

17.4.2019

Vi älskar mat

Öppet  
7-22

ICA Kvantum Liljeholmen

Vi älskar mat

AUDIOCAST PRESENTATION  
Q1/2019



# SUMMARY OF Q1/2019: STABLE PERFORMANCE CONTINUED

**EPRA EARNINGS PER SHARE EXCLUDING ONE-TIME COSTS: EUR 0.207, REPORTED EPRA EPS EUR 0.201**

- EPRA EPS, excluding restructuring costs, grew slightly in the first quarter of 2019
- Significant decline in administrative expenses (down 12.0% y/y) excluding one-time expenses related to organizational changes

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## **SOLID OPERATIONAL START TO THE YEAR**

- Positive overall leasing spread with positive leasing spreads in Sweden, Norway and Finland. Leasing spread positive in Finland for the first time in many years
- Occupancy remained at a strong level of 95.9%
- Total tenant sales and footfall showed growth

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## **ISO OMENA AWARDED AS THE BEST LARGE SHOPPING CENTRE EXTENSION PROJECT IN EUROPE BY ICSC**

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## **REVERSE SPLIT CARRIED OUT IN MARCH 2019**

- Reverse split conducted in 5:1 ratio on March 18, 2019

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## **GUIDANCE UNCHANGED**

- EPRA EPS guidance of EUR 0.775-0.875



# NEW ORGANIZATION IMPLEMENTED IN Q1/2019

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- Aim of organizational change is to improve asset-level focus and remove boundaries between countries and functions
  - Improve G&A efficiency
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## SHOPPING CENTRE MANAGEMENT

- More accountability at the asset level
  - Full P/L responsibility
- 

## LEASING

- Pan-Nordic Head of Leasing to give one voice towards the tenants
  - Specialty leasing arranged into own function to increase focus and improve results
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## OPERATIONS DEVELOPMENT

- Harmonize processes and standards across the Nordics
  - Centralized purchasing function to take advantage of our Pan-Nordic reach
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# OVER 170 MILLION ANNUAL VISITORS PROVIDE GREAT SPECIALTY LEASING OPPORTUNITIES

## SPECIALTY LEASING

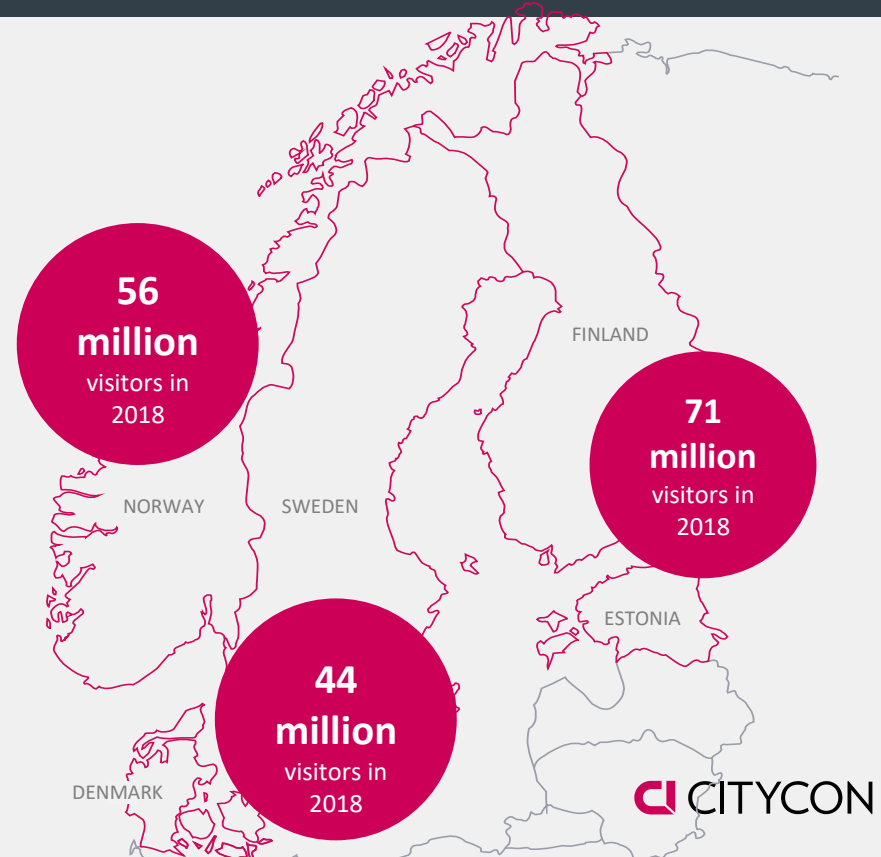
- ~6 MEUR business p.a.
- Over 50% of our specialty leasing income derives from Finland. Clear opportunity to increase in Sweden and Norway

