Citycon Webcast Presentation

Full Year Results 2008

CITYCON
creating success for retailing

Contents

Strategy

MISSION

Our mission is to ensure that people shop in Citycon's shopping centres.

By combining property investment and shopping centre business, Citycon creates sustainable shareholder value.

VISION

Citycon is a shopping centre business leader, an active owner and a long-term developer aiming to increase the value of its properties.

Citycon's properties represent the most desired retail venues and they attract consumers. The company is the preferred employer in its field.

Strategy

Citycon's strategy is:

- To concentrate on shopping centre business in Finland, Sweden and the Baltic countries.
- To grow, mainly through selective acquisitions
- To manage and develop its shopping centres in a centralised manner, using Citycon's own, active and professional personnel working locally.
  - This creates efficiency and synergies, and guarantees knowledge of the local markets.
- To create success for retailing.
- To promote sustainable development in shopping-centre management and development.
- To reduce business risks with a strong balance sheet and cash flow combined with conservative financing policy.

Financial Targets

GROWTH

Continued expansion through property development and selective acquisitions

DIVIDENDS

Solid distribution policy

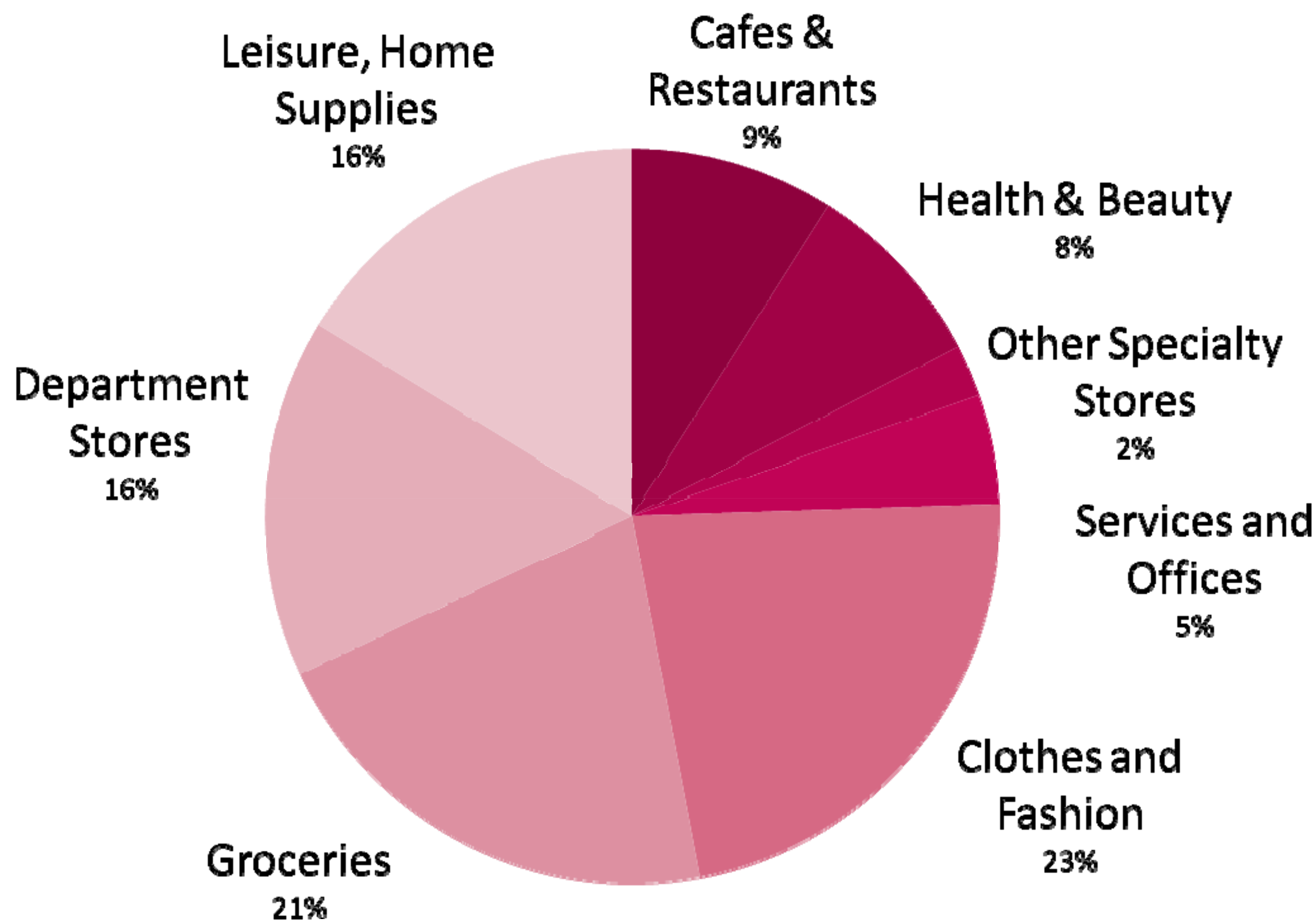
Payout target 50 % of the result for the period after taxes excl. fair value changes property

