

MORE THAN SHOPPING

CITYCON CAPITAL MARKETS DAY 16 MAY 2017, ISO OMENA
CEO, MARCEL KOKKEEL



HAPPY TO HOST YOU



MARCEL KOKKEEL
Chief Executive Officer



EERO SIHVONEN
Chief Financial Officer,
Executive Vice President



ANU TUOMOLA
General Counsel



**MARIANNE MAZARINO
HÅKONSEN**
Vice President,
Marketing and Branding



JURN HOEKSEMA
Chief Operating Officer



HENRICA GINSTRÖM
Vice President,
IR and Communications

PURE NORDIC RETAIL PLAYER

KEY FIGURES

- 51 SHOPPING CENTRES
- 13 MANAGED/RENTED ASSETS
- GROSS RENTAL INCOME MEUR 250¹⁾
- GLA 1.2 MILLION SQ.M.
- 200 MILLION VISITORS P.A.
- 4,800 LEASE AGREEMENTS

FOOTPRINT

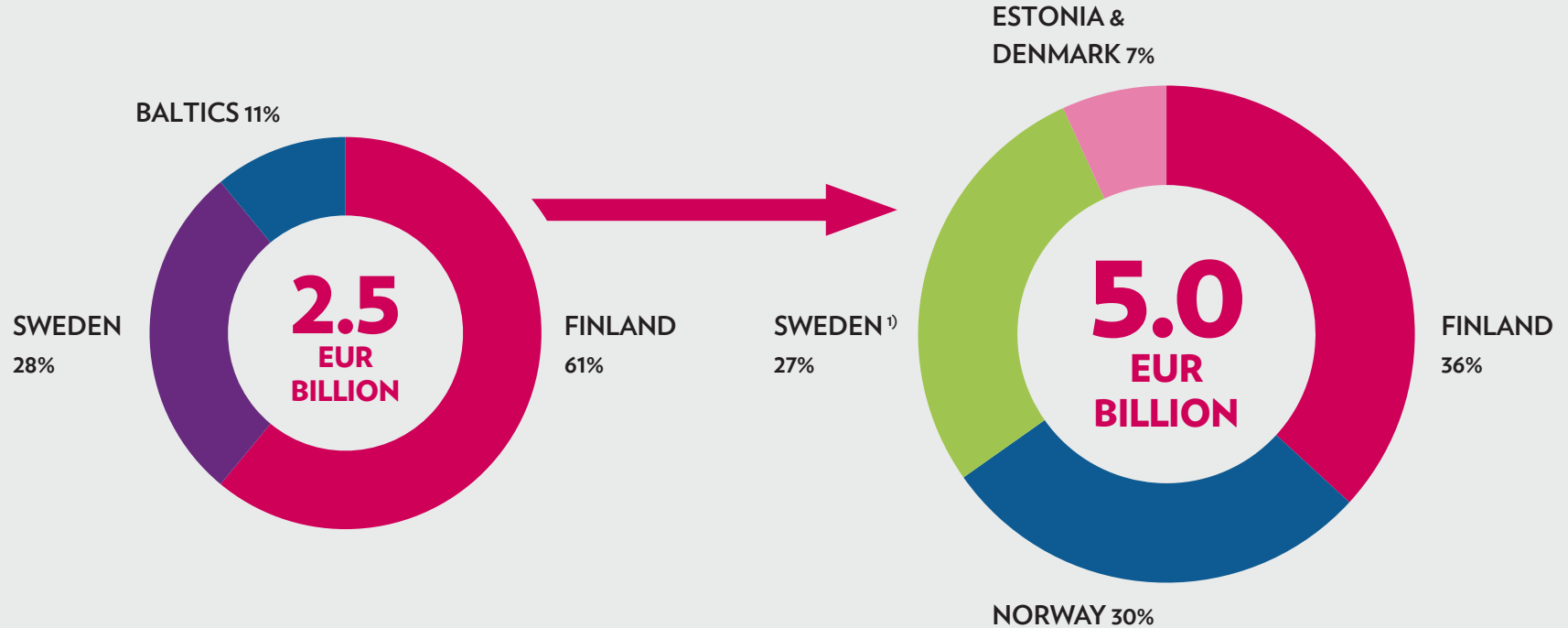


INCLUDING KISTA GALLERIA

¹⁾ FULL YEAR 2016, EXCLUDING KISTA GALLERIA

TRANSITION

FROM A FINNISH TO A NORDIC COMPANY



¹⁾ INCLUDING KISTA GALLERIA 100%

IMPROVED **PORTFOLIO QUALITY**

2011

Q1/2017

78

OF PROPERTIES

56

32

AVERAGE SIZE, MEUR

91

IMPROVED **PORTFOLIO QUALITY**

2011

Q1/2017

78

OF PROPERTIES

56

**LESS
IS MORE**

32

AVERAGE SIZE, MEUR

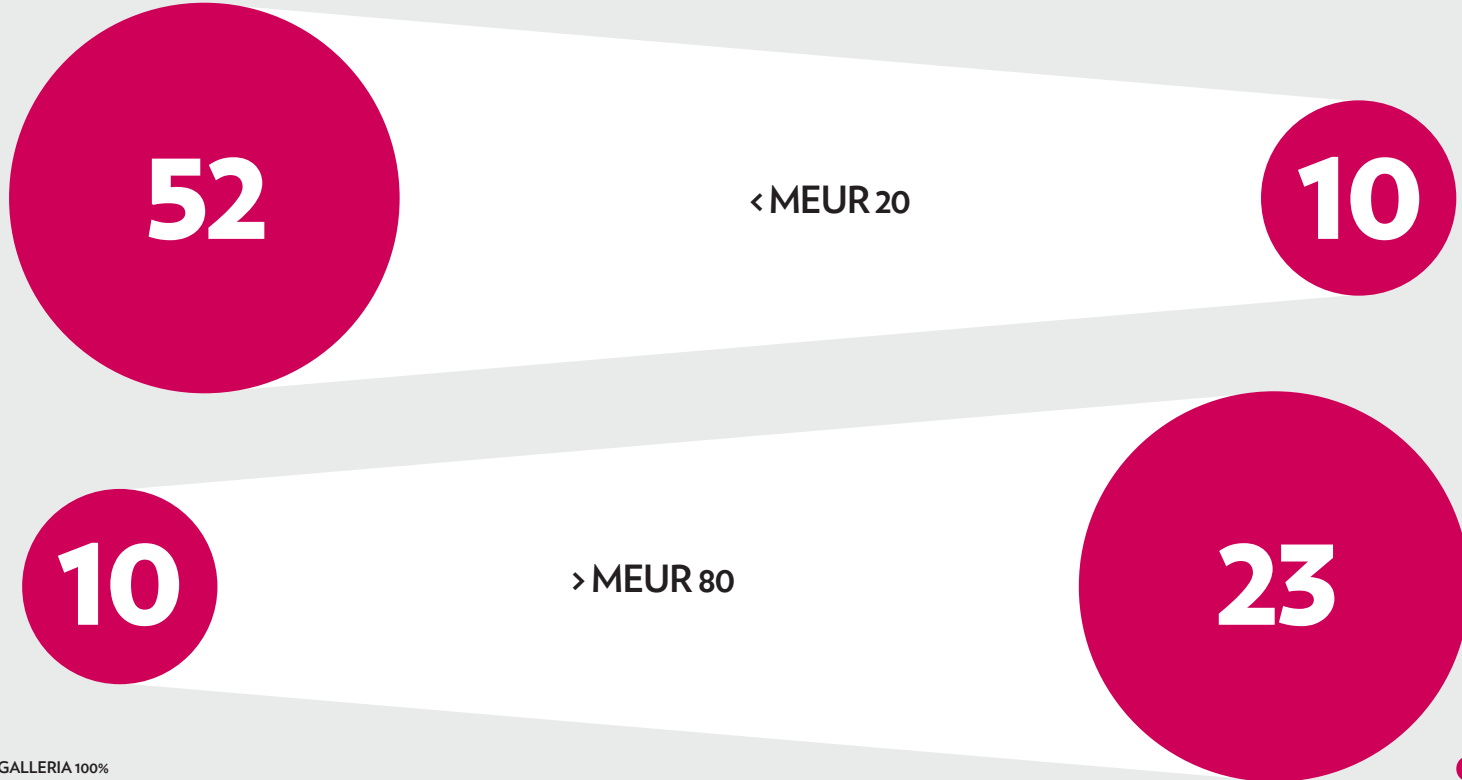
91

IMPROVED **PORTFOLIO QUALITY**

2011

NUMBER OF PROPERTIES AND SIZE

Q1/2017



IMPROVED **PORTFOLIO QUALITY**

2011

NUMBER OF PROPERTIES AND SIZE

Q1/2017

52

10

10

23

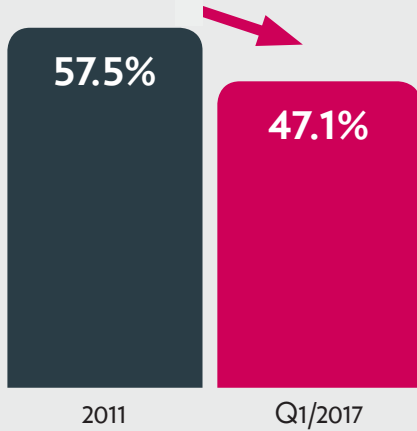
< MEUR 20
**LARGER
AND BETTER
ASSETS**