## MEDIA SALES

- Slightly over 50% of specialty leasing income
- Includes advertising sales

## COMMON AREA LEASING

- Slightly less than 50% of specialty leasing income
- Includes leasing of common areas





# OUR SEVEN LARGEST ASSETS ACCOUNT FOR ~50% OF OUR PORTFOLIO



**ISO OMENA,**  
HELSINKI AREA



**LILJEHOLMSTORGET  
GALLERIA,** STOCKHOLM



**KISTA GALLERIA,**  
STOCKHOLM



**OASEN,**  
BERGEN



**ROCCA AL MARE,**  
TALLINN



**HERKULES**  
SKIEN



**MYYRMANNI**  
HELSINKI AREA

GLA, sq.m.	<b>100,900</b>	<b>41,100</b>	<b>92,500</b>	<b>57,000</b>	<b>57,600</b>	<b>49,300</b>	<b>40,400</b>
Visitors, million	20.0	9.8	18.0	4.3	5.2	3.3	8.2
Fair value, MEUR	758	311	287	215	184	~180	~178

# ISO OMENA IS AN EXCELLENT EXAMPLE OF WHAT WE WANT TO OFFER IN THE FUTURE

OUR CRITERIA	ISO OMENA
Urban locations in capital or major cities	Location in Espoo, Finland's second largest city. 15 minutes from central Helsinki.
Strong population growth and natural footfall to the asset	Espoo's population to increase by 16% or 45,000 people by 2030. 20 million visitors p.a.
Connected to public transportation	Integrated to new metro line. Metro station with 30,000 users daily
More than retail only	Non-retail income 37%
Necessity-based and dominant in the asset's catchment area	4 grocery stores accounting for 25% of the GLA; services account for 18 % of the GLA
Value creation potential in the future	Possibilities to capitalize on significant footfall
Size > ~20,000 sq.m.	GLA 100,900 sq. mt.





# ISO OMENA AWARDED THE BEST LARGE SHOPPING CENTRE EXPANSION PROJECT IN 2018 BY ICSC

**+74%**

Footfall increased to 20 million in 2018

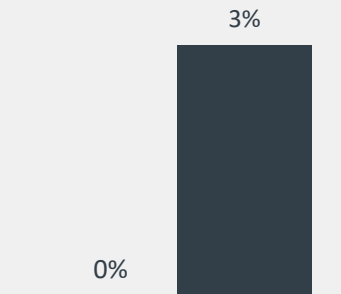
**+17%**

Tenant sales increased to 371 million

- Iso Omena was awarded the best large shopping centre extension project in Europe by the International Council of Shopping Centres on April 10 out of three short-listed candidates
- First Finnish shopping centre to win competition
- Iso Omena was also granted a separate ReSource award for the asset's and Citycon's long-term commitment to sustainable shopping centre development

# OVERALL SALES +2% AND FOOTFALL +3% LIKE-FOR-LIKE SALES, FOOTFALL AND NRI STABLE

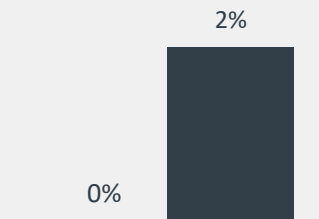
FOOTFALL DEVELOPMENT  
Q1/2019 vs. Q1/2018, % <sup>1)</sup>



Total

- Like-for-like footfall
- Total footfall (including Kista Galleria 50%)

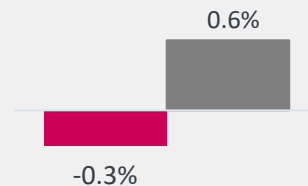
TENANT SALES DEVELOPMENT  
Q1/2019 vs. Q1/2018, % <sup>1)</sup>



Total

- Like-for-like sales
- Total sales (including Kista Galleria 50%)

