

# Citycon Webcast Presentation

Q1 2012 Results



**CITYCON**  
creating success for retailing

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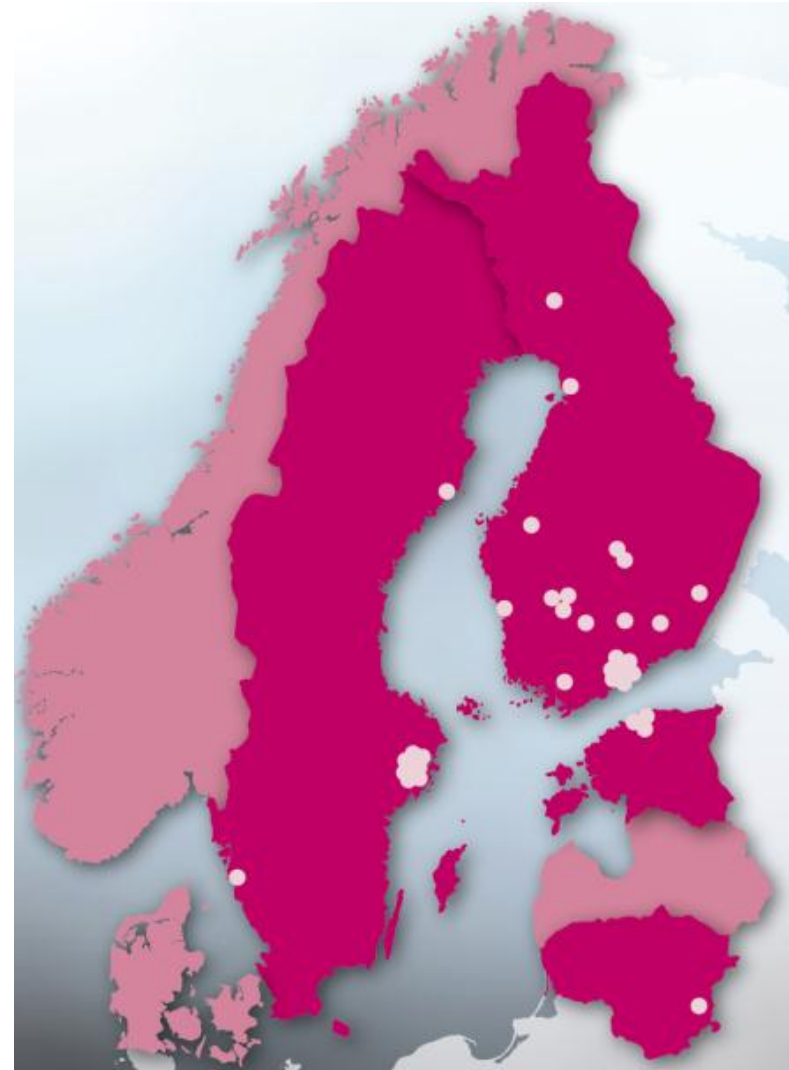
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## Focus on Shopping Centres and Nordic and Baltic Region

- Strategy: Better, Stronger, Bigger
  - Re-defined core: quality shopping centres
  - Nordic and Baltic Countries
  - Growth; internal and external
- Project Now! - internal business improvements and efficiency



# Current Geographical Overview

## FINLAND

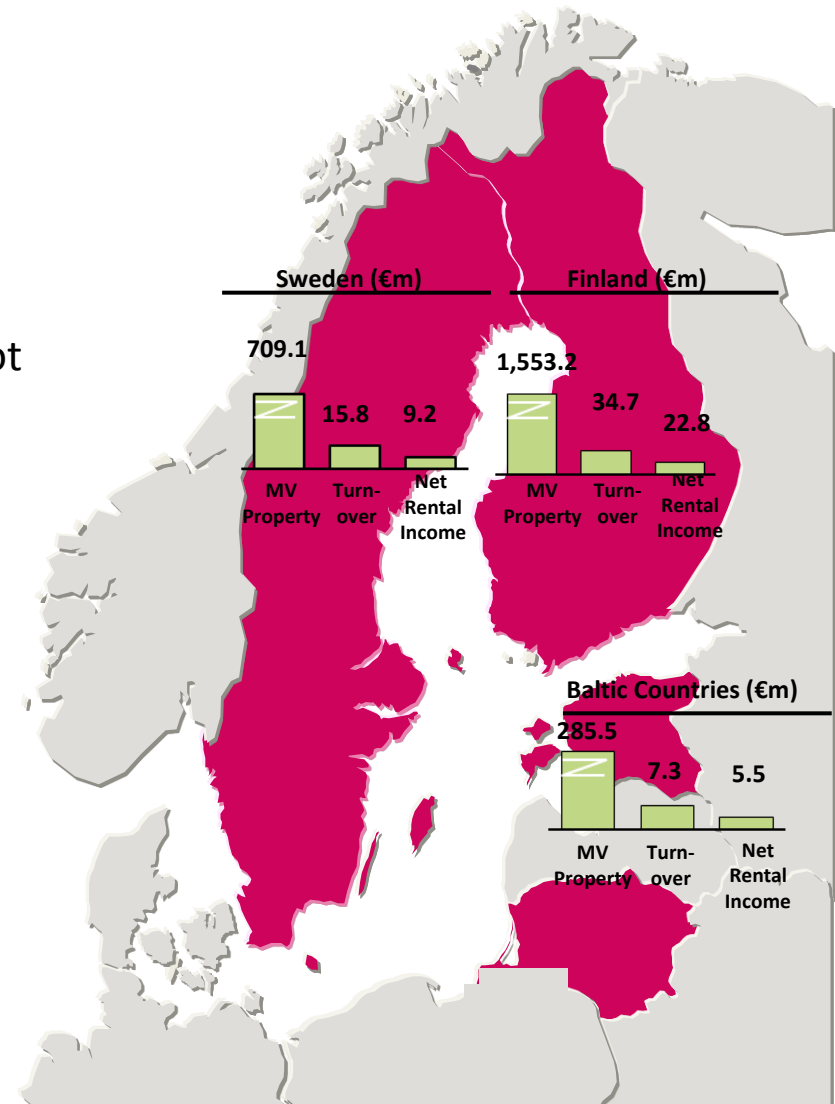
- Market leader
- Net rental income EUR 22.8 million
- 60.8 % of total net rental income
- Currently 23 shopping centres, 36 other retail properties, one unbuilt lot