EQUITY RATIO

Strong balance sheet

Long – term equity ratio target 40 per cent

Shopping centre rental income by branches *)



*) Excl. Supermarket and shops -portfolio

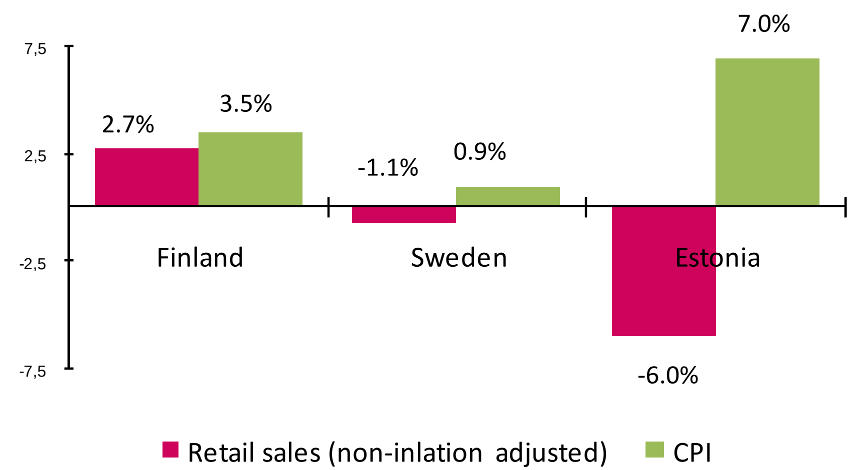
Latest Main Points 2008 (vs. 2007)

- Company's all-time high direct result, EUR **43.8** million
- Cash flow from operating activities and direct result per share grew
- Net rental income increased by **17.8**%
  - Like-for-like net rental income growth **3.6 %**
  - Like-for-like shopping centres **4.5%**
- Strong balance sheet, ample credit lines
- The market value of property portfolio EUR **2,023.6** million, fair value losses EUR **216.1** million (2007: EUR 211.4 m of gains)
- Average valuation yield **6.4%** (Q3/08: 6.2%) by external appraiser
  - FINLAND 6.4%
  - SWEDEN 6.4%
  - THE BALTIC COUNTRIES 7.4%

Business Environment

- Inflation and interest rates down
- GDP and private consumption estimates for 2009 and 2010 down
- Unemployment expected to rise in all the operating countries
- Yield requirements have increased in all of Citycon's operating countries.