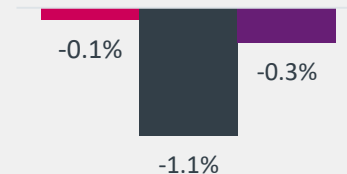
LIKE-FOR-LIKE AND TOTAL  
NET RENTAL INCOME  
DEVELOPMENT  
Q1/2019 VS Q1/2018



Total

- Like-for-like NRI Development (at comparable exchange rates)
- NRI Development (at historical exchange rates)

LIKE-FOR-LIKE NRI  
DEVELOPMENT CORE VS NON-  
CORE  
Q1/2019 VS Q1/2018



Total

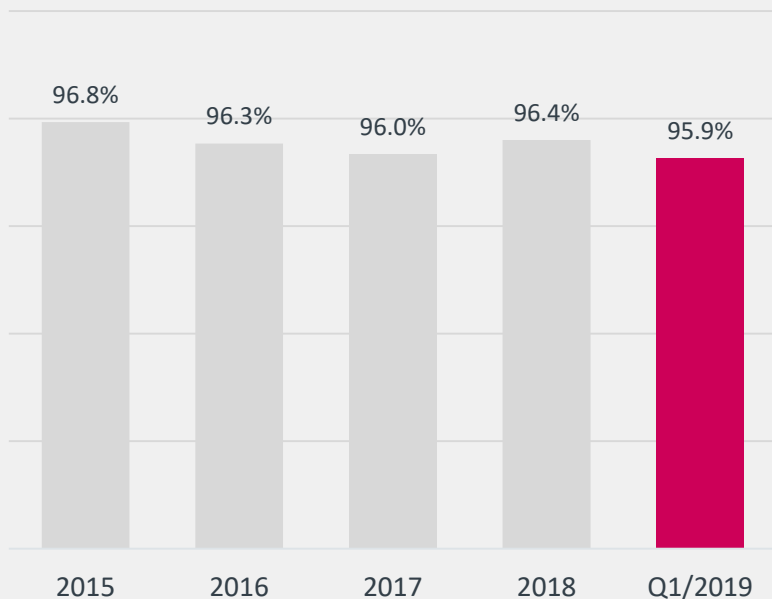
- Core LFL
- Non-Core LFL
- Total

<sup>1)</sup> Sales and footfall figures include estimates. Sales figures exclude VAT.



# OCCUPANCY RATE REMAINED AT GOOD LEVEL

## OCCUPANCY RATE



9 All figures including Kista Galleria 50%

		Q1/2019	2018
Average rent <sup>1)</sup>	EUR/sq.m.	23.3	23.2
Average remaining length of the lease portfolio	years	3.5	3.4

		Q1/2019	2018
Average rent of leases started	EUR/sq.m.	<b>27.2</b>	22.5
Average rent of leases ended	EUR/sq.m.	27.5	22.1
Leasing spread of renewals and re-lettings	%	1.0	-0.3

- The economic occupancy rate remained at a good level of 95.9%.
- Average rent of leases started increased significantly.
- Overall leasing spread of renewals and re-lettings was positive in Sweden, Norway and Finland.

<sup>1)</sup> With comparable exchange rates the average rent per sq.m. increased by EUR 0.3

# FINANCIAL OVERVIEW





## Q1/2019 FINANCIALS

MEUR	Q1/2019	Q1/2018	Change %	Q1/2019 INCL. KISTA 50%
Gross rental income	59.4	60.7	-2.0%	62.6
Net rental income	53.6	53.3	0.6%	56.0
Direct operating profit	47.7	47.4	0.5%	49.9
EPRA Earnings	35.8	36.1	-0.8%	N/A
EPRA EPS (basic) <sup>1)</sup>	0.201	0.203	-0.8%	N/A
EPRA NAV per share <sup>1)</sup>	12.98	13.53	-4.1%	N/A

<sup>1)</sup> Key ratios have been adjusted in the comparison periods to reflect the new number of shares after the reversed share split executed in March 2019.