## SWEDEN

- Net rental income accounted for 24.4% of Citycon's total net rental income
- Net rental income EUR 9.2 million
- 9 shopping centres, 5 other retail properties

## BALTIC COUNTRIES

- NRI 14.8 % of Citycon's total NRI
- Net rental income EUR 5.5 million
- 4 shopping centres



## Q1 2012 – Positive Beginning of 2012

- Focus on internal operational improvement and cost efficiency:
  - Signs of improved and faster leasing processes
  - Specialty leasing increasing and new internal extensions
  - Cost management; energy consumption down
  - Better cross-boarder leasing picking up
- Leasing is stable and no signs of weakening
- Upcoming refinancing needs has full management attention

# Q1 2012 Summary

<b>in EUR million</b>	<b>Q1 2012</b>	<b>Q1 2011</b>	<b>Q4 2011</b>	<b>FY 2011</b>
NRI Finland	22.8	21.4	23.2	90.5
NRI Sweden	9.2	7.9	8.6	35.4
NRI Baltic Countries	5.5	3.0	5.5	18.4
Net Rental Income, total	37.5	32.4	37.3	144.3
Direct Operating profit	31.0	27.0	28.9	117.4
EPRA earnings	14.3	12.6	12.5	53.3
Per share, EPRA earnings, basic	0.05	0.05		0.21
EPRA NNAV per share	3.19	3.44		3.29
Like-for-like NRI growth, total	5.0%			
L-f-l Shopping centre NRI growth	7.4%			
L-f-l supermarkets and shops NRI growth	-7.2%			

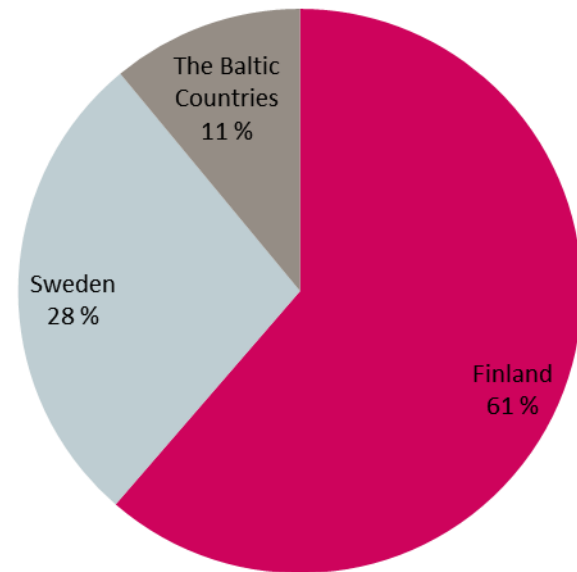
## Q1 2012

- Improved occupancy **95.5%** (94.9%)
  - Shopping centre occupancy 97.0%
  - Supermarkets and shops 85.9%
- Three disposals of non-core properties: two in Sweden and shopping centre Valtari in Finland
- Five on-going (re)development projects, the largest Koskikeskus
- New Martinlaakso shopping centre received Gold-level LEED certificate
- One acquisition after the period: shopping centre Arabia in Helsinki  
GLA 14,000 sq.m., EUR 19.5 million, net initial yield 6% (soon 7%)
- Liquidity **EUR 340.8 million**
- Equity ratio **35.9%**