RETAIL SALES AND CPI, DEC 2008



Sources:
Statistics Finland, Statistics Sweden, Statistics Estonia

Other market data ibid and Jones Lang LaSalle

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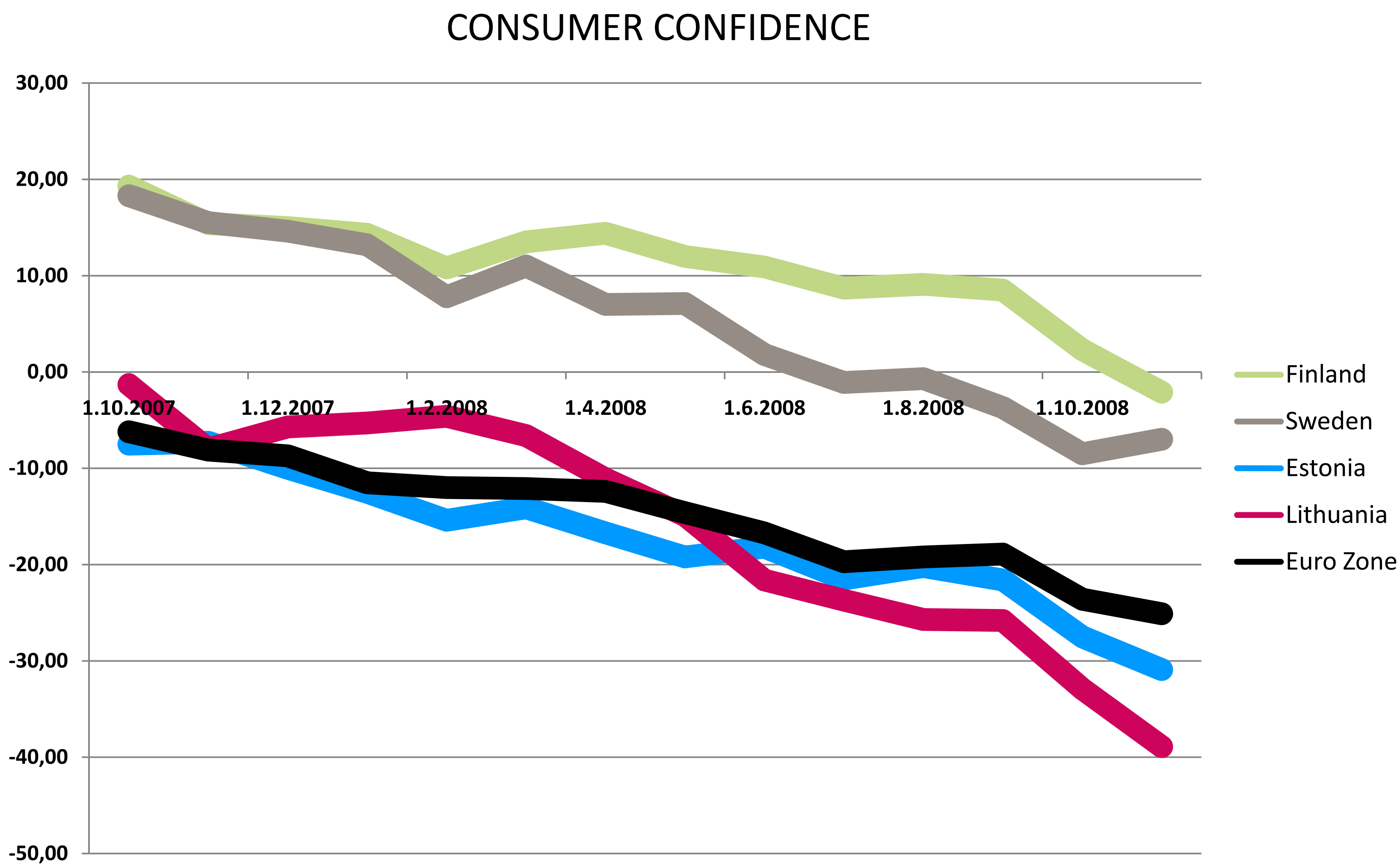
Business Environment



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.

(Re)development projects

Completed (re)development projetcts - Sustainable construction

**) Calculation of theoretical gross rental Income is based on 1st year of operation at 100% occupancy, including estimations of service charge income, income from turnover-based contracts and possible non-rental income.*

TRIO

Total redevelopment of Lahti downtown shopping centre. The most important shopping venue in its large catchment area 100 kilometers from Helsinki. Originally built in 1977/87 and consisted of three separate buildings. Pilot project In sustainable construction.