# NET RENTAL INCOME REMAINED STABLE

## NRI DEVELOPMENT MEUR



## CURRENCIES HAD AN IMPACT ON NRI

### Closing rates

	Q1/2019	Q1/2018
SEK	10.40	10.28
NOK	9.66	9.68

### Average rates

	Q1/2019	Q1/2018
	10.42	9.97
	9.75	9.64

### Foreign currency impact on Q1/2019:

NRI  
-0.6 MEUR  
EPRA EPS  
-0.003 EUR

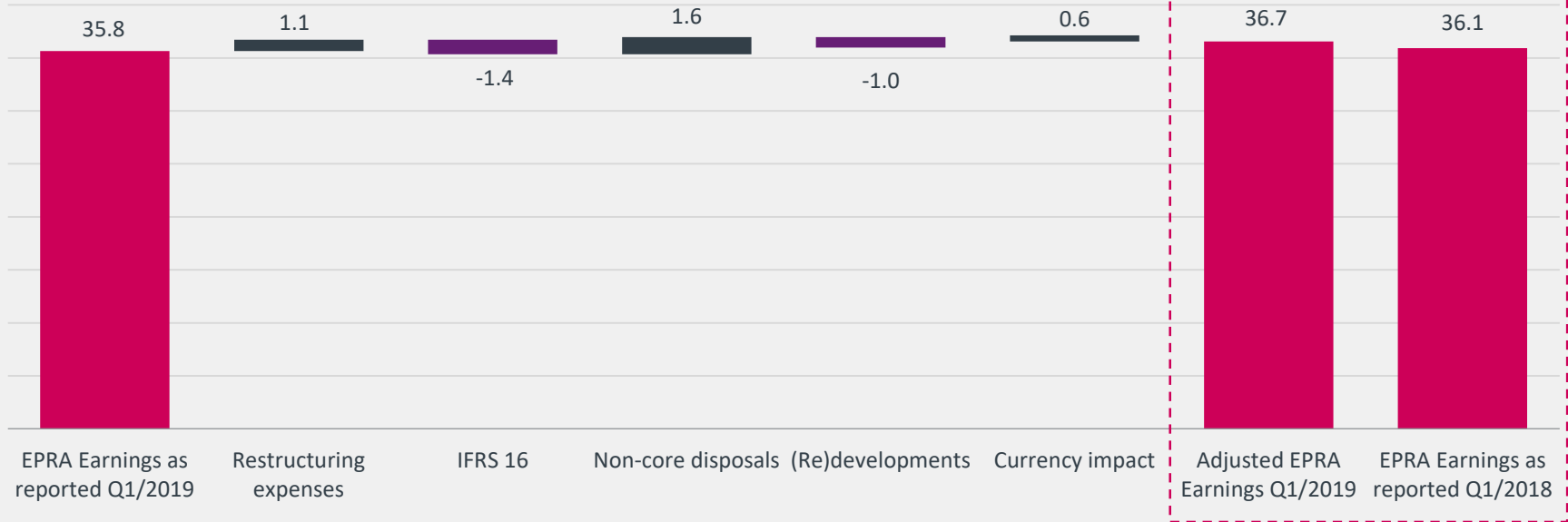
### IFRS16 impact on Q1/2019:

NRI  
+1.8 MEUR  
EPRA EPS  
+0.007 EUR

# ADJUSTED EPRA EARNINGS GREW

## ADJUSTED EPRA EARNINGS

MEUR





## FAIR VALUE CHANGES

FAIR VALUE CHANGES, MEUR	Q1/2019	Q1/2018	2018
Finland & Estonia	-9.3	-17.1	-58.8
Norway	-8.0	-3.7	-22.2
Sweden & Denmark	1.1	12.8	8.5
IFRS 16	-1.5	-	-
<b>Investment properties, total</b>	<b>-17.6</b>	<b>-7.9</b>	<b>-72.5</b>
Kista Galleria (50%)	-1.0	-0.5	-8.6
<b>Investment properties and Kista Galleria (50%), total</b>	<b>-18.7</b>	<b>-8.4</b>	<b>-81.1</b>