# Portfolio Summary

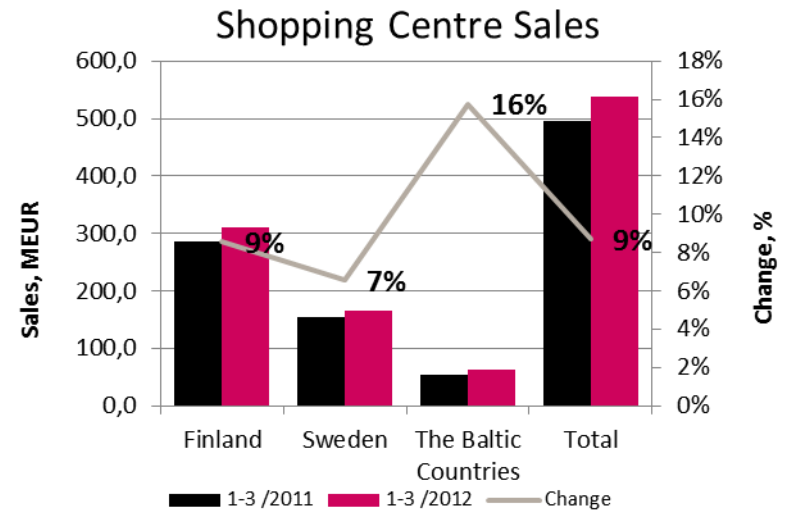
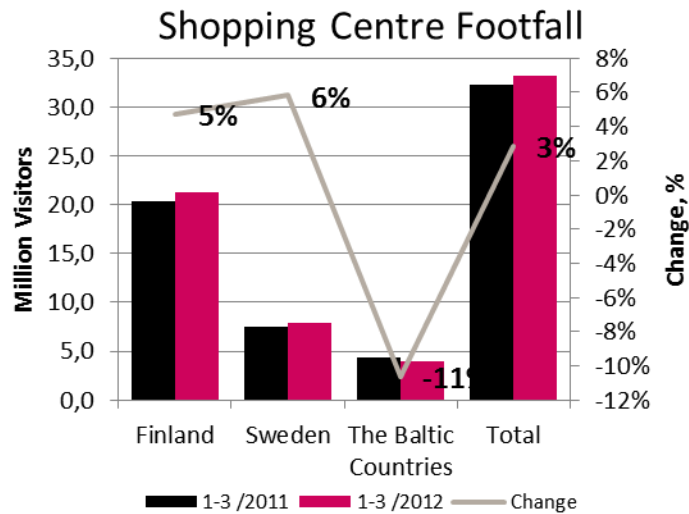
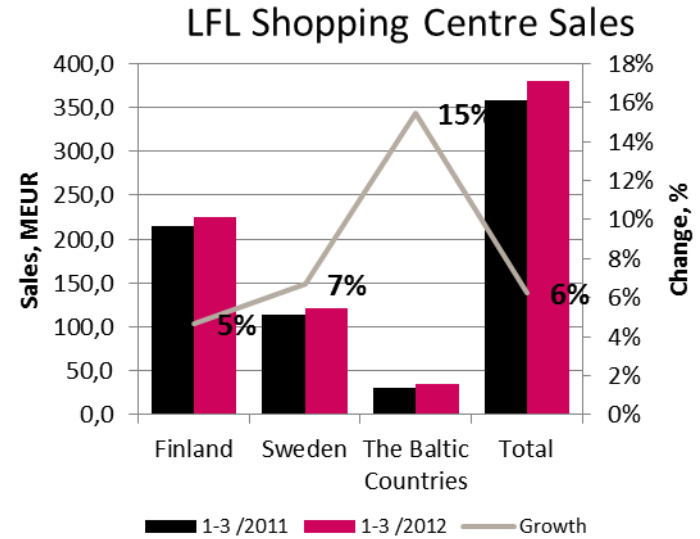
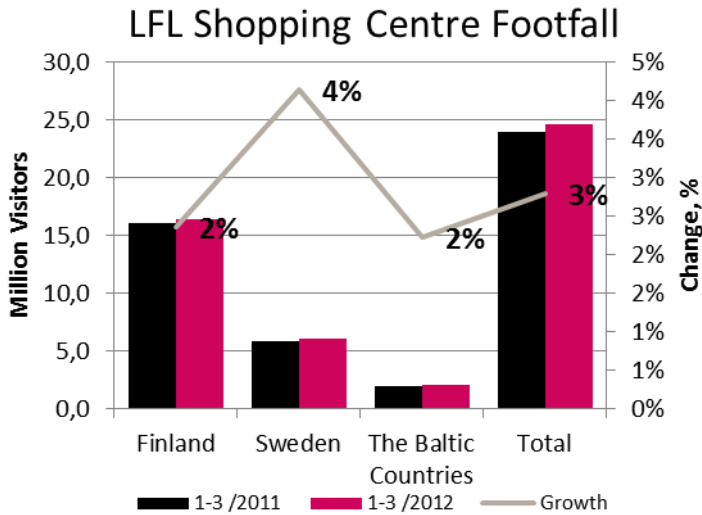
- Fair value of investment properties EUR **2,547.8** million (2,386.2)
  - Total fair value change EUR **5.9** million
  - Fair value gain in shopping centres EUR **8.9** million
  - Fair value loss in super markets and shops EUR **-3.0** million
  - Yield requirement **6.4%** (Q4/11: 6.4%)

