

# Citycon presentation

Q1/2014 Results

2014  
Q1

**CITYCON**



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# A focused company

## Portfolio selection criteria:

Dominant in catchment area, located in markets with high barriers to entry

Located in urban environment in growing cities directly connected to public transportation

Grocery-anchored and necessity-based

(Re)development potential and intensification opportunities through active retail management

### VISION

Citycon wants to be the household name for Nordic and Baltic shopping centres

Be a forerunner in sustainable shopping centre management

*Values:*

*Passion*

*Experience*

*One*

*Strategy*

Create strong cash flows based on conservative business model and solid balance sheet

Offer the best retail and social experience

Own, manage and develop the shopping centres proactively as part of local community

Concentrate on urban, grocery-anchored shopping centres in the Nordics and Baltics

### MISSION

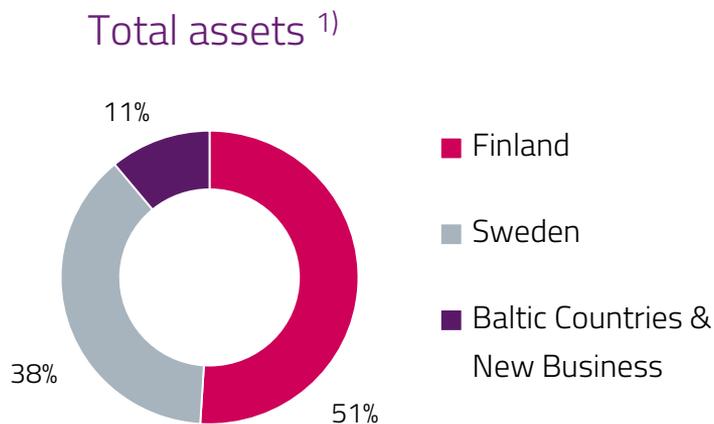
We offer the best retail space and everyday shopping experience in urban shopping centres in the Nordics and Baltics



# Focus on Nordic and Baltic retail real estate

## Key figures 31 March 2014

- # of shopping centres 36
- # of assets 69
- Gross leasable area, sq.m. 953,390
- Occupancy rate (economic) 95.5%
- Total assets, EUR billion<sup>1)</sup> 3.3
- Market cap, EUR billion 1.1

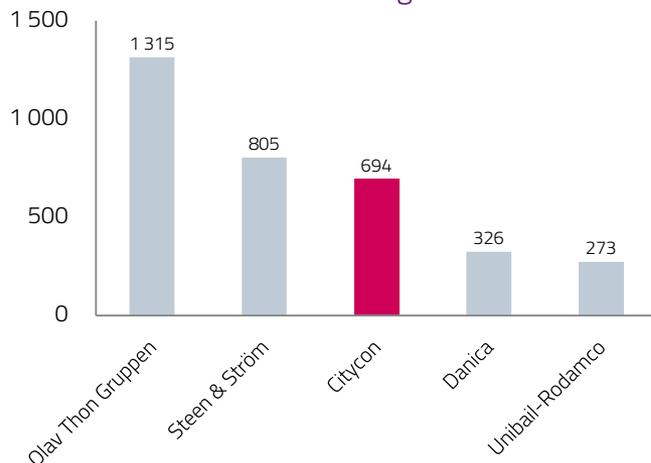


● # of shopping centres

<sup>1)</sup> Including Kista Galleria 100%

# Leading position in core markets

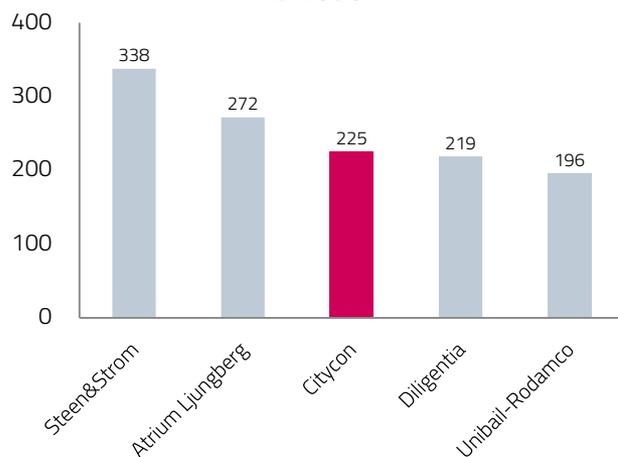
Thousand sq.m. Nordic and Baltic region



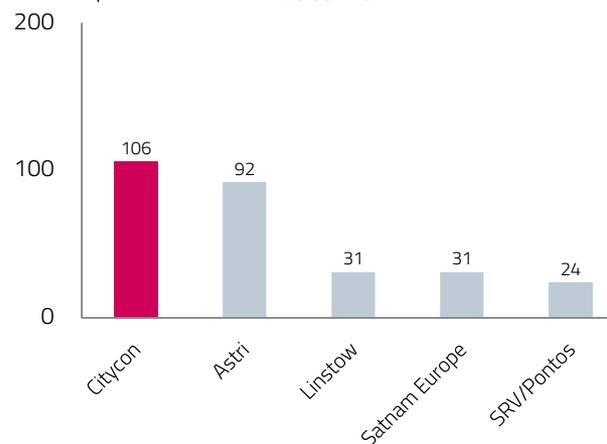
Thousand sq.m. Finland



Thousand sq.m. Sweden



Thousand sq.m. Estonia



# Focus on urban locations driven by strong demographics

## Core assets:

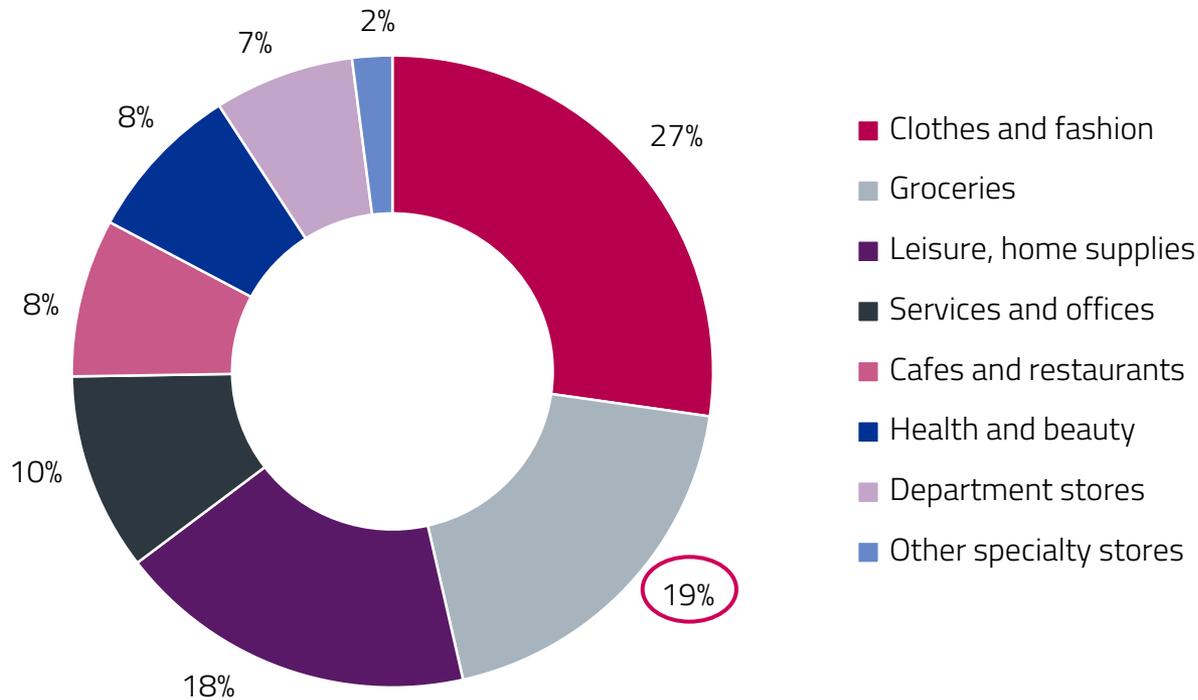
- Urban environments, located where people live and work
- Strong population growth and natural footfall
- Integrated with public transportation
- Benefit from high barriers to entry e.g., land constraints, zoning restrictions
- Shared access to education, healthcare, culture, municipality services



# Core portfolio of grocery-anchored shopping centres

Shopping centre rental income by branches

31 December 2013



# Five core assets

Sweden – Kista Galleria



Finland – Iso Omena



Sweden – Liljeholmstorget Galleria



Finland – Koskikeskus



Estonia – Rocca al Mare



	Total GLA (sq.m.)	Fair value (EUR million) <sup>1)</sup>	Net rental yield, %	Economic occupancy, % <sup>1)</sup>	Visitors 2013 (millions)	Sales 2013 (EUR million)
Kista Galleria, Stockholm	94,200	535.2	6.1	99.1	18.5	270.3
Iso Omena, Helsinki	63,300	388.1	5.4	99.5	9.1	259.8
Liljeholmstorget Galleria, Stockholm	41,000	257.1	4.8	97.6	10.0	178.6
Koskikeskus, Tampere	34,300	182.5	6.0	94.9	5.4	125.0
Rocca al Mare, Tallinn	57,400	164.7	7.6	100.0	6.6	143.9