> MEUR 80

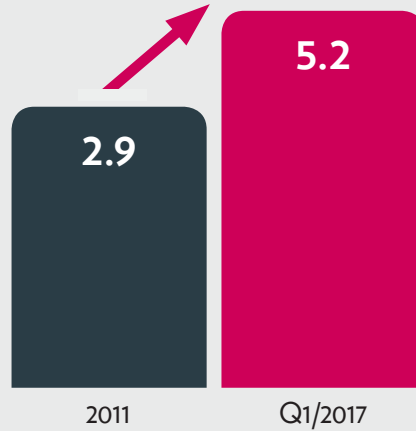
IMPROVED CREDIT PROFILE

CREDIT RATINGS FROM **S&P** (BBB) AND **MOODY'S** (Baa1)

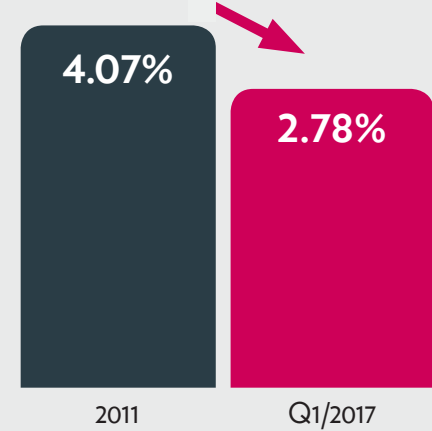
LOAN TO VALUE



AVERAGE LOAN MATURITY (YEARS)



AVERAGE INTEREST RATE



OUR BUSINESS PHILOSOPHY

WHY DO THEY CARE ABOUT US?



THE **URBAN LIFESTYLE**

WE LIVE

> IN CITIES > SINGLE > LONGER

> SMARTER > CONNECTED

WHY DO THEY CARE ABOUT US?



**URBAN
CONVENIENCE
IN THE HEART OF
COMMUNITIES**

URBAN
CONVULSION
IN THE HEART OF
COMMUNITIES

COMMERCE
AND
COMMUNITY

THE **GAME** IS ABOUT **FUNCTION**, LESS ABOUT **SIZE**



GLA, SQ.M.

ISO OMENA
101.000

KISTA GALLERIA
93.000

JAKOBSBERGS CENTRUM
43.000

COLUMBUS
21.000

KOLBOTN TORG
18.000

THE **GAME** IS ABOUT **FUNCTION**, LESS ABOUT **SIZE**



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101.000

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93.000

JAKOBSBERGS CENTRUM
43.000

COLUMBUS
21.000

KOLBOTN TORG
18.000

THIS IS MY
CENTRE

CORE ASSET CRITERIA

STRICT **INVESTMENT CRITERIA**

- › **NORDIC**
- › STRONG **DEMOGRAPHICS**
- › PUBLIC **TRANSPORTATION**
- › **DOMINANT IN CATCHMENT**
- › EVERYDAY **CONVENIENCE**
- › **(RE)DEVELOPMENT** POTENTIAL

STRICT INVESTMENT CRITERIA

- › **NORDIC**
- › STRONG **DEMOGRAPHICS**
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NORDICS