Fair value of properties, %





# Sales and Footfall in Citycon Shopping Centres

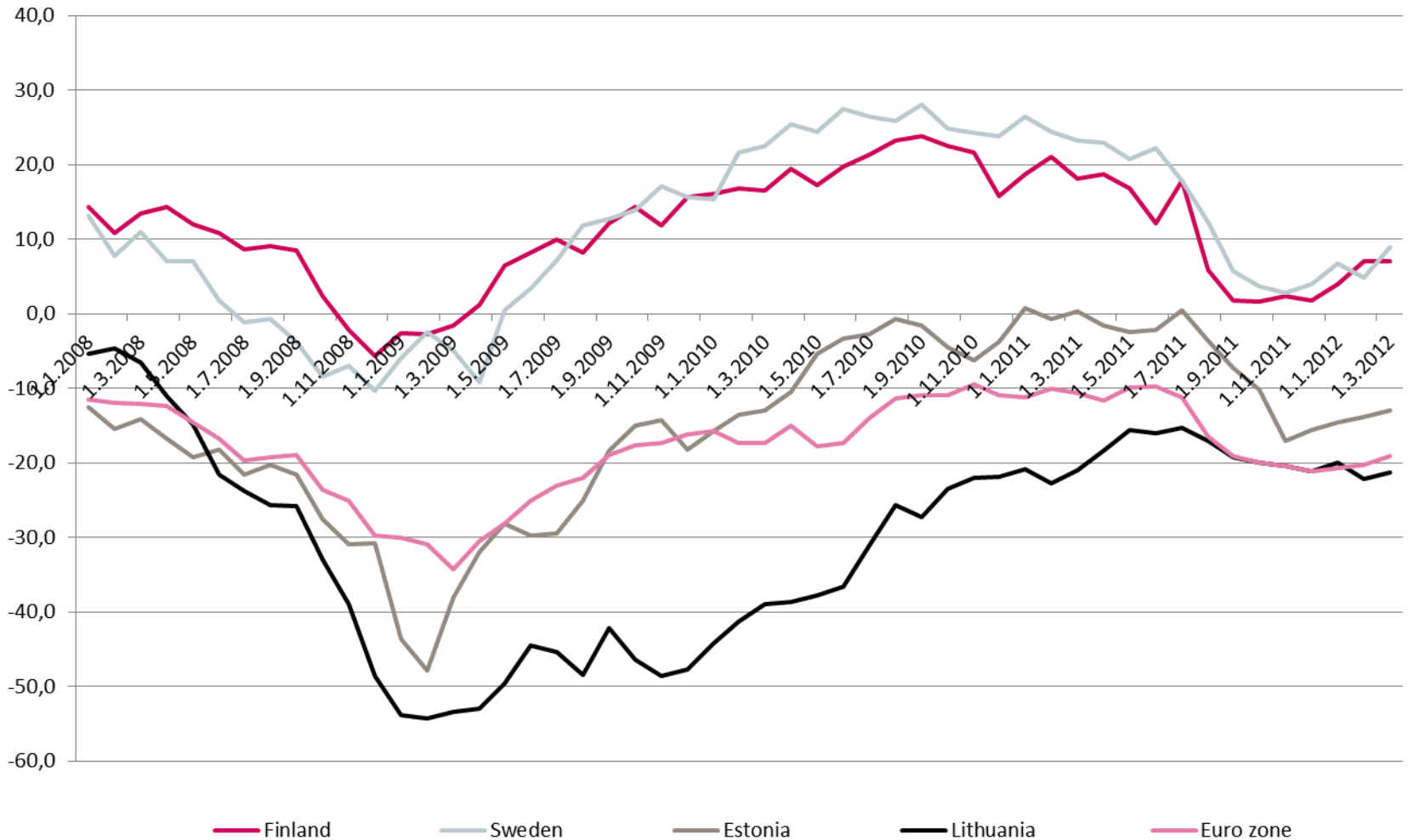


# Business Environment



# Business Environment

## CONSUMER CONFIDENCE



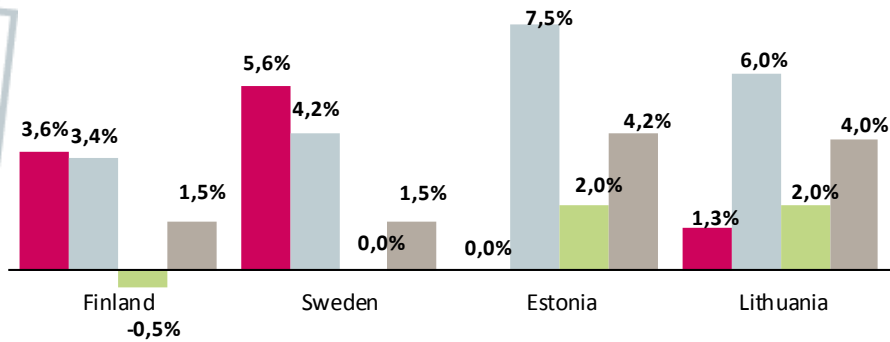
Source: Eurostat

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.

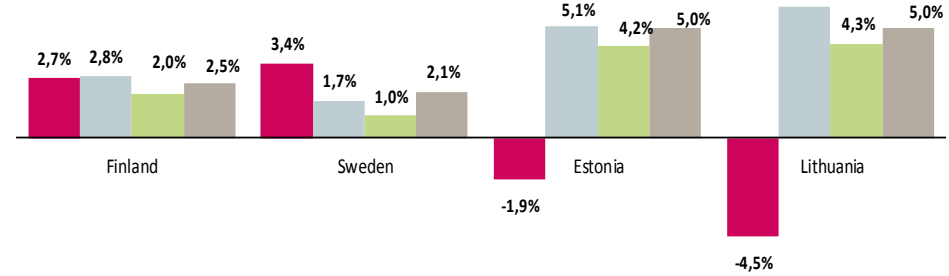
Q1 2012 Webcast

# Business Environment

## GDP



## PRIVATE CONSUMPTION



Source: Nordea

# Business Environment

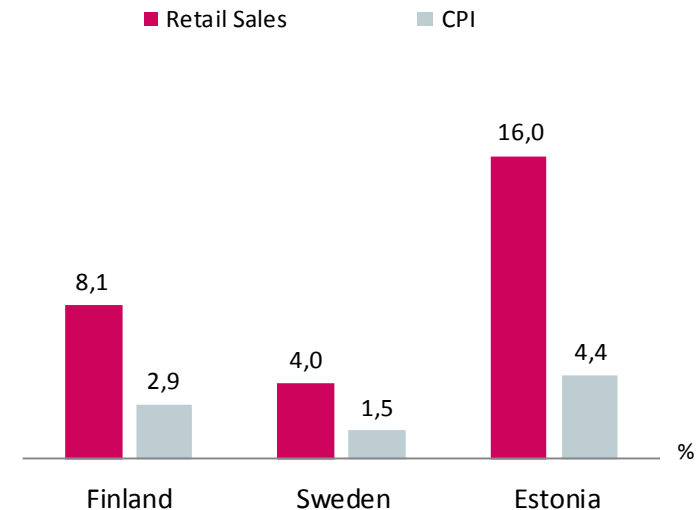
Relatively low unemployment, reasonably strong consumer confidence, low interest rates -> positive effect on retail sales.