<sup>1)</sup> December 2013

# Citycon's portfolio well positioned for changing retail landscape

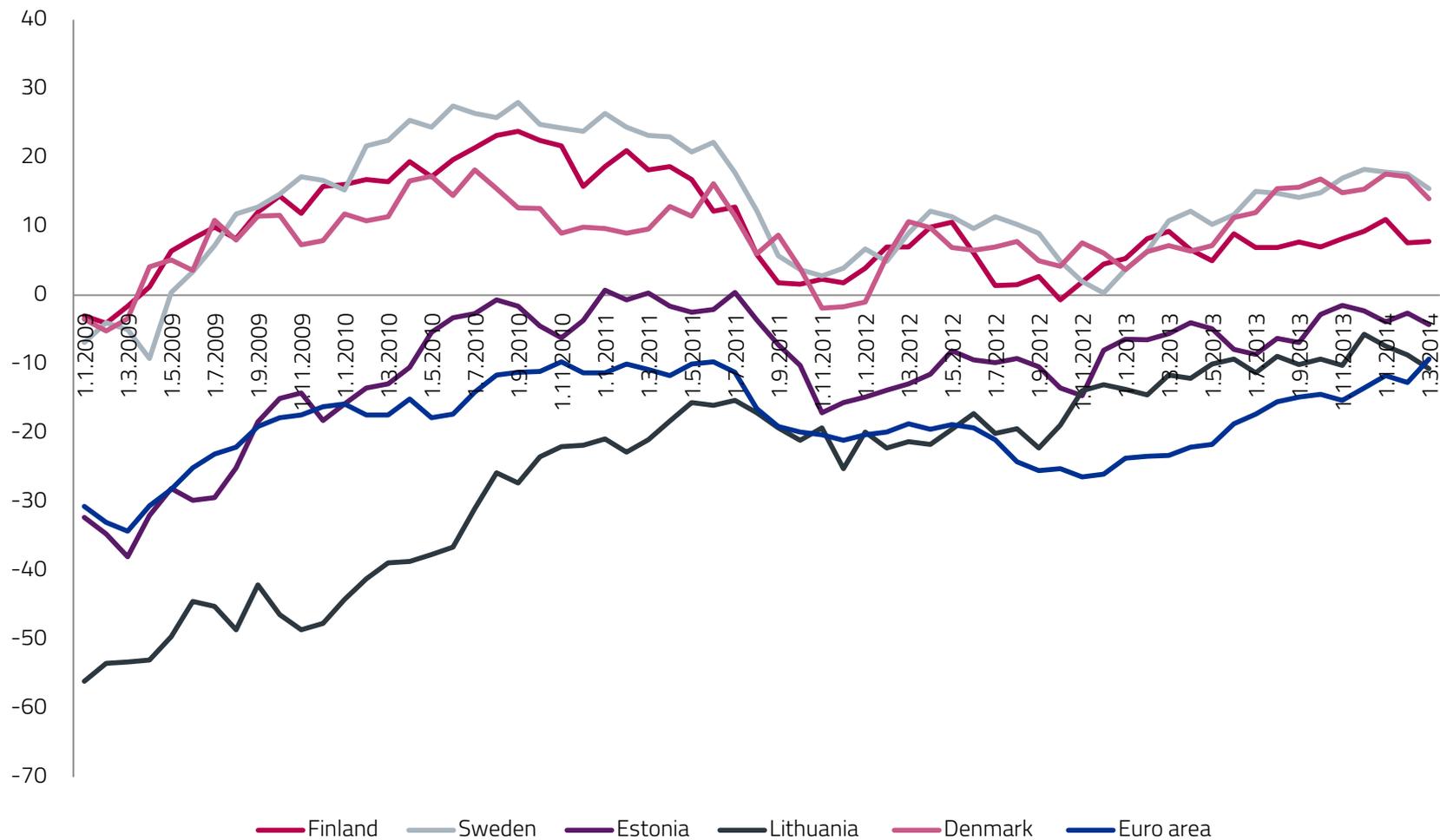
## Citycon:

<b>Urbanisation</b>	<ul style="list-style-type: none"> <li>▪ Growing urban population</li> <li>▪ Increased urban GDP per capita</li> </ul>	<ul style="list-style-type: none"> <li>▪ 87% of total portfolio in main cities</li> <li>▪ 70% in capital cities</li> </ul>
<b>Convenience</b>	<ul style="list-style-type: none"> <li>▪ Demand for proximity, security, cleanliness, services, and atmosphere</li> <li>▪ More than a shopping destination: health care, medical and municipal services, education, culture</li> </ul>	<ul style="list-style-type: none"> <li>▪ Vast majority of centres connected to public transportation and non-retail services</li> </ul>
<b>Social experience</b>	<ul style="list-style-type: none"> <li>▪ Well-informed consumers choose best quality at lowest price</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased offer of cafes, restaurants, gyms, entertainment, etc.</li> </ul>
<b>Value and quality</b>	<ul style="list-style-type: none"> <li>▪ Providing a meeting place for the community</li> </ul>	<ul style="list-style-type: none"> <li>▪ Focus on mainstream retail</li> </ul>
<b>Multichannel retail</b>	<ul style="list-style-type: none"> <li>▪ Competition from online channels recognised and seen as complementary to traditional retail</li> <li>▪ Retail sales will be highly influenced by technology</li> </ul>	<ul style="list-style-type: none"> <li>▪ Growing on-line Citycon community</li> <li>▪ Adoption of both shopping centre and company-wide apps</li> </ul>



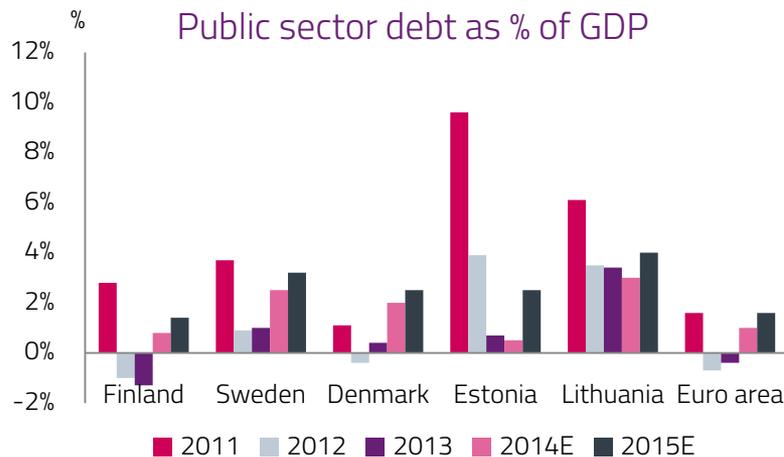
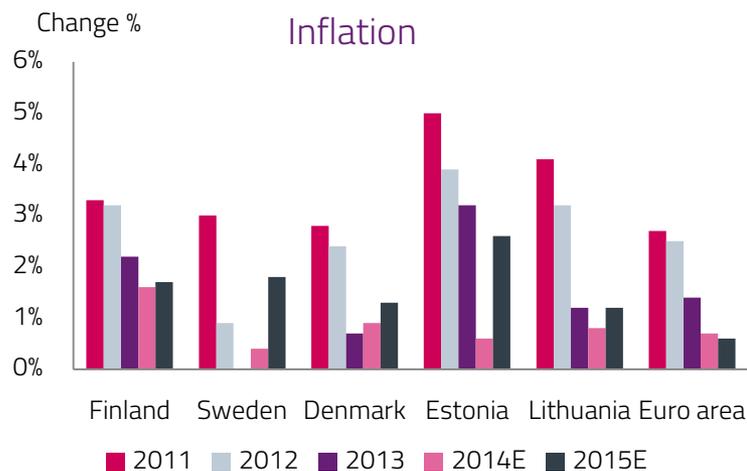
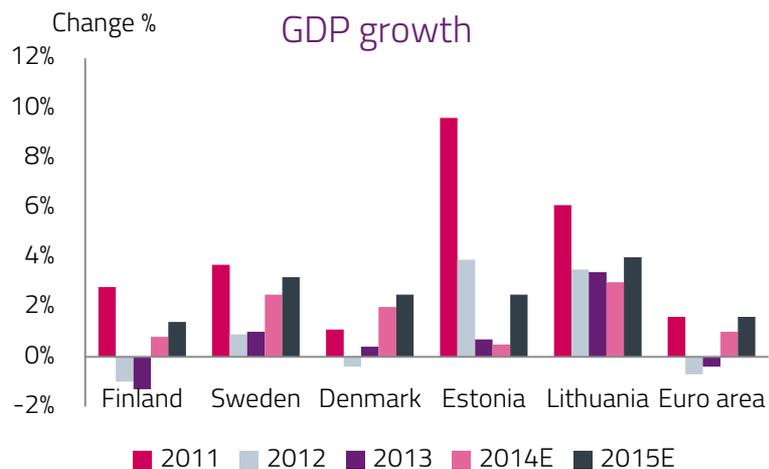
# BUSINESS ENVIRONMENT