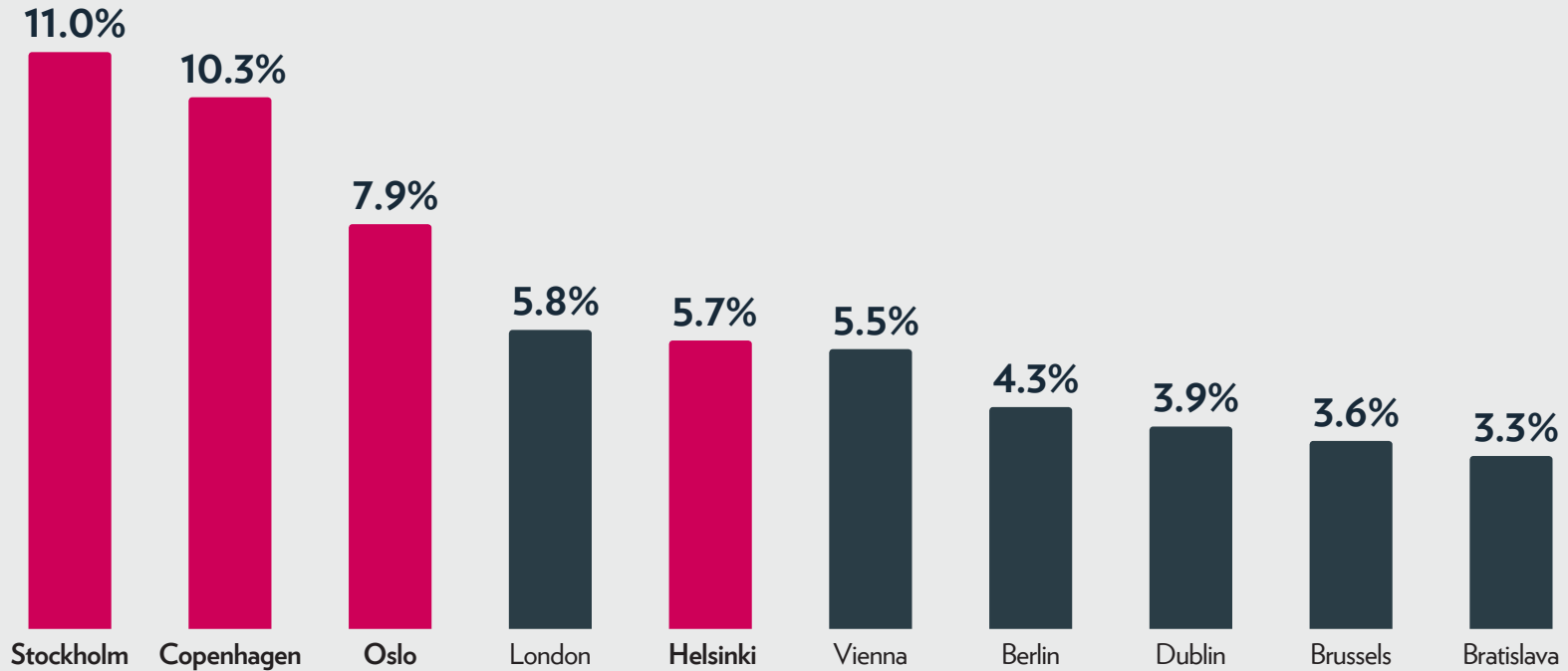
- › **DOUBLE/TRIPLE A**
- › **STRONG ECONOMIES**
- › **SOLID POLITICAL ENVIRONMENTS**
- › **STABLE BANKING SYSTEMS**
- › **TRANSPARENT**



STRONG DEMOGRAPHICS

FASTEST GROWING CITIES IN EUROPE

POPULATION GROWTH ESTIMATE % (2015-2020)