GLA, m^2	**32,300**
Post-development area (GLA), m^2	**35,000**
Total estimated investment, EUR m	**60**
Actual cumulative CAPEX spent, EUR m	**58.3**
Theoretical gross rental income, EUR m *)	**11.1 p.a.**
Yield on cost, 2009, approximately	**7.0%**
Sales, EUR m	**62.2**
Footfall, m	**5.8**
Catchment area population	**118 600**

Completed according to the schedule

Ongoing (re)development projects - Sustainable construction

ROCCA AL MARE

Extension and redevelopment of existing shopping centre west of Tallinn city centre. The development project consists of three phases and the first phase was opened fully let 1 October. With this project, Citycon will take over almost a quarter of the Tallinn shopping centre market.

GLA, m^2	**28,600**
Post-development area (GLA), m^2	**53,500**
Total Estimated investment, EUR m	**64.3**
Actual cumulative CAPEX, EUR m	**29.3**
Theoretical gross rental income, EUR m*)	**12.3 p.a**.
Estimated year of completion	**2009**

**) Calculation of theoretical gross rental Income is based on 1st year of operation at 100% occupancy, including estimations of service charge income, income from turnover-based contracts and possible non-rental income.*

Ongoing (re)development projects - Sustainable construction

**) Calculation of theoretical gross rental Income is based on 1st year of operation at 100% occupancy, including estimations of service charge income, income from turnover-based contracts and possible non-rental income.*

LILJEHOLMSTORGET

Construction of a new shopping centre in Stockholm. Location is the major traffic hub, the whole area is being redeveloped into attractive residential neighborhood. Post-development area incl. under-ground parking 91,000 m^2.

GLA, m^2	**20,100**
Post-development area, retail (GLA), m^2 (+ 11,800 m^2 offices)	**28,000**
Total Estimated investment, EUR + original acquisition price in 2006 EUR 60.6 m	**130**
Actual cumulative CAPEX, EUR	**70.7**
Theoretical gross rental income, EUR m *)	**21.5 p.a.**
Estimated year of completion	**2009**

Sustainable Shopping Centre

OUR ACTIONS 2008-2009

1. Internal **Green Shopping Centre Management Programme** to foster sustainable development in all Citycon shopping centres. Goals:

   - is to promote energy efficiency, waste processing, recycling etc.
   - Concrete actions, financial incentives, clear communication

2. Three pilot projects in sustainable construction, for which Citycon is seeking international **LEED** (Leadership in Energy and Environmental design) certification.