# Consumer confidence



Source: Eurostat

# Economic outlook



Source: SEB Nordic Outlook & SEB Eastern European Outlook reports

# HIGHLIGHTS Q1/2014



# Highlights Q1/2014

Steady financial performance

Continued focus on cost control

Challenging retail environment

Developments progressing

Strengthened management team



Nasdaq, New York

# Steady financial performance

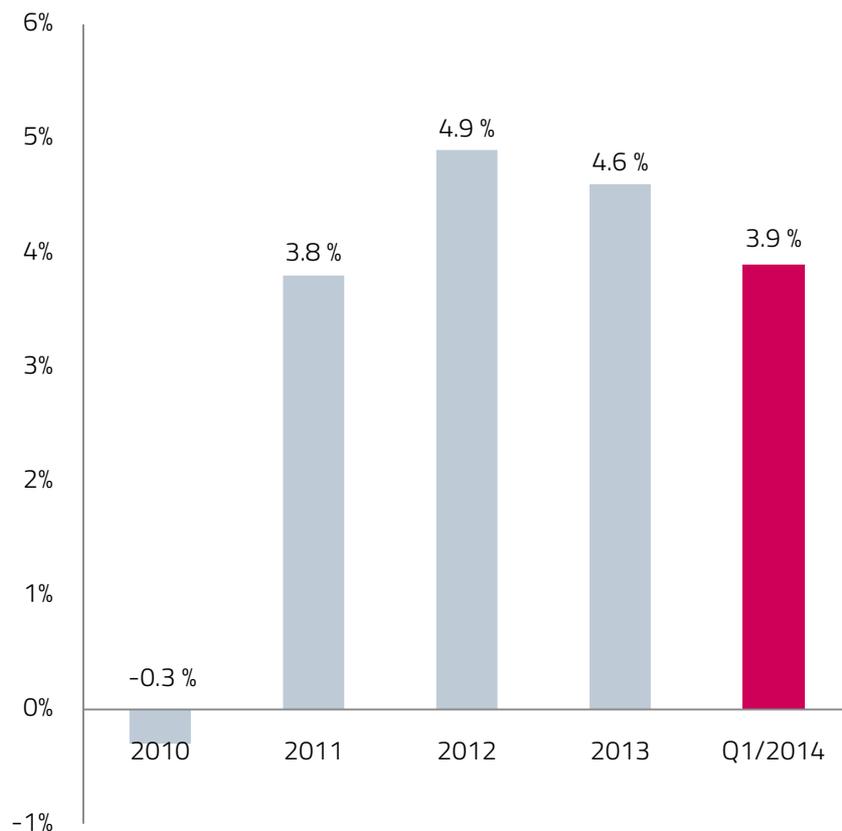
EUR million	Q1/2014	Q1/2013	Change-%	Q4/2013	2013
Net rental income	40.7	40.4	0.8%	41.9	168.9
Administrative expenses	5.1	5.3	-4.6%	5.5	20.6
EPRA Operating profit	36.1	35.4	1.9%	36.5	149.1
Net financial income & expenses	-13.7	-16.4	-16.7%	-15.1	-90.1
EPRA Earnings	22.3	19.7	13.4%	22.1	86.7
EPRA Earnings per share (basic)	0.051	0.052	-3.2%	0.050	0.204

- Like-for-like net rental income growth: 3.9%
- EPRA EPS close to last years level incl. full impact of rights issue (Q1/2013)
- Fair value gains of EUR 11.9 million (EUR 24.8 million incl. Kista Galleria)
- Kista Galleria performance according to expectations. Year on year result affected by the weaker Swedish krona and temporary vacancy due to refurbishments

# Steady financial performance

## Strong LFL NRI development

LFL net rental income growth



- Continued strong like-for-like net rental income growth in low inflation environment
  - Shopping centres: 4.3%
  - Supermarkets & shops: 1.4%
- Growth in all regions
  - Finland: 4.4%
  - Sweden: 1.5%
  - Baltic Countries & New Business: n.a. (several projects ongoing)

# Steady financial performance

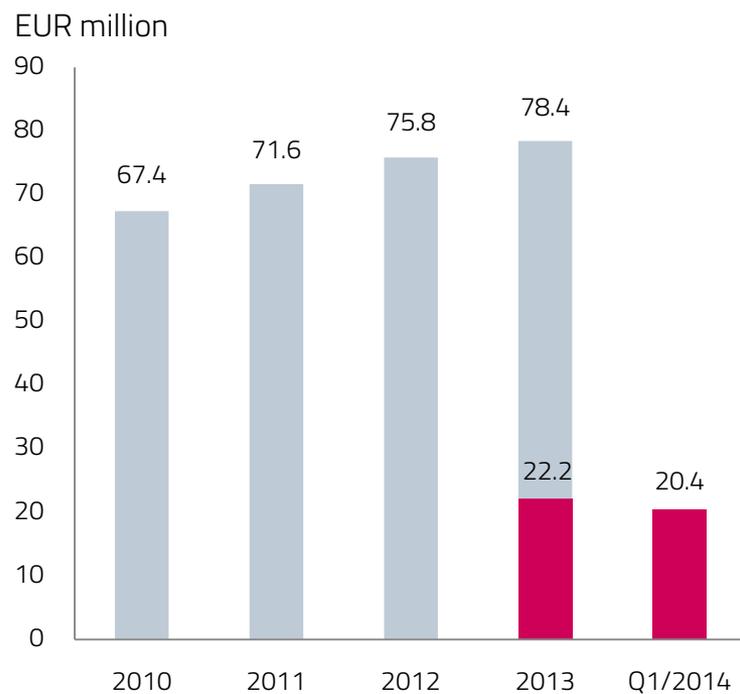
## All leasing indicators stable

	Q1/2014	Q1/2013	Q4/2013
Occupancy rate (economic), %	95.5%	95.0%	95.7%
LFL occupancy rate (economic), %	94.9%	94.7%	95.2%
Occupancy cost ratio, % (LFL shopping centres)	8.7%	8.7%	8.7%
Average rent, EUR/sq.m./mth	21.7	21.3	21.5

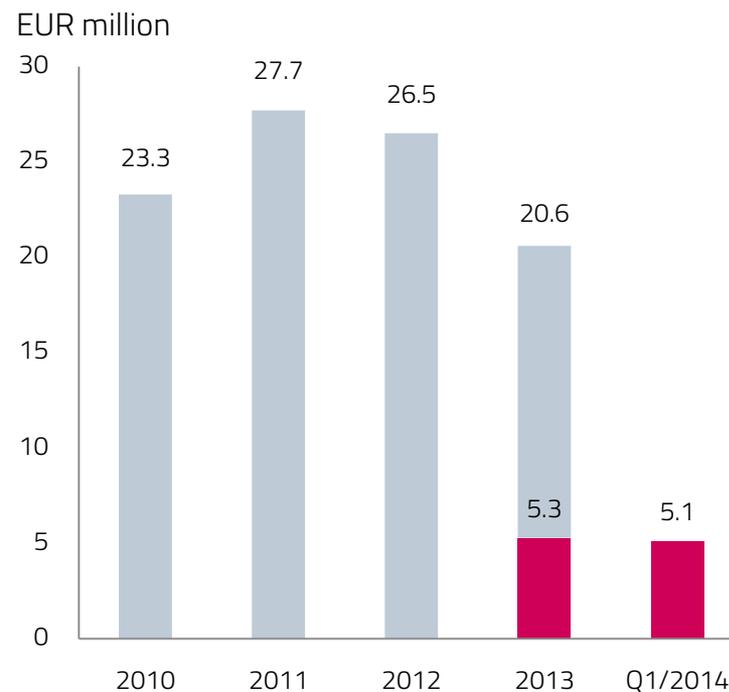
- Occupancy rate at stable level
- Average rent increase of 1.9% year on year, though under pressure in Finland
- Continued modest occupancy cost ratio

# Continued focus on cost control

## Property operating expenses

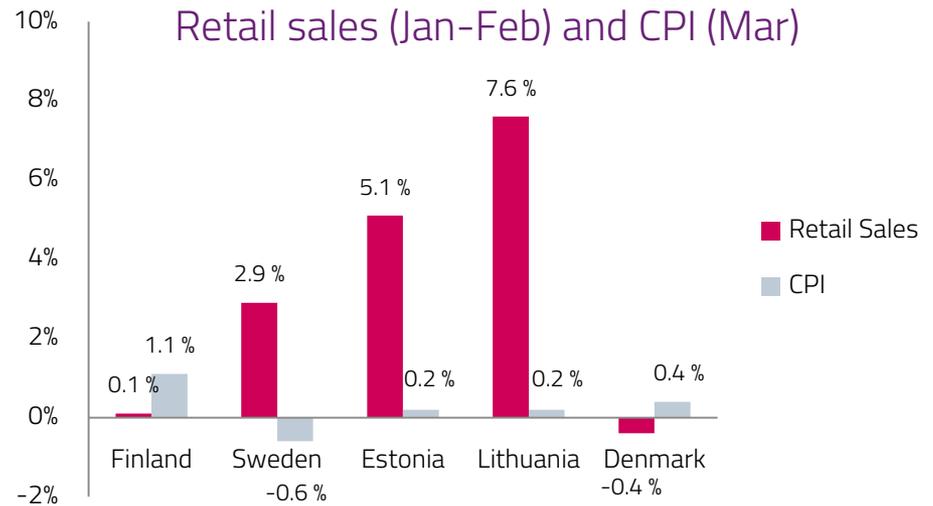


## Administrative expenses



# Challenging retail environment especially in Finland

- Finland
  - Modest GDP forecast
  - Consumers hold back on spending
- Sweden
  - Stronger economic fundamentals drive retail spending
- Baltics
  - Steady retail outlook



## GDP growth estimates

	2014	2015
Finland	0.2%	1.3%
Sweden	2.5%	3.3%
Estonia	2.3%	3.6%
Lithuania	3.5%	3.9%
Denmark	1.7%	1.8%

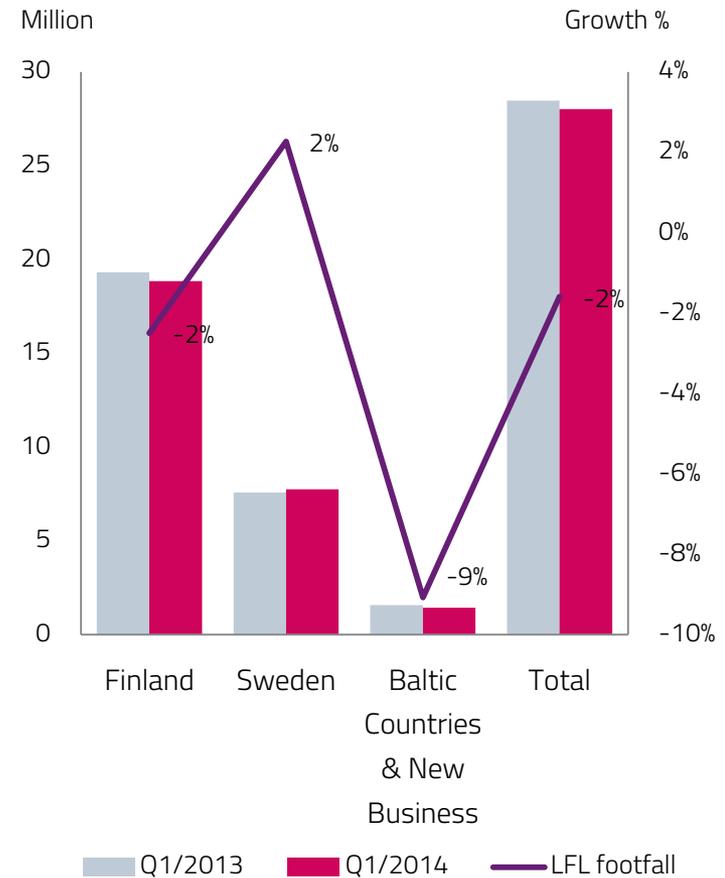
Sources: Statistics Finland/Sweden/Estonia/  
Lithuania /Denmark, European Commission