STRONG POPULATION GROWTH - ESPOO MATINKYLA 2000



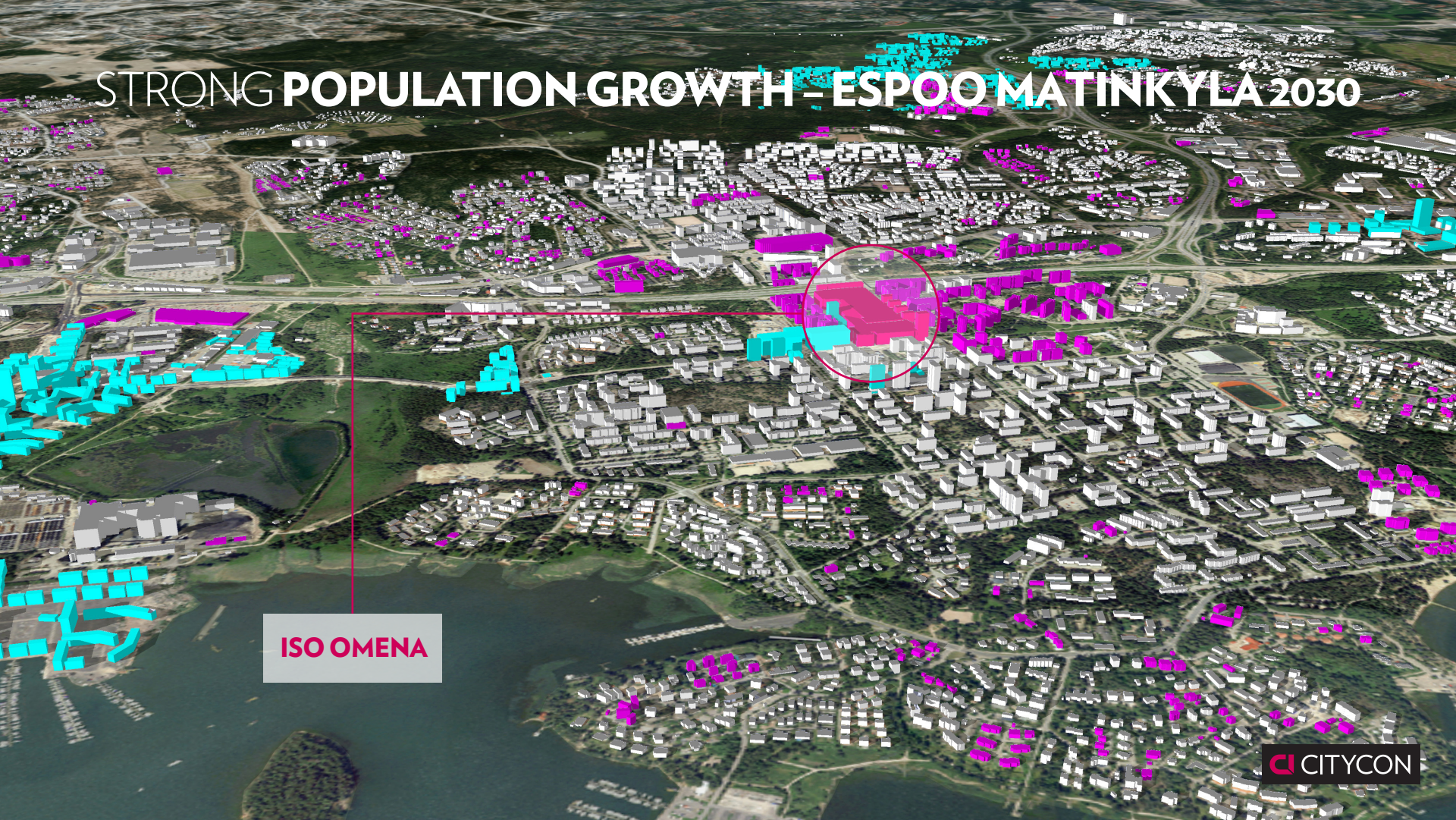
ISO OMENA

STRONG POPULATION GROWTH – ESPOO MATINKYLA 2016



ISO OMENA

STRONG POPULATION GROWTH – ESPOO MATINKYLA 2030



ISO OMENA

STRONG POPULATION GROWTH – ESPOO MATINKYLA 2030

ISO OMENA

2000 - 68.000
2030 - 100.000

ESPOO ISO OMENA – AREA DEVELOPMENT

ISO OMENA

ELDERLY HOME

RESIDENTIAL

SWIMMING HALL

HOTEL

SCHOOL

Ruoholahti / Gräsåken 07:00
Ruoholahti / Gräsåken 17:00

DIRECT CONNECTION TO PUBLIC TRANSPORTATION

THE RISE OF PUBLIC TRANSPORTATION HUBS IN STOCKHOLM

Driving licences



Public transportation

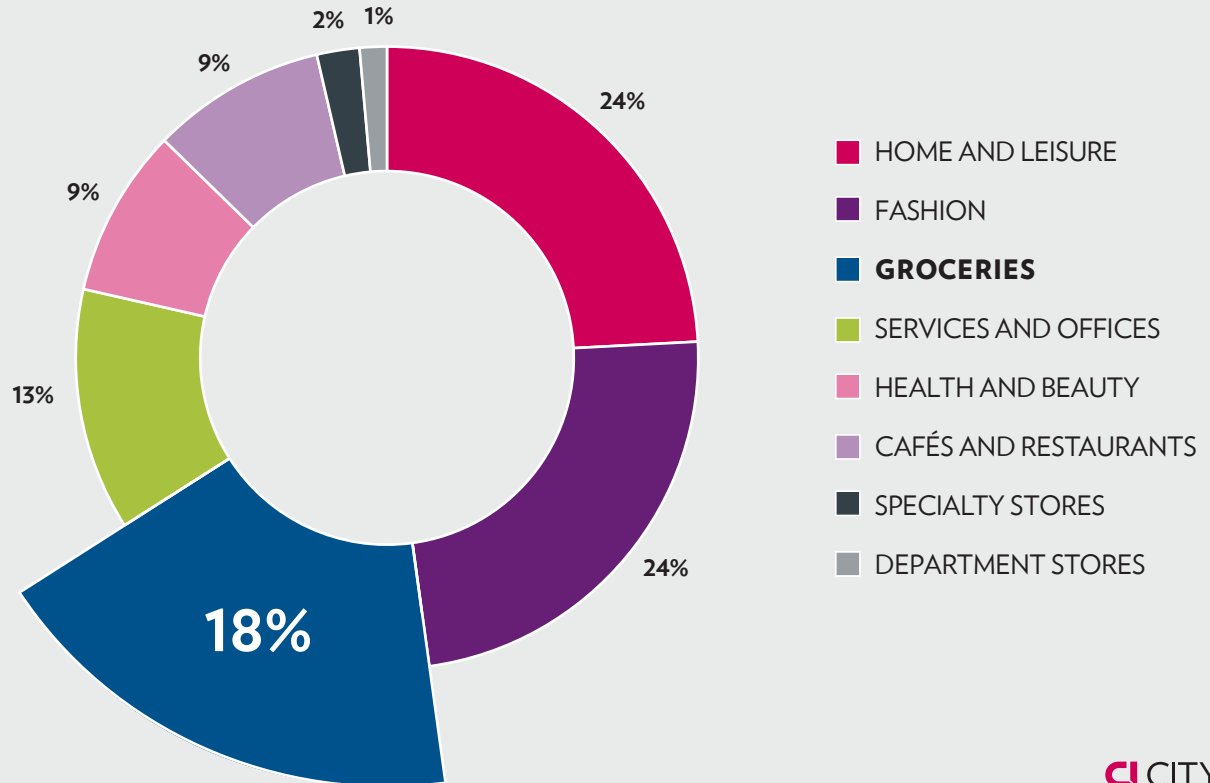
70% of Stockholm city traffic is public transportation.

60% of 18-24 year olds in Stockholm do not have a driving licence.

A photograph of a family shopping in a supermarket. A man, a woman, and two children are gathered around a large display of apples. The man is holding an apple, and the children are looking at it. The woman is also looking at the apples. The background shows other supermarket shelves and signs. The text "EVERYDAY CONVENIENCE" is overlaid in large white letters across the center of the image.

EVERYDAY CONVENIENCE

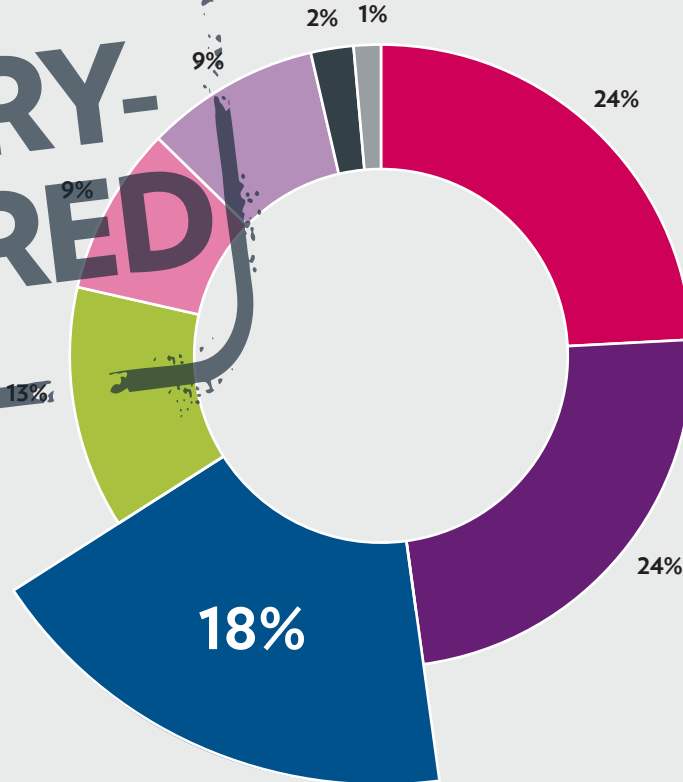
FOOD AND NECESSITY-BASED



INCLUDING KISTA GALLERIA 50%

FOOD AND NECESSITY-BASED

**GROCERY-
ANCHORED**



- HOME AND LEISURE
- FASHION
- GROCERIES
- SERVICES AND OFFICES
- HEALTH AND BEAUTY
- CAFÉS AND RESTAURANTS
- SPECIALTY STORES
- DEPARTMENT STORES