3. In 2009 Citycon participates in the largest climate change campaign in Finland – **Ilmastotalkoot**.

Key Figures

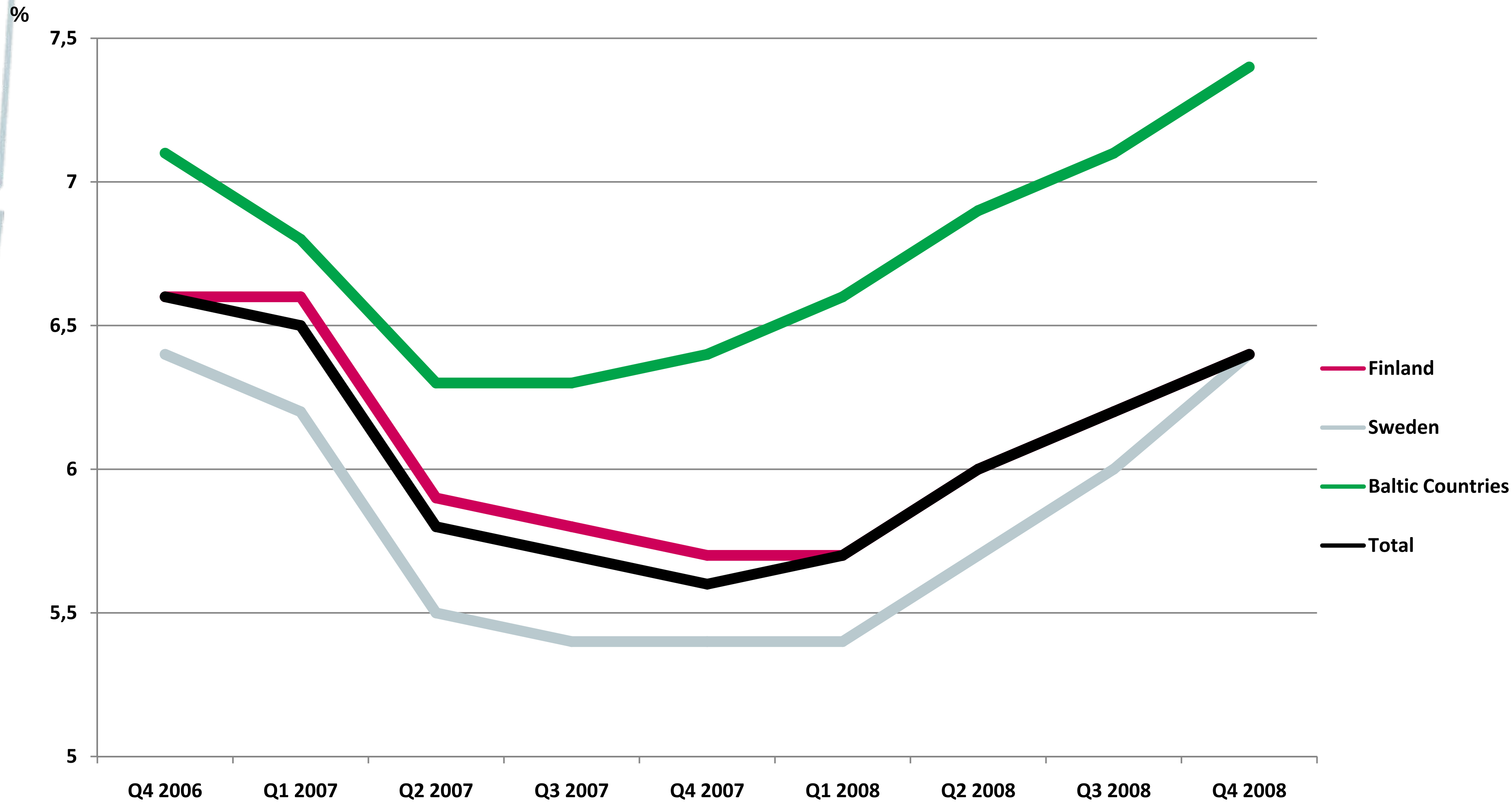
Latest Main Points 2008 (vs. 2007)

- Turnover increased by **17.7%** to EUR **178.3** million (EUR 151.4 m)
- Direct result per share (EPRA EPS) EUR **0.20** (EUR 0.19)
- Net cash from operating activities per share EUR **0.21** (EUR 0.20)
- Profit /loss before taxes now EUR **-162.3** million (EUR 253.5 m), incl. EUR **216.1** million (EUR 211.4 m) fair value change
- Net financial expenses:
  - Q4: EUR **13.0** m (Q3: EUR 15.2 m)
  - Full year 2008: EUR **57.3** m (EUR 45.3 m)

Financing Overview

- Balance sheet total stood at EUR **2,178.5** million
- Refinancing not an issue – total liquidity of EUR **203.7** million
  - ➢ Covers committed development pipeline and repayments at least until 2010 without other financing sources
- Equity ratio **38.5**%
- Hedging ratio was at **74%** (76% at the end of Q3)
- Company bought back approx. 25% of its Subordinated Convertible Bond 2006 (initially EUR 110 m issued) - effects:
  - P&L net financing expenses included a gain of EUR **2.4** million with corresponding EUR **0.8** million tax expense
  - Net impact after tax expenses on equity EUR **4.6** million
    - ➢ Total increase in consolidated equity from the transactions was EUR **6.1** million
    - ➢ Going forward reduced cash interest expenses and non-cash amortized fee expenses

Valuation Yield Development in the Portfolio



Valuation yield above is based on external valuator's portfolio valuation.