# Challenging retail environment LFL sales and footfall slightly down

LFL shopping centre sales



LFL shopping centre footfall



# Developments progressing

	Area before/ after, sq.m.	Citycon's expected investment need, EUR m	Actual investments by 31.3.2014, EUR m	Expected yield on completion when stabilised, %	Pre-leasing rate, %	Completion target
Iso Omena	63,300 90,000	88.0	16.3	6.5-7.0	40%	Q3/2016
Iso Kristiina	22,400 34,000	54.0	20.3	7.6	70%	Q4/2015
Stenungs Torg	36,400 41,400	18.0	3.2	7.5	67%	Q3/2015
Kista Galleria	94,200 94,600	5.0	3.3	-	100%	Q4/2014

# Development pipeline

## 4 projects planned ≥ 2015

	Estimated project area/additional sq.m.	Citycon's expected investment need, EUR m	Target for project initiation/completion	
Kista Galleria	6,000/ 500	6	2014/2015	The plans include a facelift to the north part of the shopping centre with new entrance, additional leisure and restaurant offering as well as extension of the current food court.
Myyrmanni	26,600/ 16,600	55	2014/2016	Extension possibility of the shopping centre on two sides. Hypermarket and residential units are under planning to be built in connection to the centre.
Tumba Centrum	7,000- 10,000	34	2015/2016	Extension project combined with a new bus terminal. Negotiations related to zoning ongoing with the Municipality.
Lippulaiva	36,000/ 23,000	50-70	2015/2017	Extension possibility of the shopping centre. Zoning process ongoing due to the plans to extend the western metro line and build a new bus terminal next to Lippulaiva. Plans include a new library, cultural services and hypermarket.

# Development pipeline

## Kista Galleria is being upgraded



### Digital library – ongoing

- Refurbishment and extension project including a new a 2,400 sq.m. digital library
- Joint investment with the City of Stockholm.
- Total investment approx. EUR 10 million.

### Food court and North Entrance (re)development project started in April

- Facelift to the north part with new entrance, additional leisure and restaurant offering as well as extension of the current food court.
- Total investment approx. EUR 12 million



# Strengthened management team

## More focus on successful leasing



- **Jurn Hoeksema** was appointed Chief Operating Officer and a member of the management team as of June 2014.
- Jurn Hoeksema has broad international experience in the shopping centre business.
- **Harri Holmström**, current COO, has been appointed to a new role of Chief Commercial Officer.

# Summary of Q1/2014 and going forward

Slower growth expectations for 2014 reflected in the outlook

Q1/2014: Solid LFL performance, positively impacted by lower costs

Ongoing (re)developments support further earnings and NAV growth as of 2015-2016



# FINANCIAL FIGURES

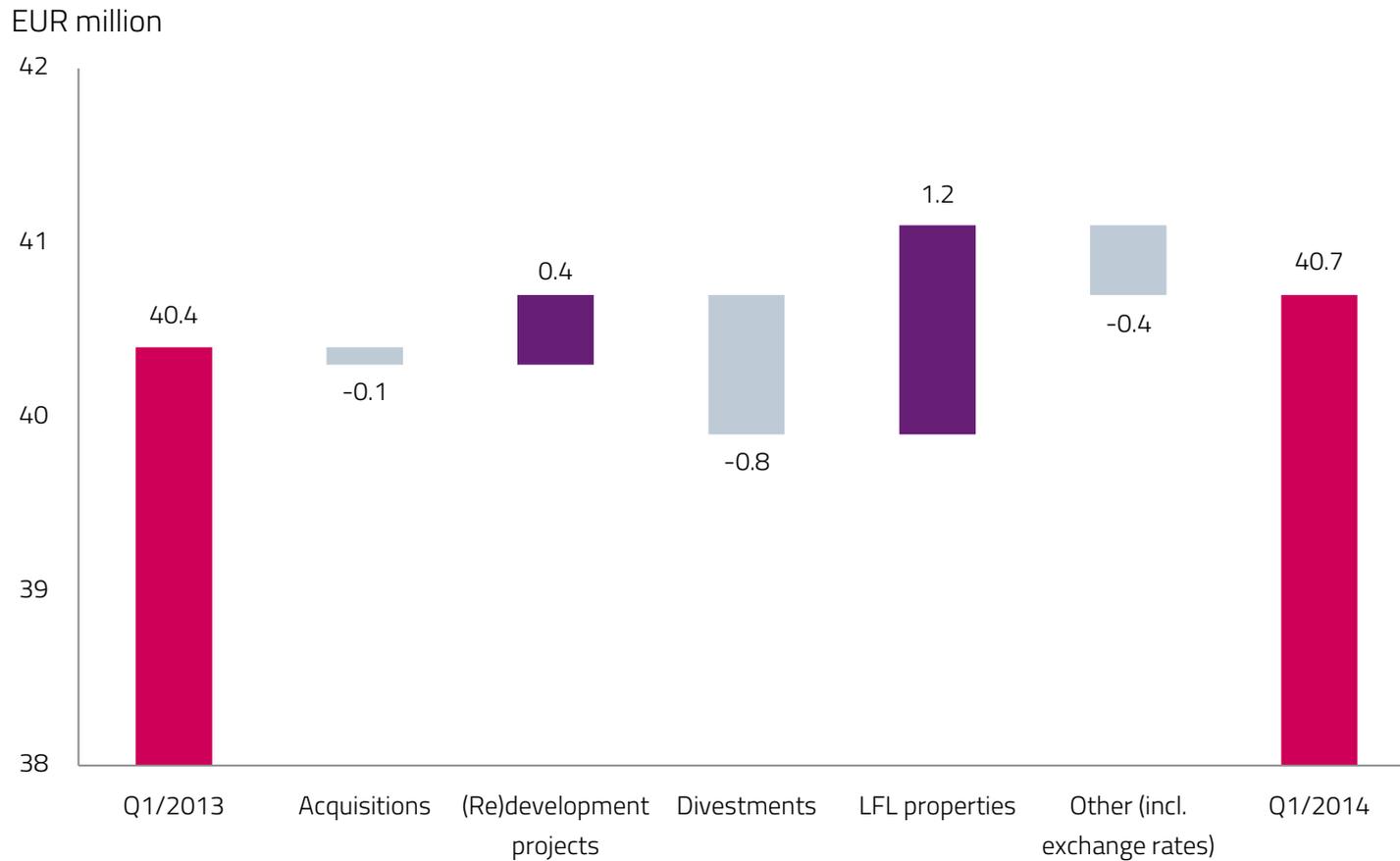


# Financial results

EUR million	Q1/2014	Q1/2013	Q1/2014 incl. Kista	2013
Net rental income, total	40.7	40.4	48.1	168.9
NRI, Finland	24.4	24.2	24.4	103.5
NRI, Sweden	9.2	9.7	16.7	39.7
NRI, Baltic Countries & New Business	7.0	6.4	7.0	25.6
EPRA Operating Profit	36.1	35.4	43.1	149.1
EPRA Earnings	22.3	19.7	22.3	86.7
EPRA EPS (basic)	0.051	0.052	0.051	0.204

- In Q1/2014 Kista Galleria contributed to the IFRS based profit for the period by approx. EUR 8.8 million.

# NRI development



# Income statement

EUR million	Q1/2014	Q1/2013	Change-%	2013
<b>Turnover</b>	<b>61.3</b>	<b>62.9</b>	<b>-2.5%</b>	<b>248.6</b>
Property operating expenses	20.4	22.2	-8.3%	78.4
Other expenses from leasing operations	0.2	0.3	-17.6%	1.3
<b>Net rental income</b>	<b>40.7</b>	<b>40.4</b>	<b>0.8%</b>	<b>168.9</b>
Administrative expenses	5.1	5.3	-4.6%	20.6
Other operating income and expenses	0.4	0.3	31.0%	0.9
Net fair value gains/losses on investment property	11.9	11.8	1.1%	26.1
Net gains/losses on sale of investment property	0.2	-0.4	-	0.8
<b>Operating profit</b>	<b>48.2</b>	<b>46.7</b>	<b>3.0%</b>	<b>176.0</b>
Net financial income and expenses	-13.7	-16.4	-16.7%	-90.1
Share of profit/loss of jointly controlled entities	6.8	1.1	530.4%	4.1
<b>Profit/loss before taxes</b>	<b>41.3</b>	<b>31.4</b>	<b>31.5%</b>	<b>90.1</b>
<b>Profit/loss for the period</b>	<b>38.8</b>	<b>28.1</b>	<b>38.1%</b>	<b>100.0</b>

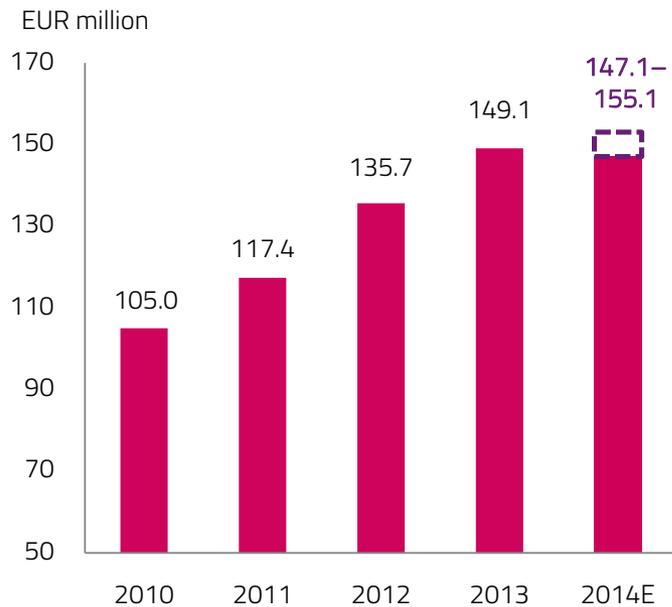
# Balance sheet

EUR million	31 Mar 2014	31 Dec 2013
Investment properties	2,744.3	2,733.5
Total non-current assets	2,923.9	2,898.6
Total current assets	42.6	74.5
<b>Total assets</b>	<b>2,972.2</b>	<b>2,975.4</b>
Total shareholder's equity	1,309.8	1,340.6
Total liabilities	1,662.4	1,634.7
<b>Total liabilities and shareholders' equity</b>	<b>2,972.2</b>	<b>2,975.4</b>