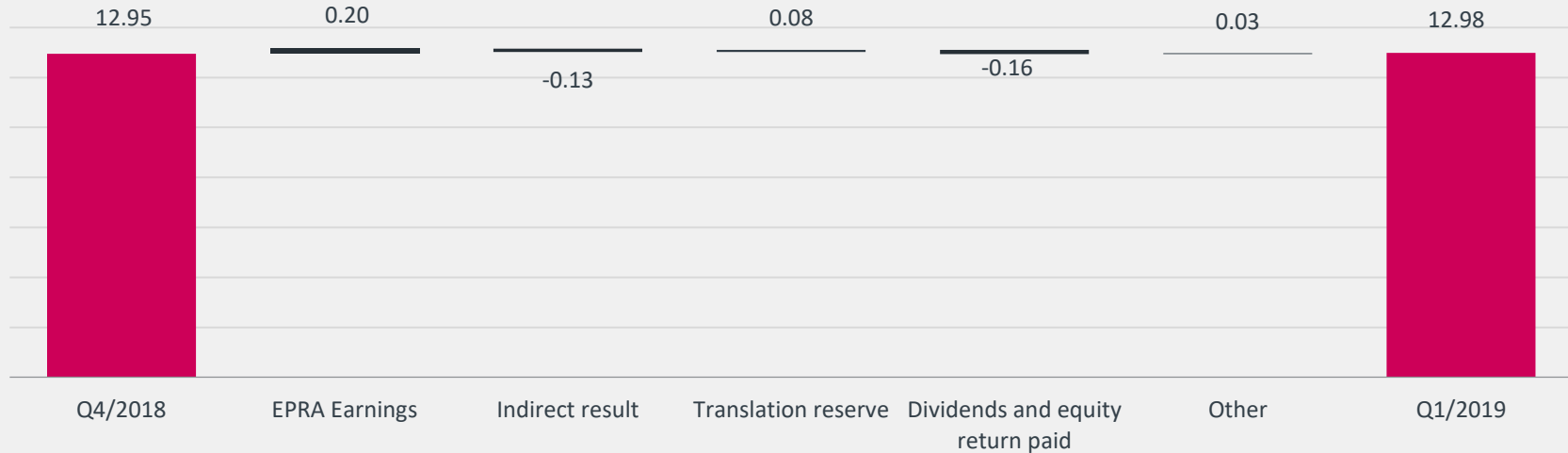
AVERAGE YIELD REQUIREMENT, %	31 MAR 2019	31 MAR 2018	31 DEC 2018
Investment properties and Kista Galleria (50%), average	5.3	5.3	5.3



# EPRA NET ASSET VALUE INCREASED

## CHANGE OF NET ASSET VALUE (EPRA NAV) <sup>1)</sup>

EUR, per share



	31 MAR 2019	31 MAR 2018	31 DEC 2018
EPRA NAV per share, EUR <sup>1)</sup>	12.98	13.53	12.95
EPRA NNNNAV per share, EUR <sup>1)</sup>	11.76	11.98	11.90



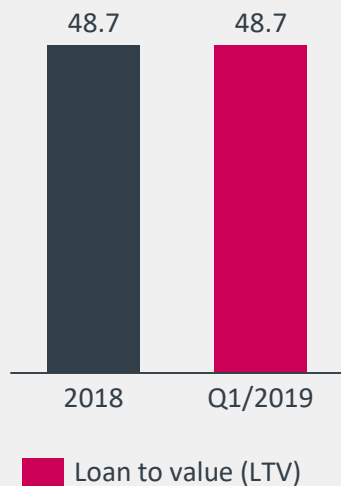
## MAIN FINANCING TARGETS

- Debt portfolio's hedge ratio 70-90% ✓ 91.7%
- Investment-grade credit ratings ✓ BBB-/Baa2
- Financing mainly unsecured ✓ 95.2%
- Substantial liquidity buffer ✓ MEUR 561
- Average maturity of loan portfolio > 5 yrs - 4.8
- Loan to Value 40-45% - 48.7%