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Property Portfolio

- **3,742 (3,700)** leases with an average length of **3.2** (3.0) years
- GLA totalled grew by **1.5%** to **937,650** m^2
- Rolling 12-month occupancy cost ratio for l-f-l properties **8.5**% (Q3/08: 8.8%)
- Rents linked to CPI (nearly all the agreements). End of 2008 **24.2**% (2007: 16.1%) of rental agreements were also tied to tenants' turnover.
- Major tenants largest grocery retailer in Nordics also local discount and fashion tenants.
    - Largest tenant Finnish retailer Kesko with **26.6**% of NRI
    - Five largest totaled 38.4% of NRI and include Kesko, S-Group, Stockmann, ICA, Tokmanni

Income Statement - Snapshot

EUR million	Q4 2008	Q4 2007	2008	2 007
Gross rental income	43.7	40.6	173.0	143.7
Service charge income	1.5	2.7	5.3	7.7
Turnover	45.2	43.3	178.3	151.4
Property operating expenses	14.9	16.0	56.3	47.8
Other expenses from leasing operations	0.1	0.2	0.2	0.3
Net rental income	30.2	27.1	121.8	103.4
Administrative expenses	4.7	3.9	16.9	16.5
Net Fair value losses/gains on investment property	*-59.3*	*-0.1*	*-216.1*	211.4
Operating loss/profit	-27.9	23.7	-105.0	298.7
Net Financial income and expenses	13.0	13.7	57.3	45.3
Loss/profit before taxes	-40.9	10.0	-162.3	253.5
Current taxes	2.2	-3.2	-6.6	-3.4
Change in deferred taxes	-7.6	3.3	30.0	-46.2
Profit / loss for the period	-35.5	9.9	-138.9	203.9
EPS (basic), EUR	-0.14	0.04	-0.56	1.00
EPS (diluted), EUR	-0.14	0.04	-0.56	0.91
Direct Result	11.8	14.6	43.8	38.3
Indirect result	-42.5	-5.4	-167.9	162.1
Direct EPS (diluted), EUR (EPRA EPS)	0.05	0.06	0.20	0.19
Net cash from operating activities per share, EUR	0.07	0.06	0.21	0.20
Loss/profit for the period attributable to parent company shareholders	-30.7	9.3	-124.1	200.3

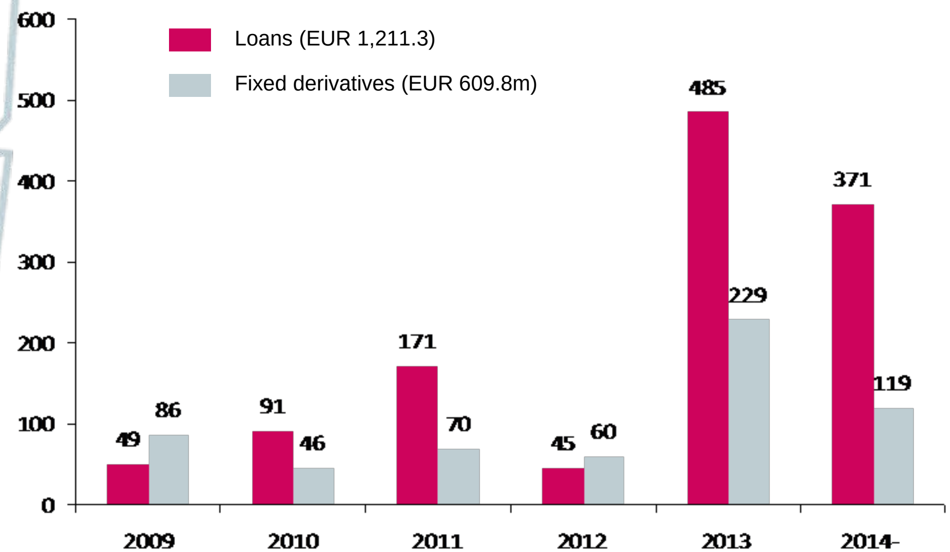
Balance Sheet – Snapshot, Key Figures

BALANCE SHEET, EUR million	31 Dec 2008	31 Dec 2007
Fair market value of investment properties	2,023,6	2,215.7
Total non-current assets	2,126.1	2,260.5
Current assets	52.4	48.1
Assets total	2,178.5	2,308.6
Total share holders equity	837.3	1,010.9
Liabilities	1,341.2	1,297.7
Liabilities and share holders equity	2,178.5	2,308.6