	31 Mar 2014	31 Dec 2013
EPRA NAV per share, EUR	3.03	3.10
EPRA NNNNAV per share, EUR	2.74	2.90
Net yield requirement, %	6.2%	6.3%

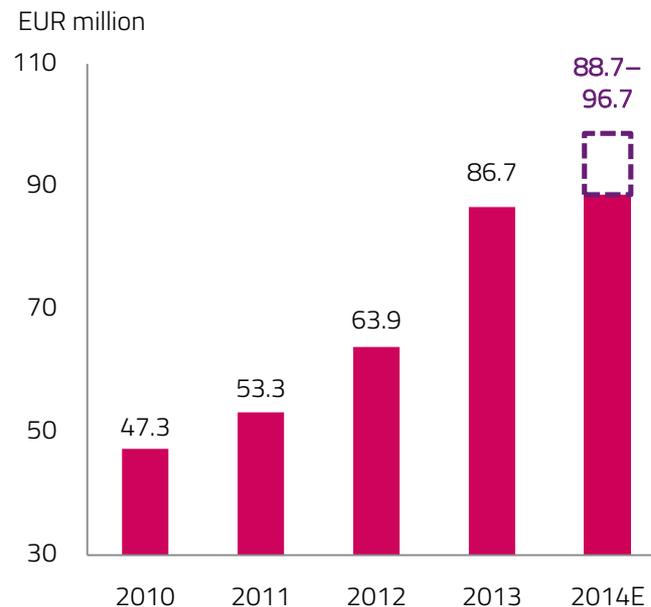
# Outlook 2014

## EPRA Operating profit



■ EPRA Operating profit □ Outlook Range

## EPRA Earnings



■ EPRA Earnings □ Outlook Range

- Company guidance 2014:
  - Turnover to change by EUR -1 to 7 million
  - EPRA Operating profit to change by EUR -2 to 6 million
  - EPRA Earnings to increase by EUR 2 to 10 million
  - EPRA EPS (basic) to be EUR 0.20–0.22

# FINANCING OVERVIEW



## Key financing figures

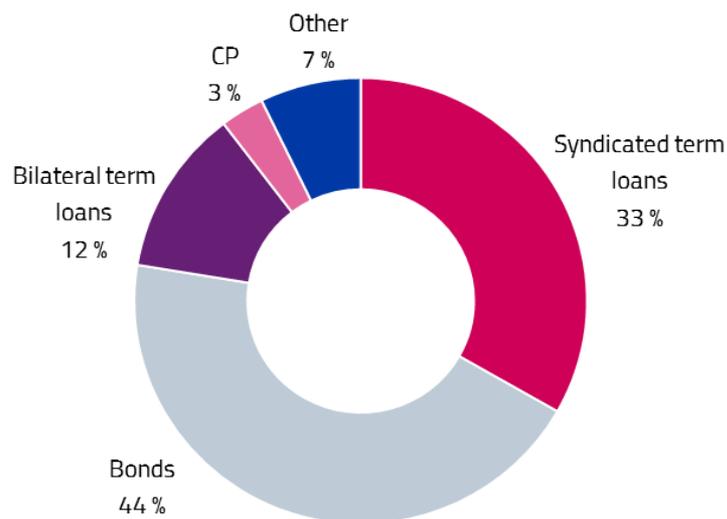
	Q1/2014	Q1/2013	Q4/2013
Interest bearing debt, fair value, EUR million	1,491.8	1,585.9	1,471.3
Available liquidity, EUR million	414.2	335.1	435.4
Average loan maturity, years	3.8	3.0	4.1
Average fixing period, years	3.6	3.2	3.9
Hedging ratio, %	82.1	87.4	83.4
Weighted average interest rate, % <sup>1)</sup>	4.03	4.20	4.12
YTD average interest rate, % <sup>1)</sup>	4.08	4.11	4.06
Loan to Value (LTV), %	50.3	49.0	49.3
Financial covenant: Equity ratio (32.5%)	44.1	42.6	45.2
Financial covenant: ICR (>1.8)	2.5	2.1	2.4

- Weighted average interest rate decreased versus Q4/2013 due to the issuance of EUR 47 million of commercial papers at the end of the period.
- Citycon changed the reporting of LTV in the period by including also 'Investments in joint ventures' in the investment properties. LTV increased slightly mainly due to the dividend payment in Q1 (in 2013 paid in Q2).

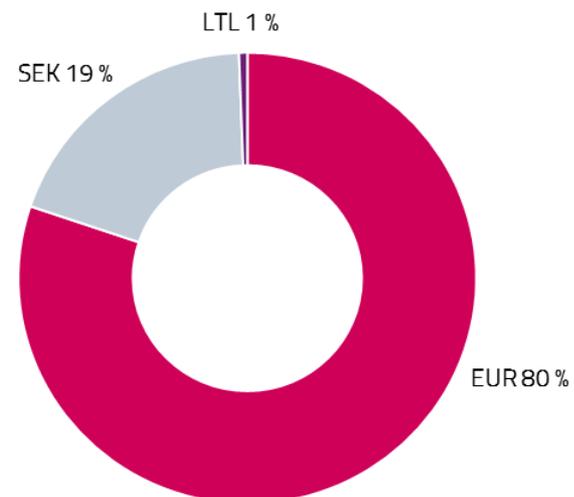
1) Including interest rate swaps

# Debt type and currency split

Breakdown by debt type <sup>1)</sup>



Breakdown by currency <sup>1)</sup>



- Well diversified debt sources following the EUR 500 million Eurobond issue in Q2/2013 - bonds accounting for 44% of total outstanding debt.
- EUR 500 million Eurobond issue has shifted the currency breakdown more towards EUR.

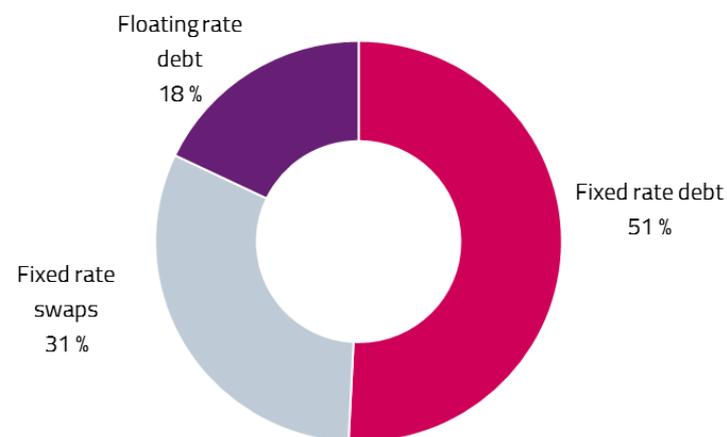
1) Calculated based on fair value of interest bearing debt

# Debt maturities and interest risk hedging

## Maturity profile of loans and derivatives



## Interest bearing debt by fixing type <sup>1)</sup>



- Average loan maturity in Q1 decreased to 3.8 years as no new long term debt was issued. Clearly longer than one year ago (3.0 years) due to the 7-year EUR 500 million Eurobond issued in Q2/2013.
- The decrease in the hedging ratio to 82.1% was mainly due to the exclusion of swaps and fixed rate loans maturing within one year.

1) Calculated based on fair value of interest bearing debt

# Financial expenses analysis

EUR thousand	Q1/2014	Q1/2013	Q4/2013
Interest expenses	-14,648	-16,791	-15,268 <sup>(A)</sup>
Foreign exchange gains (+) /losses (-)	-36	-3	-4
Amortisation of capitalised fees	-406	-423	-328
Non-cash option expense from convertible bonds	0	-239	-85
Other expenses	-360	-400	-972
<b>Total expenses</b>	<b>-15,450</b>	<b>-17,857</b>	<b>-16,657</b>
Interest income	1,795	1,458	1,544 <sup>(B)</sup>
Fair value gains (+) /losses (+) from derivatives	0	0	0
<b>Total income</b>	<b>1,795</b>	<b>1,458</b>	<b>1,544</b>
<b>Net financial expenses</b>	<b>-13,655</b>	<b>-16,399</b>	<b>-15,113</b>

- A. Interest expenses decreased significantly both compared to previous quarter and compared to last year mainly due to a lower average debt level during the quarter.
- B. Interest income is mainly received from the shareholder loan given to Kista Galleria.