**Stable business model matched  
by conservative financing targets**

# REDUCED COST OF DEBT

## LTV DEVELOPMENT



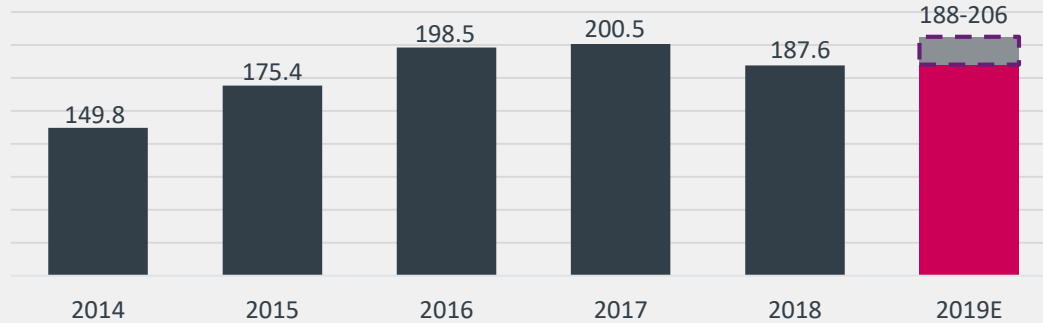
## FINANCING KEY FIGURES

		31 MAR 2019	31 MAR 2018	31 DEC 2018
Interest bearing debt, fair value	MEUR	2,169.9	2,087.6	2,154.6
Available liquidity	MEUR	561.0	561.3	556.4
Average loan maturity	years	4.8	4.9	5.0
Interest rate hedging ratio	%	91.7	94.4	91.7
Weighted average interest rate <sup>1)</sup>	%	2.38	2.78	2.35
Loan to Value (LTV)	%	48.7	46.8	48.7
Financial covenant: Equity ratio (> 32.5%)	%	44.4	47.2	45.4
Financial covenant: Interest cover ratio (> 1.8)	%	3.8	3.9	3.8

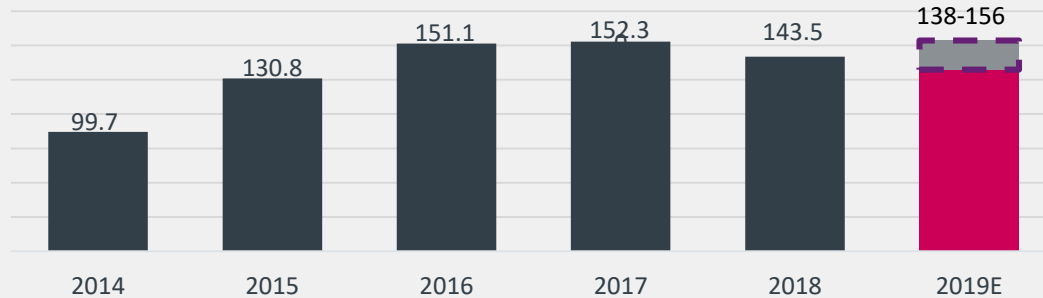


# OUTLOOK 2019 (UNCHANGED)

## DIRECT OPERATING PROFIT



## EPRA EARNINGS



**Direct operating profit**  
MEUR 188-206

**EPRA Earnings**  
MEUR 138-156

**EPRA EPS (basic)**  
EUR 0.775-0.875

# LOOKING FORWARD AT 2019



# OUR DEVELOPMENT PROJECT IN LIPPULAIVA IS PROGRESSING

Status update  
Q1/2019:  
-foundation  
works at the  
construction site  
started

- Lippulaiva will be the new heart of the growing area of Espoonlahti in greater Helsinki
- Strong focus on everyday shopping needs with three grocery stores
- Extension of metro line and bus terminal will be integrated in the centre





# KISTA RE-POSITIONING PROJECT PROGRESSING AS PLANNED

## RE-POSITIONING

- Positioned more towards daily convenience
- Rental agreement signed with ICA and Lidl. Both to open during summer 2019.
- Afound opened in January 2019 in a vacant space

## REFURBISHMENT

- Refurbishment of mall common areas
- Food court to be refurbished and rebranded as M.E.E.T. in 2019
- All works expected to be finished by the end of the year

18  
million  
Footfall in  
2018

~330  
MEUR  
Tenant sales  
in 2018

# WE HAVE A LOT OF POTENTIAL IN OUR DEVELOPMENT PIPELINE



**KISTA GALLERIA**  
Stockholm, Sweden



**LILJEHOLMSTORGET**  
Stockholm, Sweden



**TREKANTEN**  
Asker, Norway



**OASEN**  
Bergen, Norway





# STRATEGIC FOCUS AREAS OF NEW MANAGEMENT

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## INCREASED FOCUS ON ASSET MANAGEMENT

- Need to intensify focus on maximizing asset value
  - New organization changes commenced in 2019 and will be continued
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## CONTINUE TO STRENGTHEN BALANCE SHEET

- Continued capital recycling actions to strengthen balance sheet
  - Thoughtful disposition of non-core assets at appropriate pricing levels
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## GOOD STEWARDS OF CAPITAL