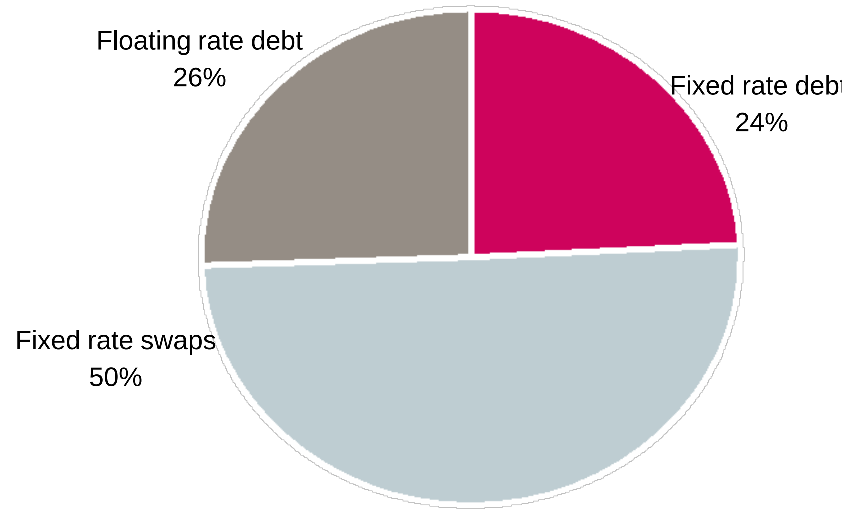
KEY FIGURES	2 008	2 007
Equity ratio, %	38.5	43.9
Gearing, %	141.3	111.8
Equity per share, €	3.62	4.44
Net Asset value (EPRA NAV) per share, €	3.88	4.82
EPRA NNNAV, €	3.80	4.42
Net Rental Yield (actual), %	5.8	5.8
Average Net Yield Requirement (valuation yield by external appraiser)	6.4	5.6

Key Figures – Financing Overview

MATURITY PROFILE OF LOANS AND DERIVATIVES



INTEREST-BEARING DEBT BY FIXING TYPE EUR 1,211.3 MILLION[1)]



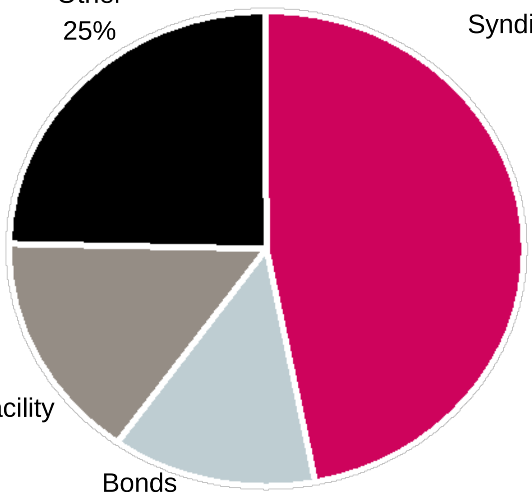
- During fourth quarter in 2008, the period-end interest-bearing net debt edged lower by EUR **10** million as a result of weaker EUR/ SEK exchange rate
- Conservative financing policy continues; average loan maturity was **4.6** years and average time to fixing at **3.3** years

1) Carrying value of debt as at 31 Dec 2008 was EUR 1,199.5 million. The difference between fair and carrying value equals the capitalized fees of senior loan facility and convertible bond issue as well as to the equity component of the convertible bond which is recognized under equity.