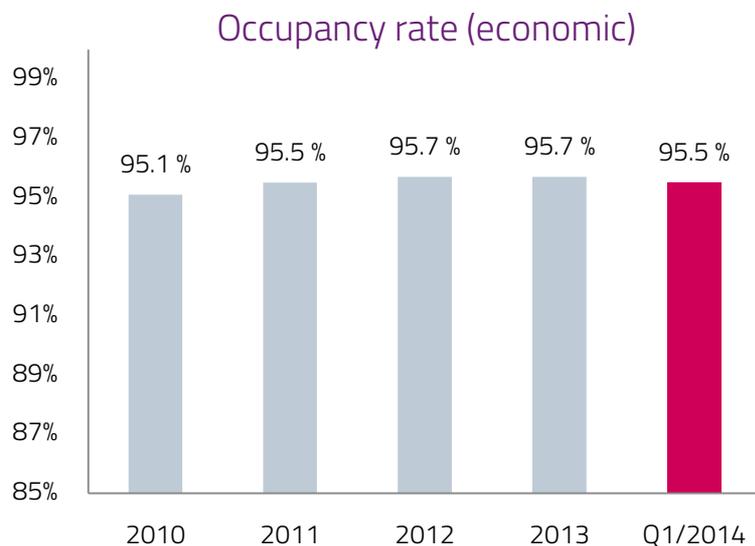
# PROPERTY PORTFOLIO & (RE)DEVELOPMENTS

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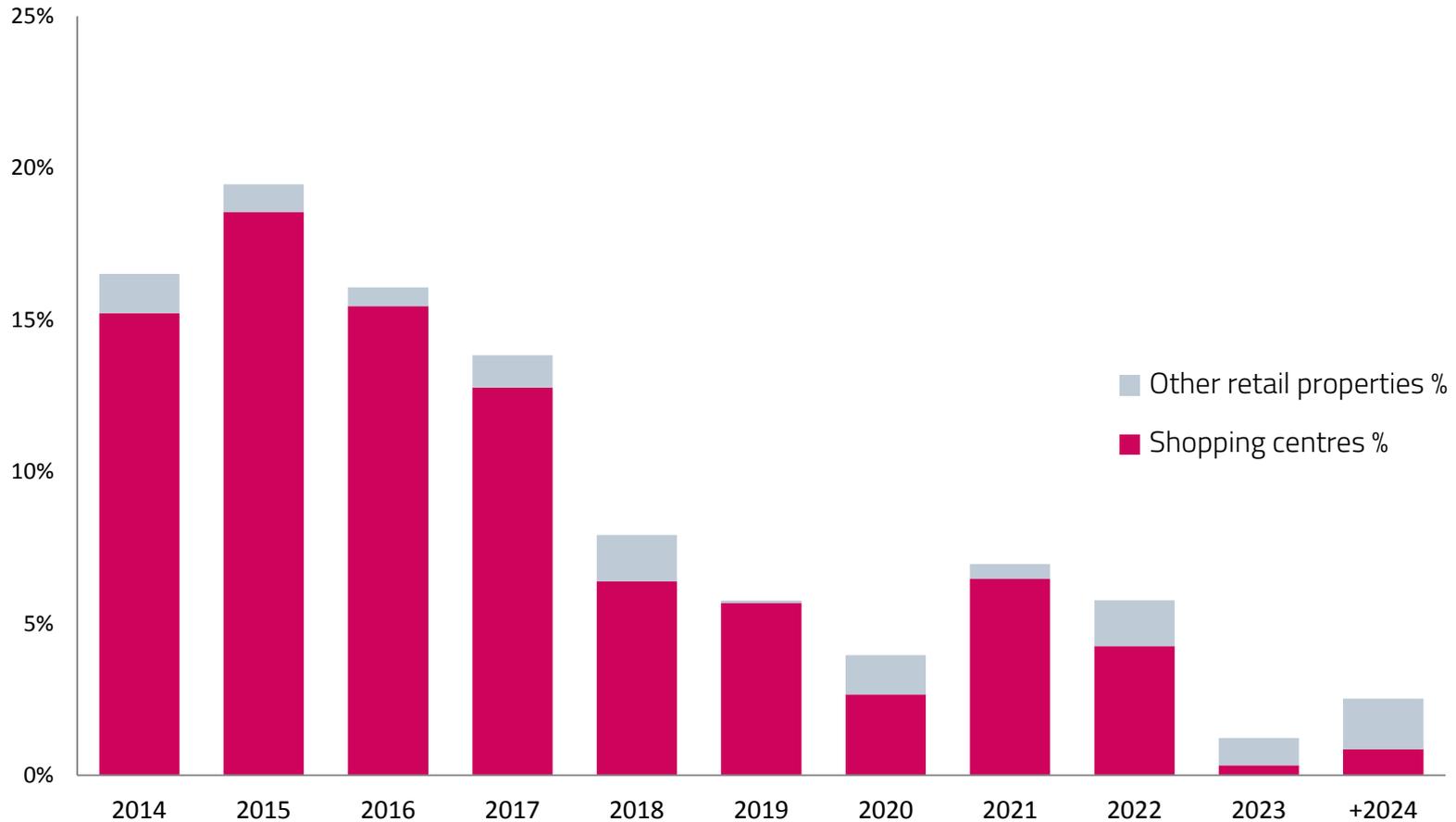
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# Lease portfolio

- 3,227 (3,764) lease agreements with an average length of 3.4 (3.4) years
- Total GLA 953,390 sq.m. (989,870 sq.m.)
- Rents linked to CPI (nearly all agreements)
- Annualised potential rental value for the portfolio is EUR 247.3 million



# Lease expiry profile Q1/2014



# Property portfolio

	Q1/2014	Q1/2013	Change-%	Q4/2013
Occupancy rate (economic), %	95.5	95.0	-	95.7
Average rent, EUR/sq.m.	21.7	21.3	1.9%	21.5
# of leases started	144	167	-13.8%	163
Total area of leases started, sq.m.	30,696	35,387	-15.4%	52,697
Average rent of leases started, EUR/sq.m.	18.9	20.7	-9.2%	17.5
# of leases ended	204	250	-18.4%	458
Total area of leases ended, sq.m.	37,282	55,151	-32.4%	66,260
Average rent of leases ended, EUR/sq.m.	22.5	18.6	21.0%	18.3

# Property portfolio

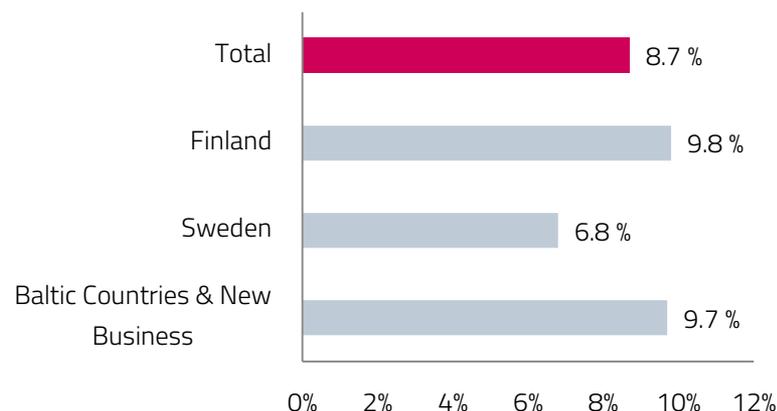
## Top 5 tenants

31 Dec 2013

	Proportion of rental income, %	Average remaining length of leases, years
Kesko	16.1	6.1
S Group	5.7	6.9
ICA Gruppen	4.2	3.5
Stockmann	2.7	2.3
Tokmanni	2.0	3.2
<b>Top 5, total</b>	<b>30.6</b>	<b>5.4</b>

## Occupancy cost ratio

LFL shopping centres, rolling 12 mth

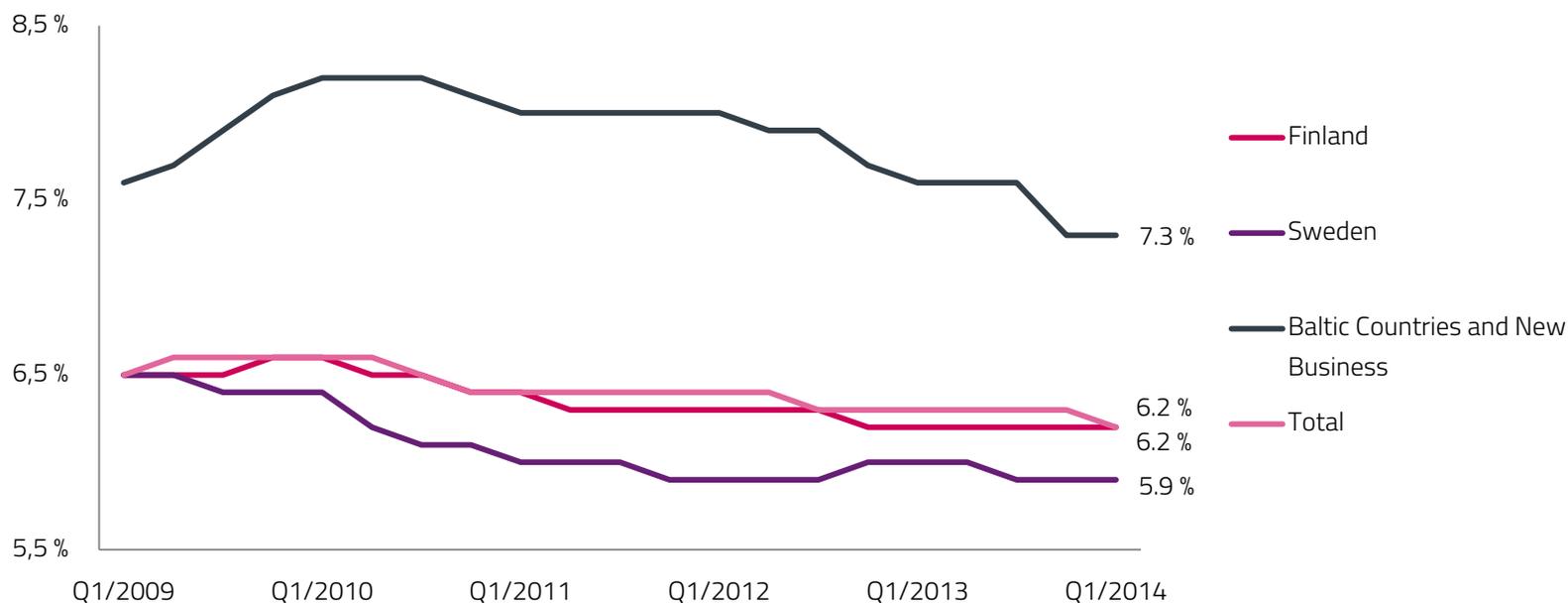


- Measured in fair value like-for-like (LFL) properties accounted for 84.2% of the total portfolio
  - Shopping centres represent 90.4% of the LFL portfolio
  - 71.2% of the LFL portfolio is in Finland
- Actual rental contract level vs. valuation market rents is +1.5%.
  - Indicates how much higher/lower Citycon's actual rental level is compared to the market rents applied in the external valuations