February unemployment rates below the European average (10.8%):

- FINLAND 7.4%
- SWEDEN 7.5%
- ESTONIA 11.7% (Dec 2011)

In the real estate market, general sentiment is waiting. Polarization to prime and non-prime.

## RETAIL SALES, JAN-FEB AND FEB-CPI, 2012



Sources:

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

# Property Portfolio, Key Figures

*Magistral*



# NRI Growth by Segments and Portfolios

EUR million	Finland	Sweden	Baltic Countries	Other	Total	TURNOVER
<b>Q1/2010</b>	<b>21,3</b>	<b>6,4</b>	<b>3,0</b>	<b>0,0</b>	<b>30,6</b>	<b>49,5</b>
Acquisitions	0,0	-	-	-	0,0	0,0
(Re)development projects	0,4	0,2	-	-	0,7	1,1
Divestments	0,0	-0,4	-	-	-0,5	-0,9
Like-for-like properties	-0,3	1,0	0,0	-	0,8	0,7
Other (incl. exch. diff.)	0,0	0,8	0,0	0,0	0,7	1,6
<b>Q1/2011</b>	<b>21,4</b>	<b>7,9</b>	<b>3,0</b>	<b>0,0</b>	<b>32,4</b>	<b>52,0</b>
Acquisitions	0,1	0,5	2,5	-	3,0 <sup>A</sup>	4,4
(Re)developments projects	1,1	0,4	-0,3	-	1,3 <sup>B</sup>	1,4
Divestments	-0,1	-0,3	-	-	-0,4 <sup>C</sup>	-0,8
Like-for-like properties	0,4	0,6	0,3	-	1,3 <sup>D</sup>	0,9
Other (incl. exch. diff.)	0,0	0,0	0,0	0,0	0,0 <sup>E</sup>	-0,1
<b>Q1/2012</b>	<b>22,8</b>	<b>9,2</b>	<b>5,5</b>	<b>0,0</b>	<b>37,5</b>	<b>57,8</b>

<sup>A</sup> Acquisitions: Kristiine and Högdalen

<sup>B</sup> (Re)development projects: Martinlaakson Ostari, Åkersberga Centrum, Myllypuro and Magistral

<sup>C</sup> Divestments: Floda and Landvetter, residential disposals in Sweden in 2012 and Tullintori in Finland

<sup>D</sup> LFL properties: Positive LFL growth +5.0%, LFL growth in shopping centres +7.4%

<sup>E</sup> Other: No SEK/EUR-rate impact on NRI

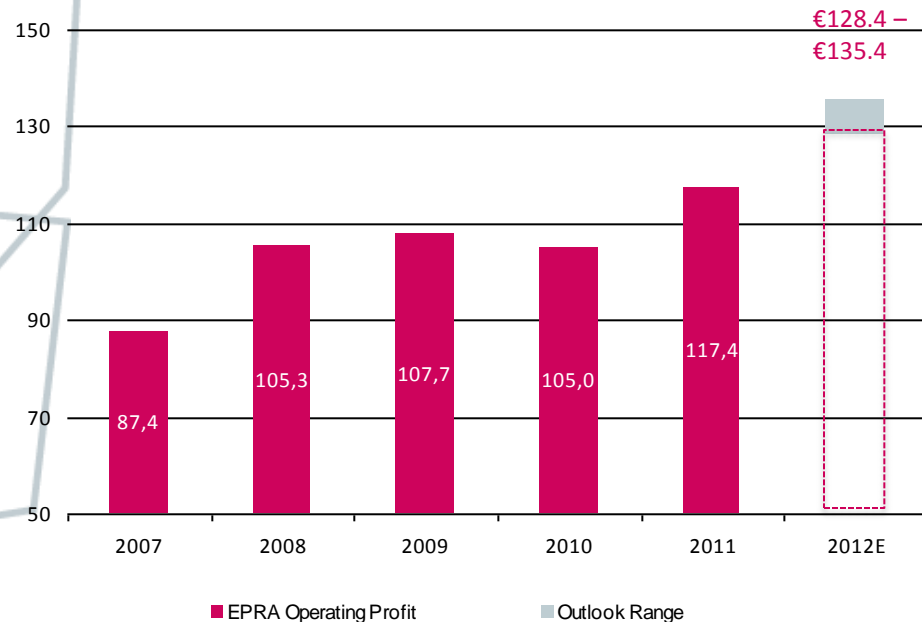
# Snapshot of Statement of Comprehensive Income