INCLUDING KISTA GALLERIA 50%

PUBLIC SERVICES ARE OUR NEW ANCHORS

ISO OMENA PUBLIC SERVICE SQUARE



**1.500.000
ANNUAL VISITORS**

LILJEHOLMSTORGET HEALTHCARE



**800.000
ANNUAL VISITORS**

KISTA GALLERIA LIBRARY



**700.000
ANNUAL VISITORS**

PUBLIC SERVICES ARE OUR NEW ANCHORS

ISO OMENA
PUBLIC SERVICE SQUARE



1.500.000
ANNUAL VISITORS

LILJEHOLMSTORGET
HEALTHCARE



800.000
ANNUAL VISITORS

KISTA GALLERIA
LIBRARY



700.000
ANNUAL VISITORS

IMPROVED QUALITY AND OFFER OF F&B

LAUNCH OF NEW CITYCON F&B CONCEPT



IMPROVED QUALITY AND OFFER OF F&B

LAUNCH OF NEW CITYCON F&B CONCEPT

25% OF
UNITS F&B

LIPPUAUTOMAATTI



**31% OF PEOPLE VISIT
A SHOPPING CENTRE
JUST TO EAT
AND DRINK**

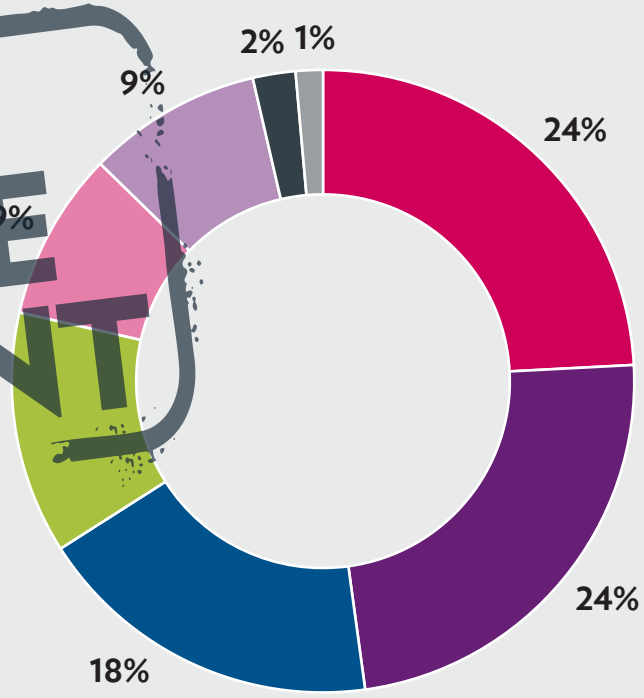
A photograph of three people sitting at a wooden table in an outdoor restaurant at night. The man on the left is wearing a colorful patterned shirt and glasses. The woman in the middle is wearing a camouflage jacket. The woman on the right is wearing an orange top. They are all smiling and talking. The background is blurred with warm lights and a brick wall.

**77% OF FINNS HAD
A MEAL OUT OF THE
HOME DURING PAST
TWO WEEKS**

SOURCE: MATKAILU- JA RAVINTOLAPALVELUT RY: RAVINTOLARUOKAILUN TRENDIT 12/2016.

EVERYDAY CONVENIENCE REPRESENTS MAJORITY OF INCOME

60%
ONLINE
RESILIENT



- HOME AND LEISURE
- FASHION
- GROCERIES
- SERVICES AND OFFICES
- HEALTH AND BEAUTY
- CAFÉS AND RESTAURANTS
- SPECIALTY STORES
- DEPARTMENT STORES

INCLUDING KISTA GALLERIA 50%

E-COMMERCE IN THE NORDICS GROWING

IN LINE WITH EUROPEAN AVERAGE

E-COMMERCE
SALES GROWTH

9%

AVG. GROWTH P.A.
2012-2016

E-SHOPPERS

75%

PROPORTION
OF ONLINE
RETAIL SALES

11%



E-COMMERCE IN THE NORDICS GROWING

IN LINE WITH EUROPEAN AVERAGE

E-COMMERCE
SALES GROWTH

9%

AVG. GROWTH P.A.
2012-2016

E-SHOPPERS

75% 60% 11%

ONLINE
RESILIENT

PROPORTION
OF ONLINE
RETAIL SALES

LAUNCH OF CITYCON LOYALTY CLUB IN ISO OMENA – ALREADY 37,000 MEMBERS



- EXTRA 2-HOUR FREE PARKING
- FIND MY CAR
- SPECIAL OFFERS
- GAMES

SO:

STRATEGY **2017-2022**

› **PORTFOLIO QUALITY UPGRADE**
RECYCLING OF CAPITAL

› **VALUE CREATION**
CAPITALIZE ON URBAN LOCATIONS

› **FINANCIAL STRENGTH**
LOAN TO VALUE 40-45%

**OPERATIONAL
EXCELLENCE**

› **PORTFOLIO QUALITY UPGRADE**

RECYCLING OF CAPITAL

› **VALUE CREATION**

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CAPITALIZE ON URBAN LOCATIONS