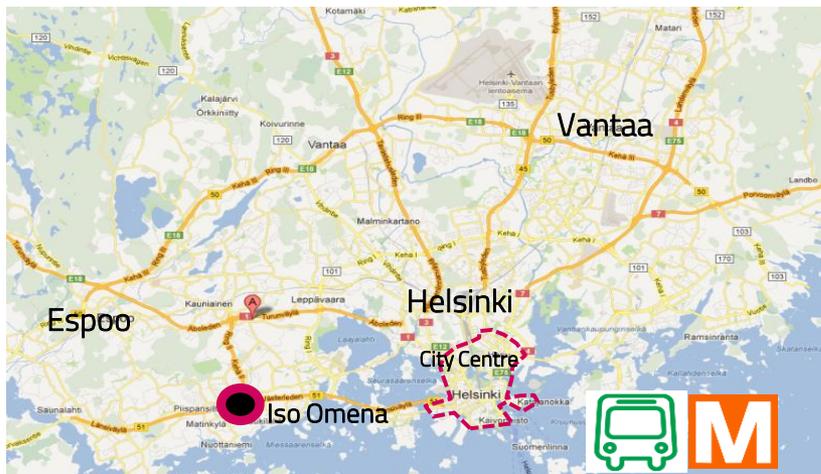
# Valuation yield development

- Fair value of investment properties EUR 2,744.3 million
- Fair value change in Q1/2014 EUR 11.9 million
- Citycon's average net yield requirement 31 March 6.2% (as defined by JLL)

Citycon's valuation yield development



# Extension and (re)development of Iso Omena



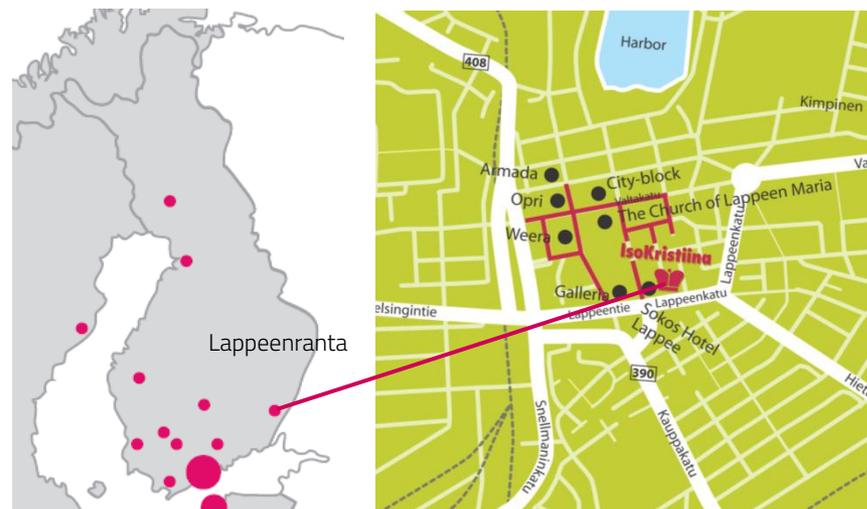
- **Strong purchasing power** – the average income of households within the sphere of Iso Omena is twice the Finnish average
- **Strong population growth** throughout Espoo – forecasts project an increase of approx. 20% by 2020
- **Footfall and sales target:**
  - Footfall from 9 million to 14.5 million p.a.
  - Sales from EUR 260 million to EUR 375 million

- The shopping centre's **retail area will grow to 75,000 sq.m.**
- Extension will be **fully integrated** with the new Matinkylä metro station and bus terminal
- Approx. **35,000 passengers /day**
- Citycon and NCC Property Development have a **50/50 partnership** in the extension project



(Re)development of core shopping centres in key locations

# Strategic (re)development and partnership in IsoKristiina



- IsoKristiina is located in the city centre of Lappeenranta, a university city in Eastern Finland 25 km from the Russian border
- Catchment area is approx. 130,000 inhabitants
- Great emphasis in the project is placed on leisure and versatile restaurant services, for example, the new Lappeenranta City Theatre premises will be located inside the renovated shopping centre.

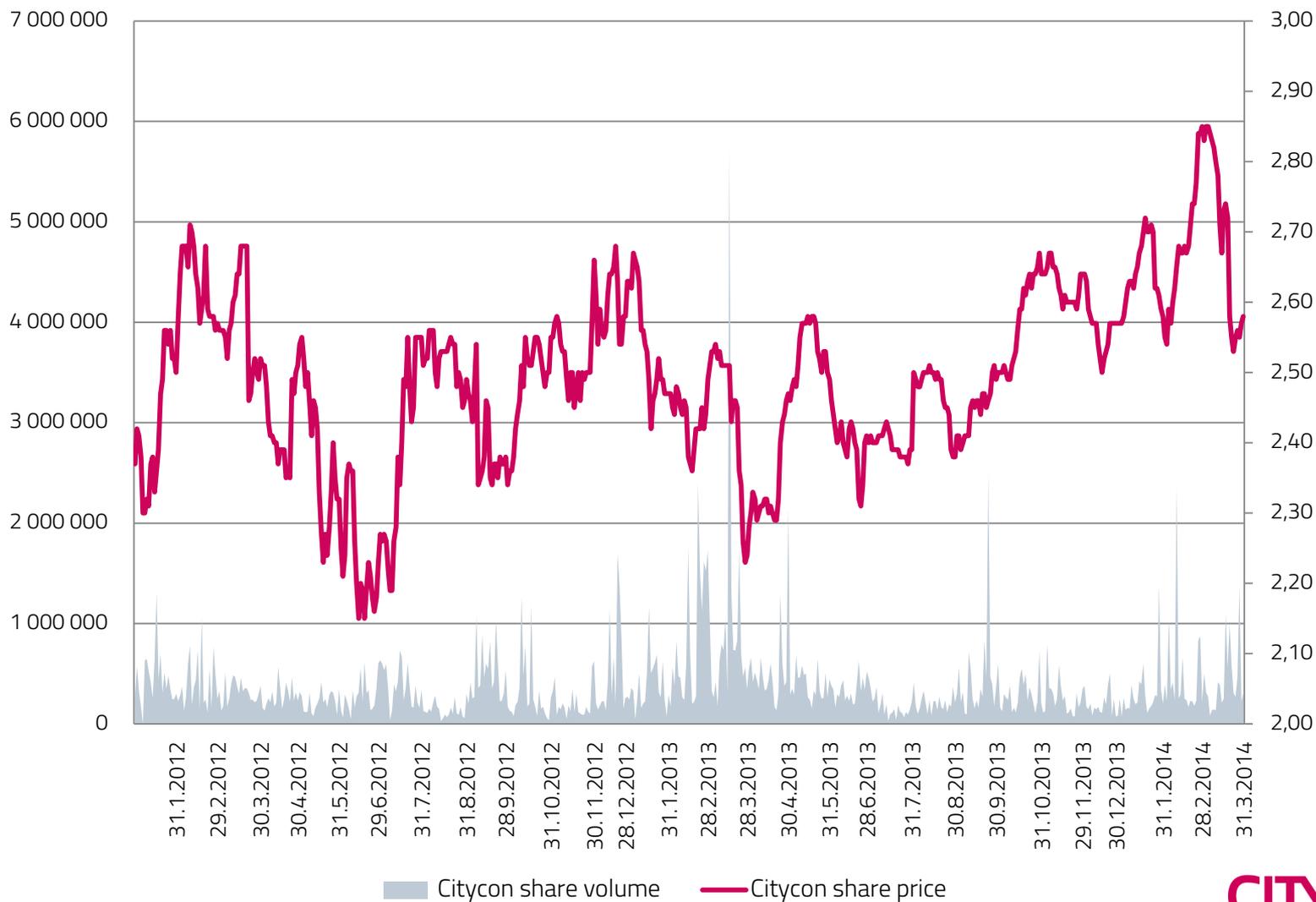


Co-redevelopment/investment with Ilmarinen – recycling of capital

# SHARES AND SHAREHOLDERS

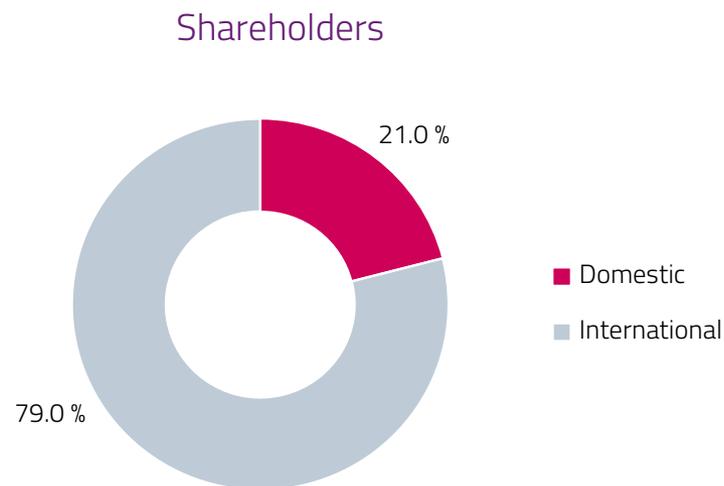


# Share performance and volume



# Ownership, 31 March 2014

- Established and listed on the Helsinki Stock Exchange since 1988
- Market cap **EUR 1,138.5 million**
- Number of domestic shareholders stayed stable: total **8,857** (8,509) registered shareholders, **21.0%** (24.8%) of total
- Largest Shareholders:
  - Gazit-Globe **49.3%**
  - Ilmarinen **8.98%**
- Included in Global Real Estate Sustainability Benchmark Survey Index, FTSE EPRA/NAREIT Global Real Estate Index, iBoxx BBB Financial index (EUR 500 million bond)