Key Figures - Debt Portfolio

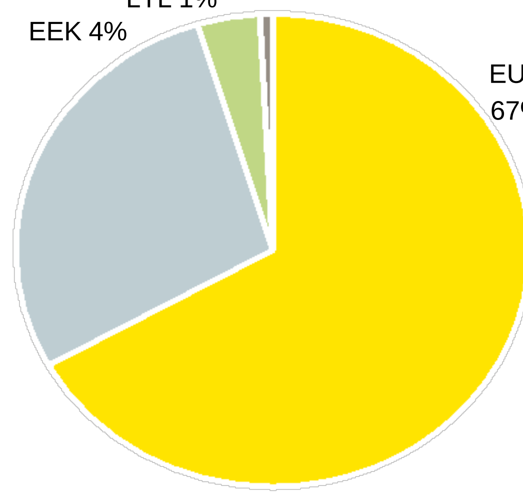
BREAKDOWN BY DEBT TYPE

EUR 1,211.3 MILLION 1)



BREAKDOWN BY CURRENCY

EUR 1,211.3 MILLION 1)



- The backbone of the debt financing continues to be the syndicated term and revolving facilities together with the bonds issued which comprise of **75%** of the debt portfolio
- In Q4 the average year-to-date interest rate drifted down by 7 basis points to **4.85%** (Q4/2007: 4.68%). The period-end current run rate also decreased to **4.75**% as short term market rates plunged
- During Q4 Citycon repaid all short-term CP's and bought back some **25**% of the convertible bonds

1) Carrying value of debt as at 31 Dec 2008 was EUR 1,199.5 million. The difference between fair and carrying value equals the capitalized fees of senior loan facility and convertible bond issue as well as to the equity component of the convertible bond which is recognized under equity.

Backup Information

Illustrative Calculation of ICR Covenant Using FY 2008 Financials*

FY 2008 EBITDA for covenant calculation: direct operating profit + depreciations +/- non-cash and exceptional items

EBITDA = EUR 105.3 + EUR 0.5 + EUR 1.0

= **EUR 106.8 million** for previous 12-month period

EUR million	FY 2008	FY 2007	Change-%
Direct result			
Net rental income	121,8	103,4	17,8 %
Direct administrative expenses	-16,5	-16,5	0,2 %
Direct other operating income and expenses	0,1	0,5	-77,9 %
Direct operating profit	**105,3**	**87,4**	**-59,9 %**
Direct net financial income and expenses	-54,2	-44,7	21,2 %
Direct current taxes	-4,8	-3,4	40,0 %
Direct change in deferred taxes	0,2	-0,2	-
Direct minority interest	-2,8	-0,9	223,7 %
Total	**43,8**	**38,3**	**14,4 %**

FY 2008 ICR

= (106.8/54.2)

= 2.0

FY 2008 Net financials for covenant calculation: direct net financials + gain from convertible buyback – non-cash option amortization from convertible +/– other adjustments incl. FX gains or losses

Net financials = EUR 54.2 + EUR 2.4 – EUR 1.8 – EUR 0.6

= **EUR 54.2 million** for previous 12-month period

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** All number are approximations*

Illustrative Calculation of Equity Ratio Covenant Using FY 2008 Financials*

Equity for covenant calculation: total shareholders' equity + subordinated debt (cf. Note 23) – minority interest +/– fair value of derivatives included in equity

Equity = EUR 837.3 + EUR 143.3 – EUR 38.2 + EUR 17.7

= **EUR 960.1 million** as at 31 Dec 2008

EUR million Liabilities and Shareholders' Equity	FY 2008	FY 2007
Shareholders' equity		
Share capital	259,6	259,6
Share premium fund and other restricted reserves	131,1	131,1
Fair value reserve	-17,7	4,9
Invested unrestricted equity fund	177,3	199,3
Retained earnings	248,8	387,0
Total equity attributable to parent company shareholders	799,1	982,0
Minority interest	38,2	28,9
Total shareholders' equity	**837,3**	**1 010,9**
Total liabilities	**1 341,2**	**1 297,7**

Equity ratio on 31 Dec 2008

= (960.1/2,129.0) = 45.1%

Total balance sheet for covenant calculation:Equity (as defined above) + total liabilities – subordinated debt +/ – fair value of derivatives and other adjustments

Total balance sheet = EUR 960.1 + EUR 1,341.2 – EUR 143.3 – EUR 29.0

= **EUR 2,129.0 million** as at 31 Dec 2008

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** All number are approximations*

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