EUR million	Q1/2012	Q1/2011	Q4/2011	2011
<b>Gross rental income</b>	54.6	49.5	53.0	206.0
Utility and service charge income	3.2	2.5	3.0	11.1
<b>Turnover</b>	<b>57.8</b>	<b>52.0</b>	<b>56.0</b>	<b>217.1</b>
Property operating expenses	19.9	19.6	18.4	71.6
Other expenses from leasing operations	0.4	0.0	0.3	1.2
<b>Net rental income</b>	<b>37.5</b>	<b>32.4</b>	<b>37.3</b>	<b>144.3</b>
Administrative expenses	6.7	5.5	9.2	28.0
Net fair value gains/losses on investment property	5.9	1.2	-17.0	-35.3
Net gains on sale of investment property	1.5	0.1	-0.3	0.6
<b>Operating loss/profit</b>	<b>38.3</b>	<b>28.2</b>	<b>10.7</b>	<b>81.8</b>
Net financial income and expenses	-16.1	-13.8	-16.3	-62.4
Share of profit/loss of jointly controlled entities	0.0	0.1	0.3	0.3
<b>Loss/profit before taxes</b>	<b>22.2</b>	<b>14.4</b>	<b>-5.3</b>	<b>19.7</b>
Current taxes	-0.3	-0.2	0.0	-0.9
Change in deferred taxes	-2.6	-0.3	2.1	2.5
<b>Loss/profit for the period</b>	<b>19.3</b>	<b>13.9</b>	<b>-3.2</b>	<b>21.3</b>
Other comprehensive expenses/income for the period, net of tax	-5.2	13.2	-5.1	-26.2
<b>Total Comprehensive profit/loss for the period, net of tax</b>	<b>24.5</b>	<b>27.1</b>	<b>-8.3</b>	<b>-4.9</b>
EPS (basic), EUR	0.06	0.05	-0.02	0.05
EPRA earnings per share (basic), EUR	0.05	0.05	0.05	0.21
EPRA earnings, EUR million	14.3	12.6	12.5	53.3
Net cash from operating activities per share, EUR	0.05	0.09	0.04	0.25
Loss/profit for the period attributable to parent company shareholders, EUR million	15.8	11.2	-5.4	13.0