> **FINANCIAL STRENGTH**
LOAN TO VALUE 40-45%

**MY
CENTRE**

CAPITAL RECYCLING



**SMALL, NON-URBAN
LESS QUALITY
ASSETS WITH
AVERAGE YIELD
OF 6-8%**

**BUT
DECLINING
TREND**



**LARGER, URBAN
HIGH-QUALITY
ASSETS WITH
AVERAGE YIELD
OF 5.5-6.5%**

**BUT
GROWING
TREND**



CAPITAL RECYCLING

**SMALL, NON-URBAN
LESS QUALITY
ASSETS WITH
AVERAGE YIELD
OF 6-8%**

**BUT
DECLINING
TREND**



**IMPROVED
QUALITY OF
ASSETS**

**LARGER, URBAN
HIGH-QUALITY
ASSETS WITH
AVERAGE YIELD
OF 5.5-6.5%**

**BUT
GROWING
TREND**



FUNDING THE DEVELOPMENT PIPELINE



2017→

TO BE CONTINUED



2017/2019

NO

MEUR 200-250



2017/2018

FI

MEUR 200-250



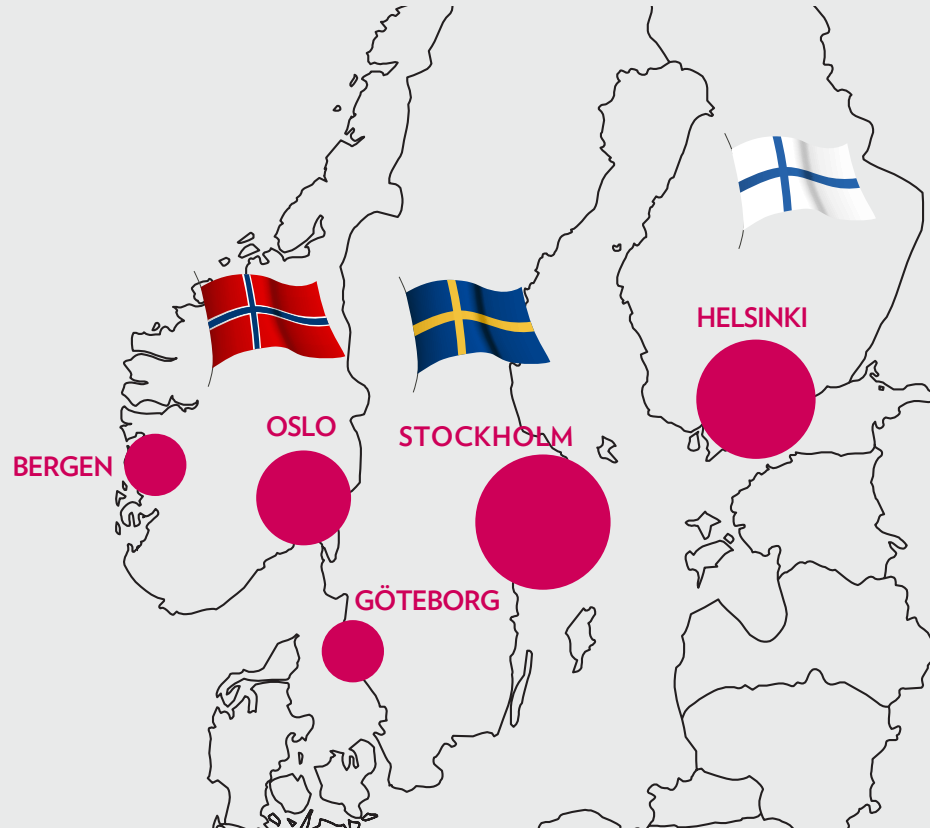
UNTIL Q1/2017

MEUR 400

**AT BOOK
VALUE**

**DEVELOPMENTS
&
SELECTED
ACQUISITIONS**

DEVELOPMENT PIPELINE ≥ 800 MEUR
90% IN CAPITAL AREAS OR SECOND LARGEST CITY



BERGEN OASEN – BEFORE

WHAT WE BOUGHT





BERGEN OASEN - AFTER

WHY WE BOUGHT

- ADDITIONAL + 12,000 SQ.M.
- INVESTMENT MEUR 80
- RESI UNITS 200
- PUBLIC SERVICES
- TIMING 2019-2021

BERGEN OASEN - AFTER

WHY WE BOUGHT



STOCKHOLM LILJEHOLMSTORGET - BEFORE

FROM GOOD





STOCKHOLM LILJEHOLMSTORGET - AFTER

TO GREAT

- ADDITIONAL + 22,500 SQ.M.
- INVESTMENT MEUR 120
- RESI UNITS 225
- PUBLIC SERVICES, CINEMA
- HOTEL?
- TIMING 2020-2022

ESPOO LIPPULAIVA – BEFORE

FROM SHOPPING CENTRE



ESPOO LIPPULAIVA - AFTER

TO COMMUNITY SHOPPING CENTRE

- ADDITIONAL + 22,800 SQ.M.
- INVESTMENT MEUR 200
- RESI UNITS 400
- LIBRARY, NURSERY HOME
- TIMING 2017-2020

STRONG POPULATION GROWTH - ESPOONLAHTI 2000



LIPPULAIVA

STRONG POPULATION GROWTH - ESPOONLAHTI 2016



LIPPULAIVA

STRONG POPULATION GROWTH – ESPOONLAHTI 2030



The image is an aerial 3D rendering of the Espoonlahti area, showing a dense urban development with numerous buildings of varying heights and colors. The buildings are color-coded: many are pink, while others are cyan. A red circle highlights a specific cluster of buildings in the upper-left quadrant. A red line extends from this circle down to a white rectangular box containing the text 'LIPPULAIVA'. The surrounding landscape includes green fields, forests, and a body of water in the lower-left and bottom-right corners.

LIPPULAIVA

STRONG POPULATION GROWTH - ESPOONLAHTI 2030

LIPPULAIVA

2000 - 50.000
2030 - 85.000

GOTHENBURG MÖLNDAL GALLERIA - BEFORE

WHAT WE BOUGHT



GOTHENBURG MÖLNDAL GALLERIA - AFTER

WHY WE BOUGHT



MÖLNDAL GALLERIA

- ADDITIONAL + 24,000 SQ.M.
- INVESTMENT MEUR 120
- TIMING Q3/2018



MalFirstPartners
Kontorlokaler til leie Tlf: 23 01 14 13

OSLO TREKANTEN - BEFORE

WHAT WE BOUGHT

TREKANTEN

GANT

moodies

PRU's

OSLO TREKANTEN - AFTER

WHY WE BOUGHT

- ADDITIONAL + 21,100 SQ.M.
- INVESTMENT MEUR 110
- RESI UNITS 50
- PUBLIC SERVICES & OFFICES
+15,000 SQ.M.
- TIMING 2020-2022

