KEY FIGURES

Equity ratio, %	37.8	36.0
Gearing, %	139.8	151.4
Equity per share, €	3.11	3.25
Net Asset value (EPRA NAV) per share, €	3.49	3.62
EPRA NNNNAV, €	3.08	3.29
Net Rental Yield (actual), %	6.4	6.0
Average Net Yield Requirement (valuation yield by external appraiser)	6.3	6.4

# Share Performance and Volume



■ Citycon share volume     — Citycon share price  
 Full Year 2012 Webcast

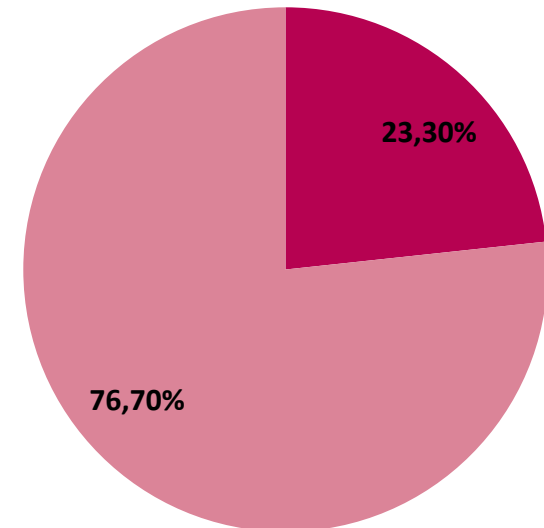


# Ownership

- Established and listed on the Helsinki Stock Exchange since 1988
- 31 Dec 2012 market cap **EUR 840.1 m**
- Number of domestic shareholders increased: total **7,177** (4,276) registered shareholders, **23.3%** (17.1%) of total
- Largest Shareholders:
  - Gazit-Globe **49.0%**
  - Ilmarinen **8.99%**
- Citycon is included among others in Global Real Estate Sustainability Benchmark Survey Index and FTSE EPRA/NAREIT Global Real Estate Index.

## Shareholders

■ Domestic ■ International



# Contact Information

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