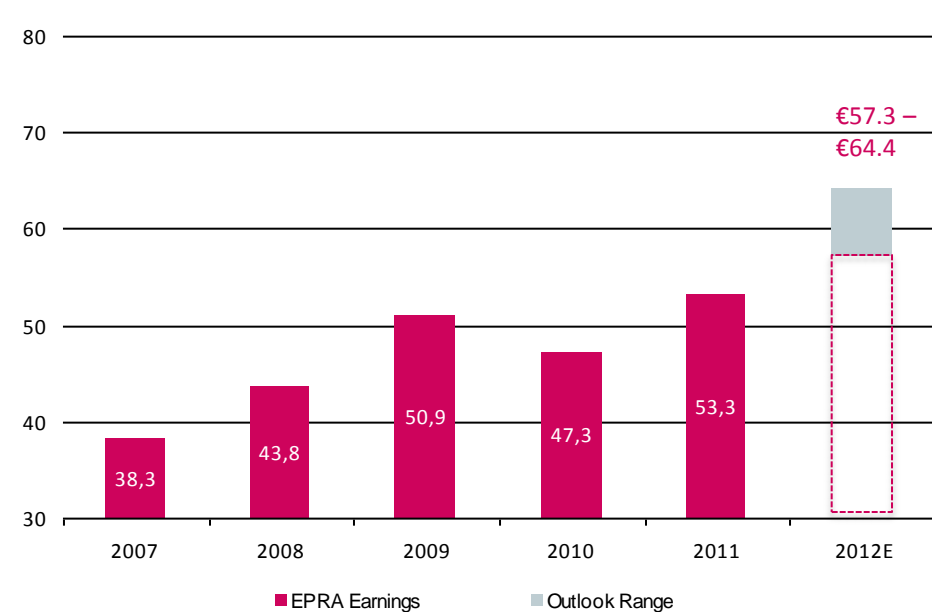


# Citycon Outlook 2012

## EPRA Operating Profit, EURm



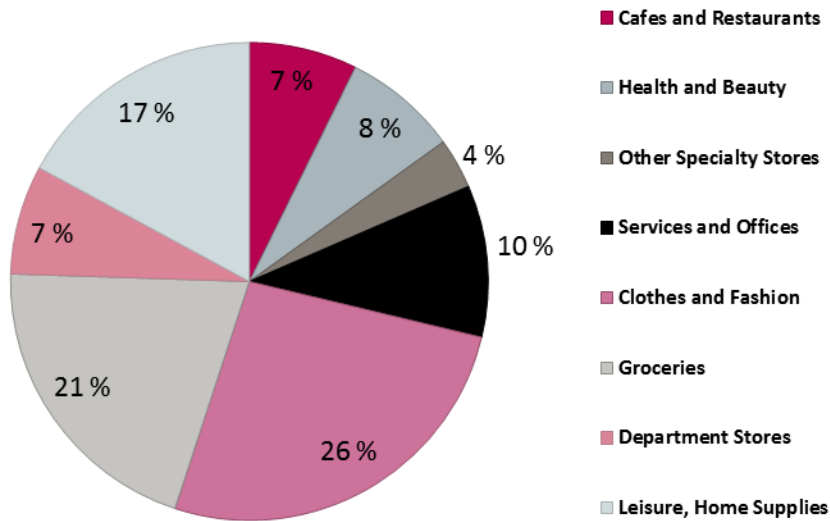
## EPRA Earnings, EURm



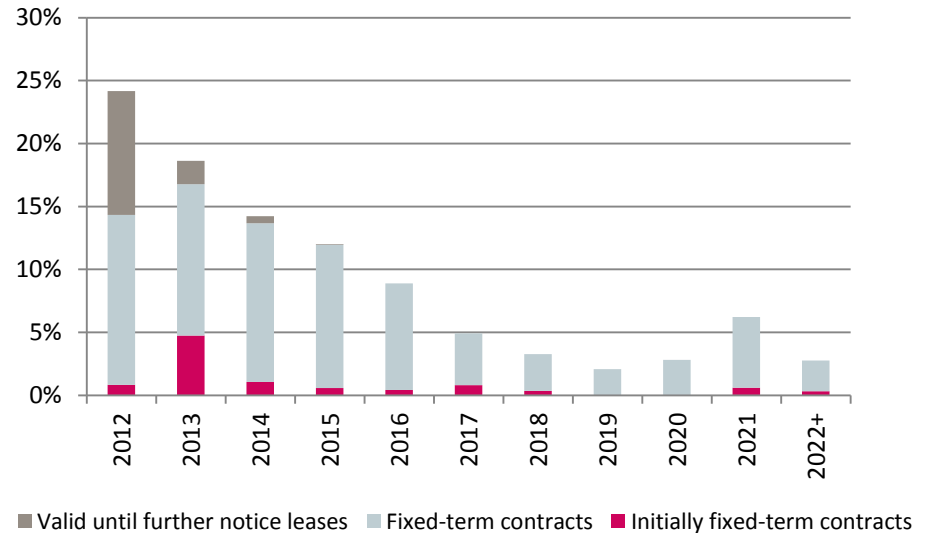
- Current year 2012 Outlook was updated in the first quarter report:
  - Turnover to grow EUR 12 – 19 million
  - **EPRA Operating Profit to increase by EUR 11 – 18 million**
  - **EPRA Earnings to edge higher by EUR 4 – 11 million**
  - EPRA EPS, basic to reach EUR 0.21 – 0.23

# Property Portfolio

- **3,782 (3,782)** leases with an average length of **3.5 (3.1)** years
- GLA total was **971,530 m<sup>2</sup>**
- Rolling 12-month occupancy cost ratio for I-f-I shopping centres was **8.5%**
- Rents linked to CPI (nearly all the agreements). Year-end 2011, 49% of the leases are tied to tenant's turnover (43% at 31 Dec 2010)
  - Additional rent from turnover based rental agreements was 1.8% (1.3%) of GRI



First Possible Termination Year of the Lease by Contract Type



# Ongoing (Re)development Projects

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. Year of Completion	
<b>Koskikeskus Tampere, FIN</b>	27 700 28 600	37.9	16.9	6.6	82%	Nov 2012	Redevelopment of the centre. The interior, the entrances, facades and all the technical systems will be thoroughly renewed. Better tenant mix.
<b>Myllypuro Helsinki, FIN</b>	7 700 7 300	21.3	21.3 <sup>2)</sup>	7.4	71%	May 2012	Building of a new retail centre replacing the existing one next to the Myllypuro subway station.
<b>Iso Omena Espoo, FIN</b>	60 600 63 000	7.6	2.5	-	82%	Nov 2012	Extension of shopping centre to former parking facility on the roof top on the second floor.
<b>Magistral Tallinn, EST</b>	9 500 11 900	7.0	5.1	8.3	80%	May 2012	The redevelopment and extension of the Magistral shopping centre.
<b>Åkermyntan Stockholm, SWE</b>	8 500 10 100	6.9	0.5	6.9	83%	Dec 2012	The redevelopment project where the shopping centre and its parking will be renewed and energy efficiency will be improved.

# Largest (Re)development Projects Under Planning

Property	Project area, sq.m. <sup>1)</sup>	Estimated investment need, MEUR <sup>2)</sup>	Target year of project launch	Target year of completion	Additional information
<b>Iso Omena<sup>3)</sup> Espoo (Helsinki MA) Finland</b>	28 000-30 000 <sup>4)</sup>	140	2012 <sup>5)</sup>	2015	Planning reservation together with the construction company NCC regarding aboveground premises of the upcoming Matinkylä subway station of western metroline, bus terminal and extension of shopping centre Iso Omena. The goal is to create a subway centre that combines broad range of commercial services and well-functioning connections to the future subway and commuter parking. The aim is to proceed with the project at the same pace as the construction of the subway line, which is scheduled to be completed in 2015.
<b>Galleria Oulu Finland</b>	25 000	110	2013 <sup>5)</sup>	2015	Redevelopment of the Galleria block into a shopping centre in co-operation with the block's and the adjacent block's other property owners. In 2011, Citycon signed co-operation and land-use agreements with the block's other main owner retail cooperative Arina. The estimated investment need for the whole project totals 140 EUR million. City of Oulu made a decision to invest and build an underground parking facility. The construction work of the parking facility will start in 2012.
<b>IsoKristiina Lappeenranta Finland</b>	20 000	60-65	2012	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. The needed alterations of the city plan are expected to be approved in spring 2012.
<b>Lippulaiva Espoo (Helsinki MA) Finland</b>	15000 <sup>4)</sup>	30-40	2012	2014	Extension of the shopping centre. The refurbishment of interior premises completed. Planning of the extension continues.
<b>Tumba Centrum Botkyrka (Stockholm MA) Sweden</b>	6 000-8 000 <sup>4)</sup>	18-20	2012	2015	Extension of the shopping centre. Co-operation agreement with City of Botkyrka and project developer signed (of the residential part). Planned start for zoning process Q2 2012.