# BACK UP INFORMATION

# History of Citycon

## 25 years of retail experience and portfolio growth

Foundation	International expansion	New management and new strategy
<p><b>1988</b></p> <ul style="list-style-type: none"> <li>▪ Founded by Sampo Pension Ltd, Imatran Voima Oy, Rakennustoimisto A. Puolimatka Oy and Postipankki</li> <li>▪ Listed on Helsinki Exchange</li> <li>▪ Initial strategy was to invest in office assets</li> </ul> <p><b>1998</b></p> <ul style="list-style-type: none"> <li>▪ New business concept focusing on retail properties</li> <li>▪ Two large retail portfolio acquisitions</li> <li>▪ Office portfolio divested</li> </ul> <p><b>1999</b></p> <ul style="list-style-type: none"> <li>▪ Carried out major EUR 319.5 million property deal, which almost doubled the value of Citycon's property assets</li> <li>▪ Citycon became Finland's leading listed property investment company specialising in retail premises</li> </ul>	<p><b>2003</b></p> <ul style="list-style-type: none"> <li>▪ Citycon business to include development as well as owning, leasing and managing retail premises</li> <li>▪ Ownership base changes as the former main owners sold shareholdings and international investors become interested</li> </ul> <p><b>2005</b></p> <ul style="list-style-type: none"> <li>▪ Citycon enters foreign markets by acquiring its first properties in Sweden and Estonia</li> </ul> <p><b>2006</b></p> <ul style="list-style-type: none"> <li>▪ Citycon continues to expand, acquiring several retail properties in Sweden and its first property in Lithuania</li> </ul> <p><b>2007</b></p> <ul style="list-style-type: none"> <li>▪ New acquisition of Iso Omena in Finland</li> </ul> <p><b>2008</b></p> <ul style="list-style-type: none"> <li>▪ GIC joint venture partner in Iso Omena</li> </ul>	<p><b>2011</b></p> <ul style="list-style-type: none"> <li>▪ Citycon's new CEO, Marcel Kokkeel, joined the company</li> <li>▪ New strategy re-defines core ownership and portfolio expansion</li> <li>▪ Citycon's strategy also includes investing in shopping centres with joint venture partners</li> </ul> <p><b>2012</b></p> <ul style="list-style-type: none"> <li>▪ Portfolio broadened to Denmark with acquisition of Albertslund Centrum in Copenhagen</li> </ul> <p><b>2013</b></p> <ul style="list-style-type: none"> <li>▪ Swedish portfolio strengthened by acquiring Kista Galleria in Stockholm in a JV with CPPIB</li> <li>▪ EUR 200 million rights issue completed in March</li> <li>▪ Citycon received two investment grade credit ratings</li> <li>▪ EUR 500 million eurobond offering completed in June</li> </ul>

# Illustrative calculation of ICR covenant using Q1/2014 financials

Q1/2014 EBITDA for covenant calculation:

- + Direct operating profit
- + Depreciations
- +/- Non-cash and exceptional items

EBITDA for rolling 12 months period:

- + EUR 149.8
- + EUR 0.8
- + EUR 0.3 = EUR 151.0 million

EPRA Earnings (EUR million)	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Cum. 12m
Net rental income	40,7	41,9	43,9	42,7	169,2
Direct administrative expenses	-5,0	-5,5	-4,7	-5,2	-20,3
Direct other operating income and expenses	0,4	0,1	0,2	0,2	1,0
<b>EPRA operating profit</b>	<b>36,1</b>	<b>36,5</b>	<b>39,5</b>	<b>37,8</b>	<b>149,8</b>
Direct net financial income and expenses	-13,7	-14,9	-15,4	-16,3	-60,3
Direct share of loss/profit of joint ventures	0,3	-5,3	0,7	0,4	-3,8
Direct current taxes	-0,2	-0,2	-0,2	-0,2	-0,7
Change in direct deferred taxes	0,1	0,3	0,1	-0,4	0,1
Direct non-controlling interest	-0,4	-0,5	-0,4	-0,5	-1,9
<b>EPRA Earnings, total</b>	<b>22,3</b>	<b>15,9</b>	<b>24,2</b>	<b>20,8</b>	<b>83,2</b>

Q1/2014 ICR  
= (151.0/59.3)  
= 2.5x

Q1/2014 Net fin.exp. for covenant calculation:

- + Direct net financials
- Non-cash option amortization from convertible
- +/- Other adjustments incl. FX gains or losses

Net financial income & expenses :

- + EUR 60.3
- + EUR 0.3
- + EUR 0.7 = EUR 59.3 million

# Illustrative calculation of equity ratio covenant using Q1/2014 financials

Equity for covenant calculation:

- + Total shareholders' equity
- + Subordinated debt
- Non-controlling interest
- +/- Fair value of derivatives included in equity

Equity :

- + EUR 1 309.8
- + EUR 0.0
- EUR 56.1
- + EUR 23.9 = EUR 1,277.6 million

Liabilities and shareholders' equity (EUR million)	Q1/2014	Q1/2013
<b>Shareholders' equity</b>		
Share capital	259,6	259,6
Share premium fund	131,1	131,1
Fair value reserve	-24,7	-52,2
Invested unrestricted equity fund	440,1	493,3
Retained earnings	447,6	368,2
Total equity attributable to parent company shareholders	1 253,7	1 200,0
Non-controlling interest	56,1	46,3
<b>Total shareholders' equity</b>	<b>1 309,8</b>	<b>1 246,3</b>
<b>Total liabilities</b>	<b>1 662,4</b>	<b>1 843,4</b>

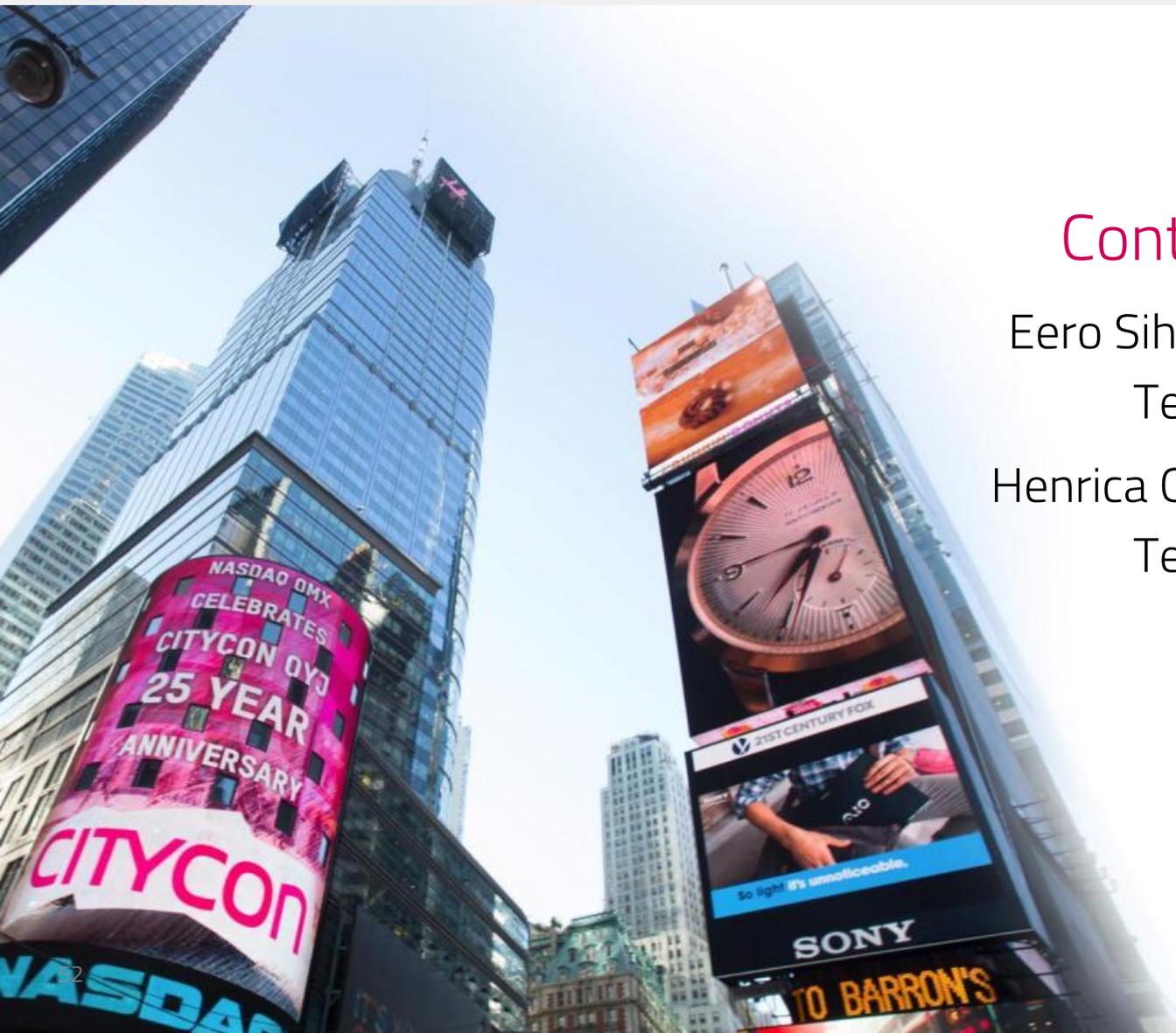
Equity Ratio 31 March 2014  
 $= (1,227.6 / 2,898.4)$   
 $= 44.1x$

Total balance sheet for covenant calculation:

- + Equity (as defined above)
- + Total liabilities
- Subordinated debt
- +/- Fair value of derivatives and other adjustm

Total balance sheet:

- + EUR 1,277.6
- + EUR 1,662.4
- + EUR 41.6 = EUR 2,898.4 million



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**CITYCON**

[citycon.com](http://citycon.com)