- Continued focus on capital allocation
  - Capital investment focused on best assets
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## CONTACT INFORMATION

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IR and Communications Director  
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# APPENDIX





# IFRS 16 - IMPACT ON Q1/2019 FINANCIALS

- No change in accounting treatment for lease agreements where we act as the lessor. However, in agreements where Citycon acts as the lessee, accounting treatment will be changed.
- Adopted as of Q1/2019

## CONSOLIDATED INCOME STATEMENT

## IMPACT MEUR ON Q1/2019

Net rental income	+1.8
Net financial income and expenses	-0.5
Profit before taxes	-0.2
Loss/profit for the period	-0.1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Lease liabilities	+59.9 compared to December 31, 2018
Total right-of-use assets	+60.1 compared to December 31, 2018

## CONSOLIDATED CASH FLOW STATEMENT

Net cashflows from operating activities	+1.6
Net cashflows from financing activities	-1.6

## EPRA

EPRA Earnings	+1.4
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# INCOME STATEMENT

MEUR	Q1/2019	Q1/2018	%	2018
Gross rental income	59.4	60.7	-2.0%	237.0
Service charge income	19.3	19.9	-3.4%	79.2
Property operating expenses	-24.7	-27.1	-8.9%	-98.9
Other expenses from leasing operations	-0.4	-0.2	71.9%	-2.4
Net rental income	53.6	53.3	0.6%	214.9
Administrative expenses	-6.5	-6.2	5.5%	-28.0
Other operating income and expenses	0.5	-3.2	-	-9.5
Net fair value gains/losses on investment property	-17.6	-7.9	123.3%	-72.5
Net gains/losses on sale of investment property	-0.3	3.2	-	-0.2
Operating profit	29.7	39.3	-24.3%	104.7
Net financial income and expenses	-12.0	-12.8	-6.8%	-70.5
Share of profit/loss of joint ventures	-0.6	-2.9	-80.4%	-12.5
Profit before taxes	17.2	23.6	-27.1%	21.7
Current taxes	-0.1	-0.1	-4.9%	-0.2
Deferred Taxes	-4.2	-3.5	19.5%	-4.8
Profit/loss for the period	12.9	20.0	-35.3%	16.6

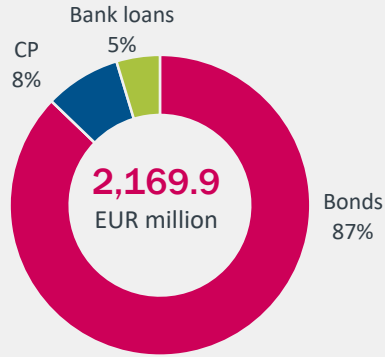


# BALANCE SHEET

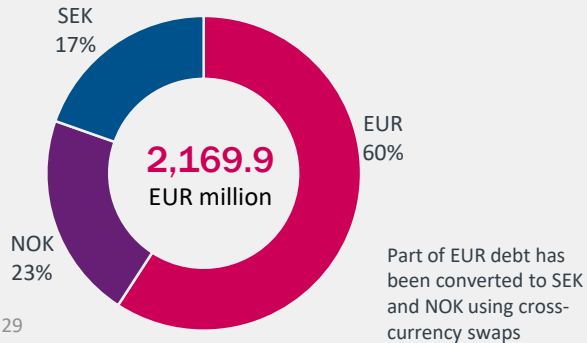
MEUR	31 MAR 2019	31 MAR 2018	31 DEC 2018
Investment properties	4,213.5	4,141.2	4,131.3
Total non-current assets	4,580.3	4,582.0	4,488.4
Investment properties held for sale	77.6	45.6	78.1
Total current assets	66.1	51.4	56.2
<b>Total assets</b>	<b>4,724.0</b>	<b>4,679.0</b>	<b>4,622.7</b>
Total shareholders' equity	2,088.6	2,203.7	2,089.0
Total liabilities	2,635.4	2,475.3	2,533.7
<b>Total liabilities and shareholders' equity</b>	<b>4,724.0</b>	<b>4,679.0</b>	<b>4,622.7</b>

# 95% OF DEBT FIXED RATE WITH BALANCED MATURITY PROFILE

## DEBT BREAKDOWN BY TYPE



## DEBT BREAKDOWN BY CURRENCY



## DEBT MATURITIES