 TREKANTEN

KISTA - *BEFORE*

CONNECTED TO PUBLIC TRANSPORTATION

KISTA - AFTER

INTEGRATED WITH PUBLIC TRANSPORTATION

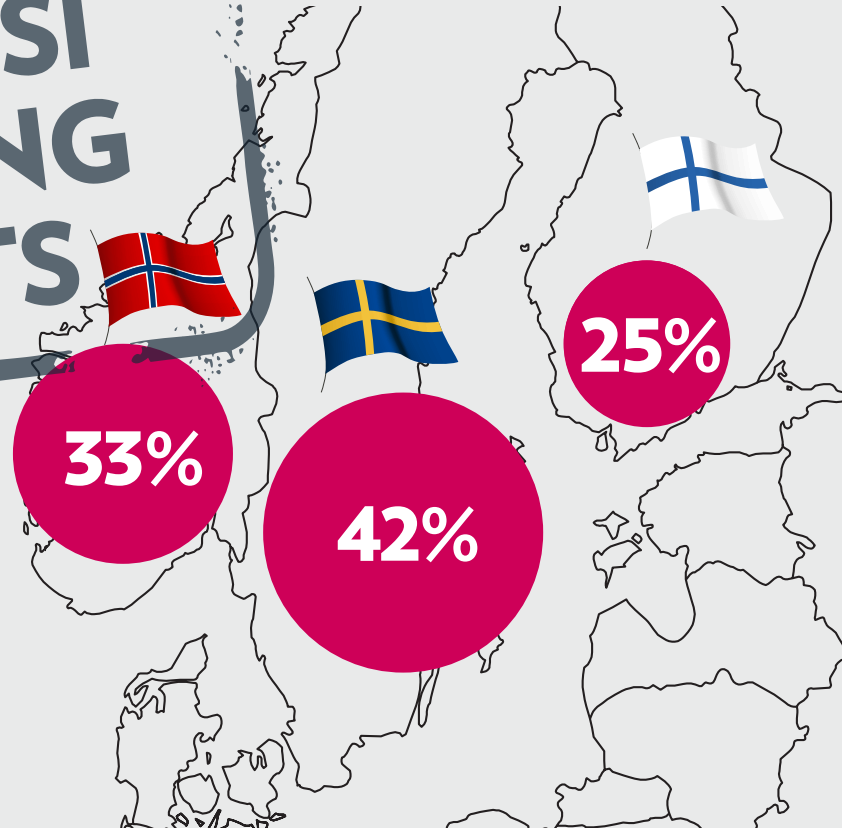
- ADDITIONAL + 18,500 SQ.M.
- INVESTMENT MEUR 80
- RESI UNITS 350
- MORE URBAN FACILITIES
- TIMING 2019-2021

KISTA RESI TOWER

URBAN POTENTIAL

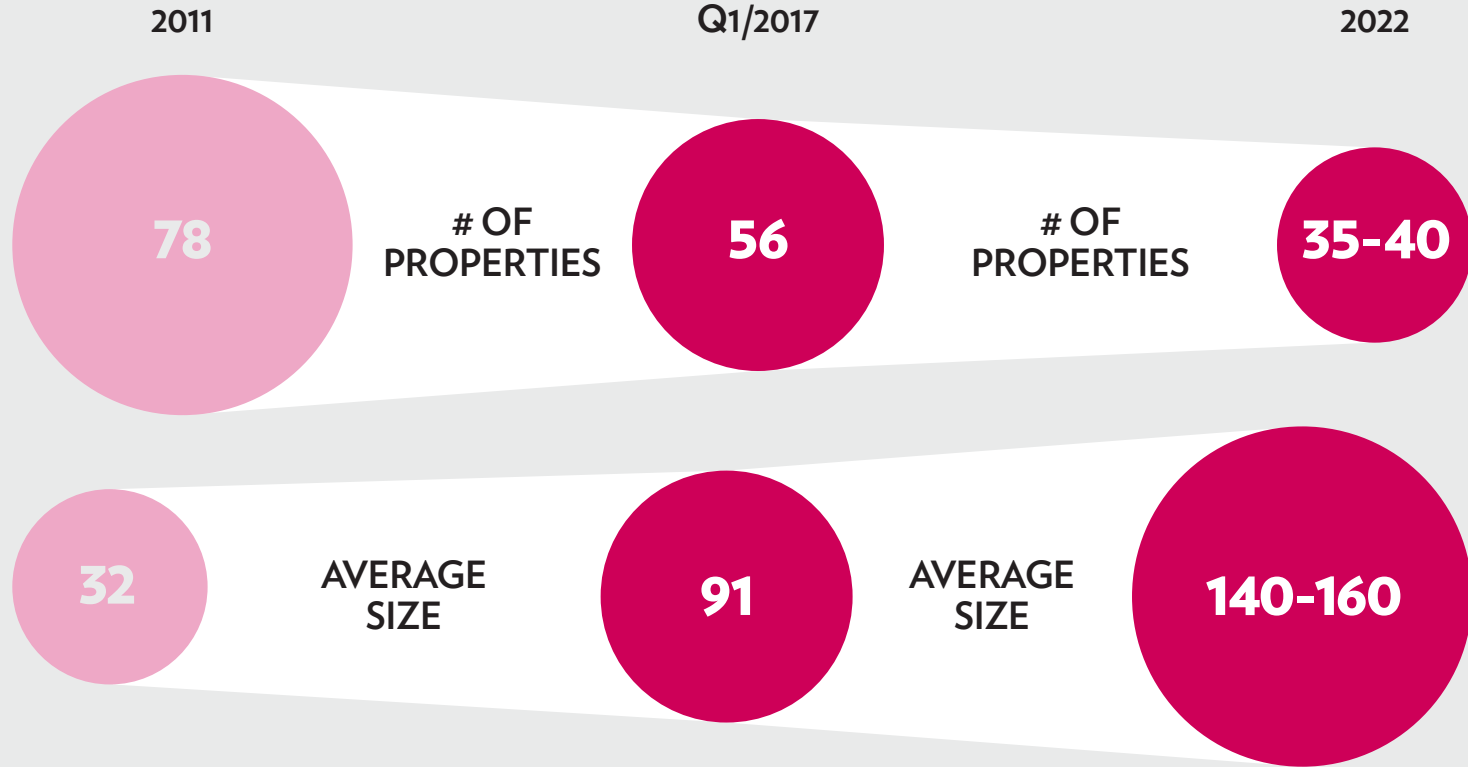
WE ARE DEVELOPERS OF URBAN SPACE:

4000 RESI
BUILDING
RIGHTS

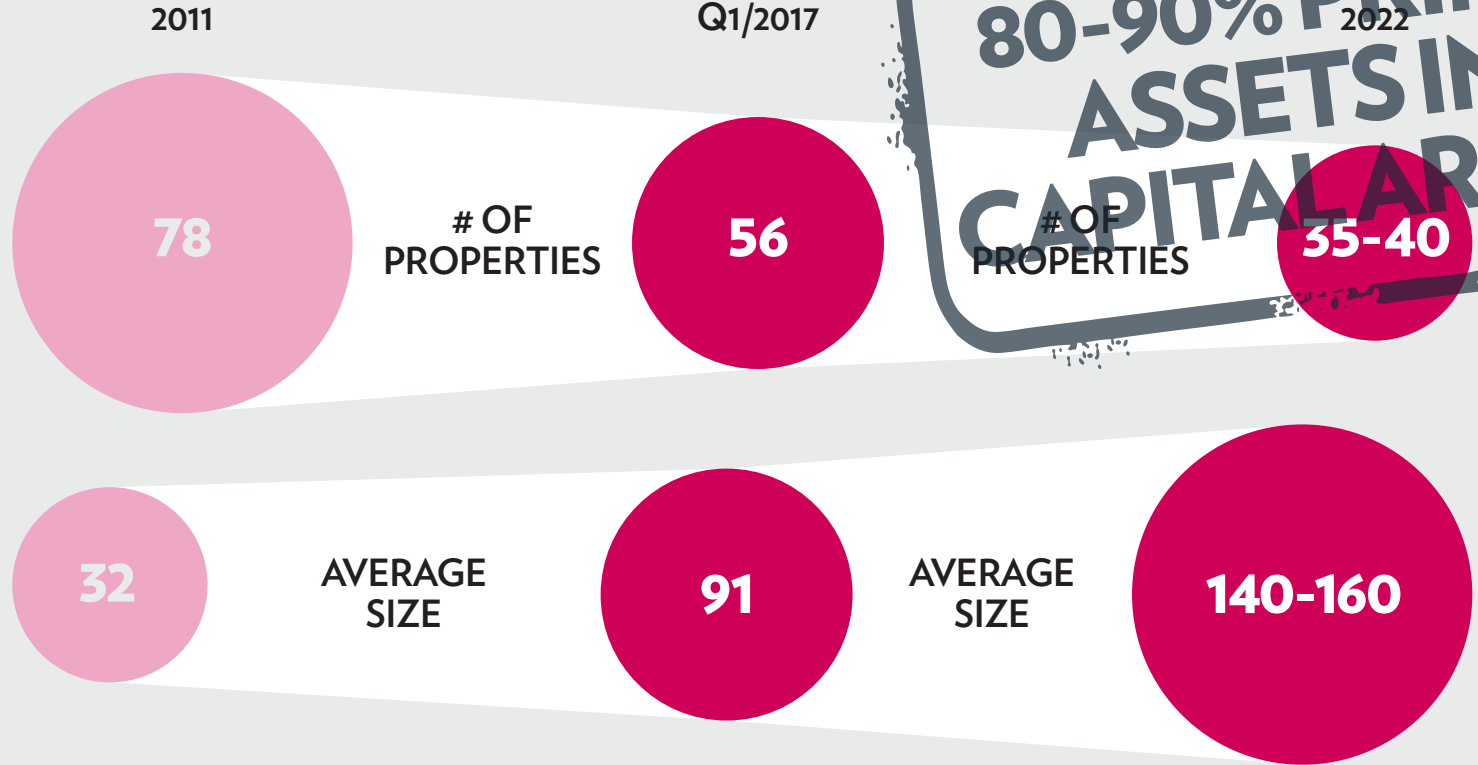


NUMBER OF
RESI UNITS

FURTHER **TRANSITION** OF **PORTFOLIO**

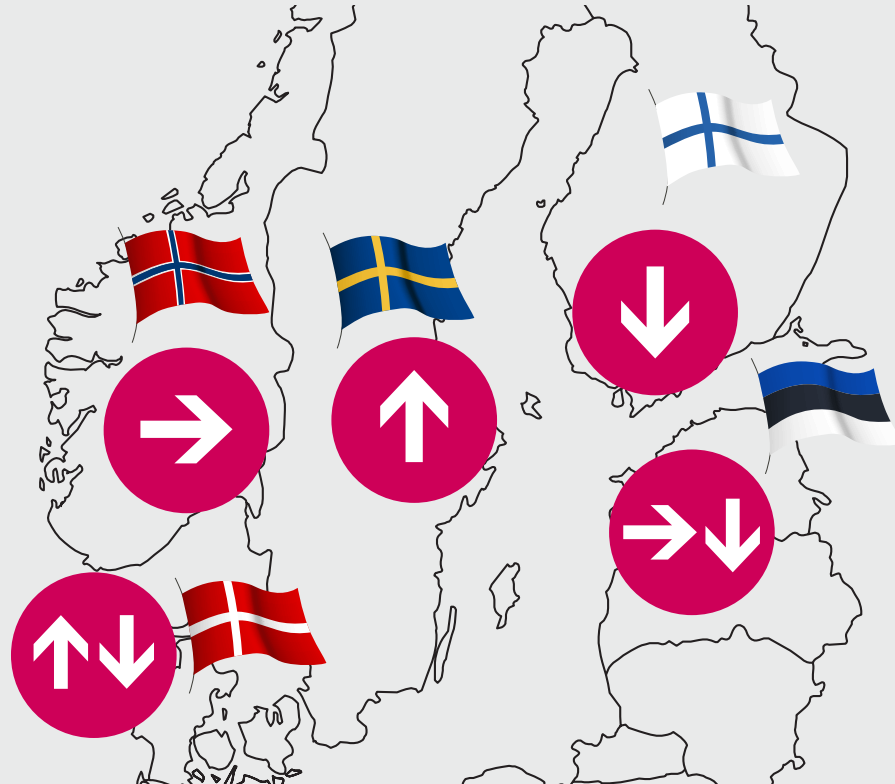


FURTHER TRANSITION OF PORTFOLIO



REBALANCING **GEOGRAPHIC SPREAD**

FUTURE PORTFOLIO COMPOSITION



REBALANCING **GEOGRAPHIC SPREAD**

FUTURE PORTFOLIO COMPOSITION

**LESS FINLAND;
MORE
SWEDEN**



TARGET 2022

**LFL NRI
GROWTH
OVER
INFLATION**

+100 BPS

+

**(RE)DEVE-
LOPMENTS
MEUR
800**

YOC ~6.5%

+

**SELECTIVE
ACQUI-
SIONS**

YIELD ~5%

-

**DIVEST-
MENTS
MEUR
400-500**

YIELD ~6-8%

=

**EPRA
EPS
GROWTH
~15-25%**

TARGET 2022

**LFL NRI
GROWTH
OVER
INFLATION**

+100 BPS

+

**(RE)DEVE-
LOPMENTS
MEUR
800**

YOC ~6.5%

+

**SELECTIVE
ACQUI-
SIONS**

-

**DIVEST-
MENTS
MEUR
400-500**

YIELD ~6-8%

=

**EPRA
EPS
GROWTH
~15-25%**

YIELD ~5%

**RESI BONUS
10 MEUR NAV**

P.A. AS OF 2020

**GREAT PEOPLE
MAKE GREAT
SHOPPING
CENTRES**

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