1) 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.

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 project area refers only to the area of the planned extension.

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

# Property Portfolio

TOTAL PORTFOLIO	Q1/2012	Q1/2011	Q4/2011	2011
Number of leases started during the period	210	187	228	782
Total area of leases started, sq.m. <sup>1)</sup>	43,971	34,143	49,370	177,006
Average rent of leases started (EUR/sq.m.) <sup>1)</sup>	19.1	17.1	19.8	19.7
Number of leases ended during the period	383	168	284	877
Total area of leases ended, sq.m. <sup>1)</sup>	66,121	34,981	53,143	186,120
Average rent of leases ended (EUR/sq.m.) <sup>1)</sup>	16.1	16.7	17.2	18.1
Average rent (EUR/sq.m.)	20.5	19.1		19.7
Occupancy rate at the end of period, %	95.5	94.9		95.5

1) Leases started and ended do not necessarily refer to the same premises

# Financing

*Rocca al Mare*

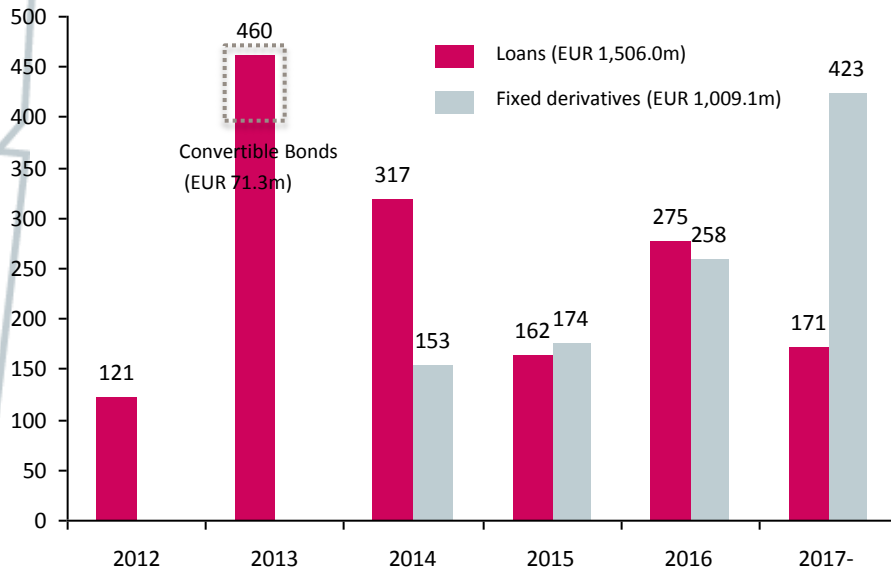


# Financing Overview

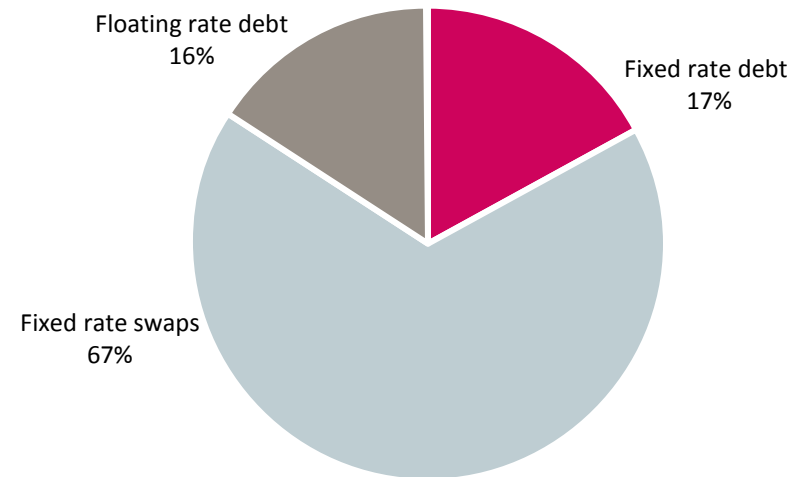
- The year-to-date weighted average interest rate for interest-bearing debt remained virtually unchanged compared to the previous year: **4.09%** (4.00%). At the end of March, the weighted average interest rate, including interest rate swaps, rose to **4.04%** (4.08%).
- Equity ratio **35.9%**, the average loan maturity stood at **2.8** years (2.8years), hedging ratio of the loan portfolio **84.1%**
- Cash from operating activities per share: EUR **0.05**
- Net financial expenses stood at EUR **16.1** million (EUR 13.8 m)
- Two covenants
  - Equity ratio: Covenant level 32.5%, equity ratio as defined in loan agreements was **38.6%**
  - Interest cover ratio: Covenant level 1.8x, Citycon's period end ICR **2.0x**

# Maturity Profile

## Maturity profile of loans and derivatives



## Interest-bearing debt by fixing type EUR 1,506.0 million <sup>1)</sup>



- During first quarter in 2012, the period-end interest-bearing **net debt decreased by EUR 17 million** mainly as a result of proceeds received from disposals and positive operative cash flow
- **Hedging ratio high at 84.1%** - increase from previous quarter due to repayment of floating rate debt
- **Comfortable liquidity buffer** - Citycon has ample liquidity at the end of Q1 2012 of EUR 340.8 million covering short-term maturities
- Conservative financing policy; **average loan maturity at 2.8 years** and average **time to fixing 3.7 years**



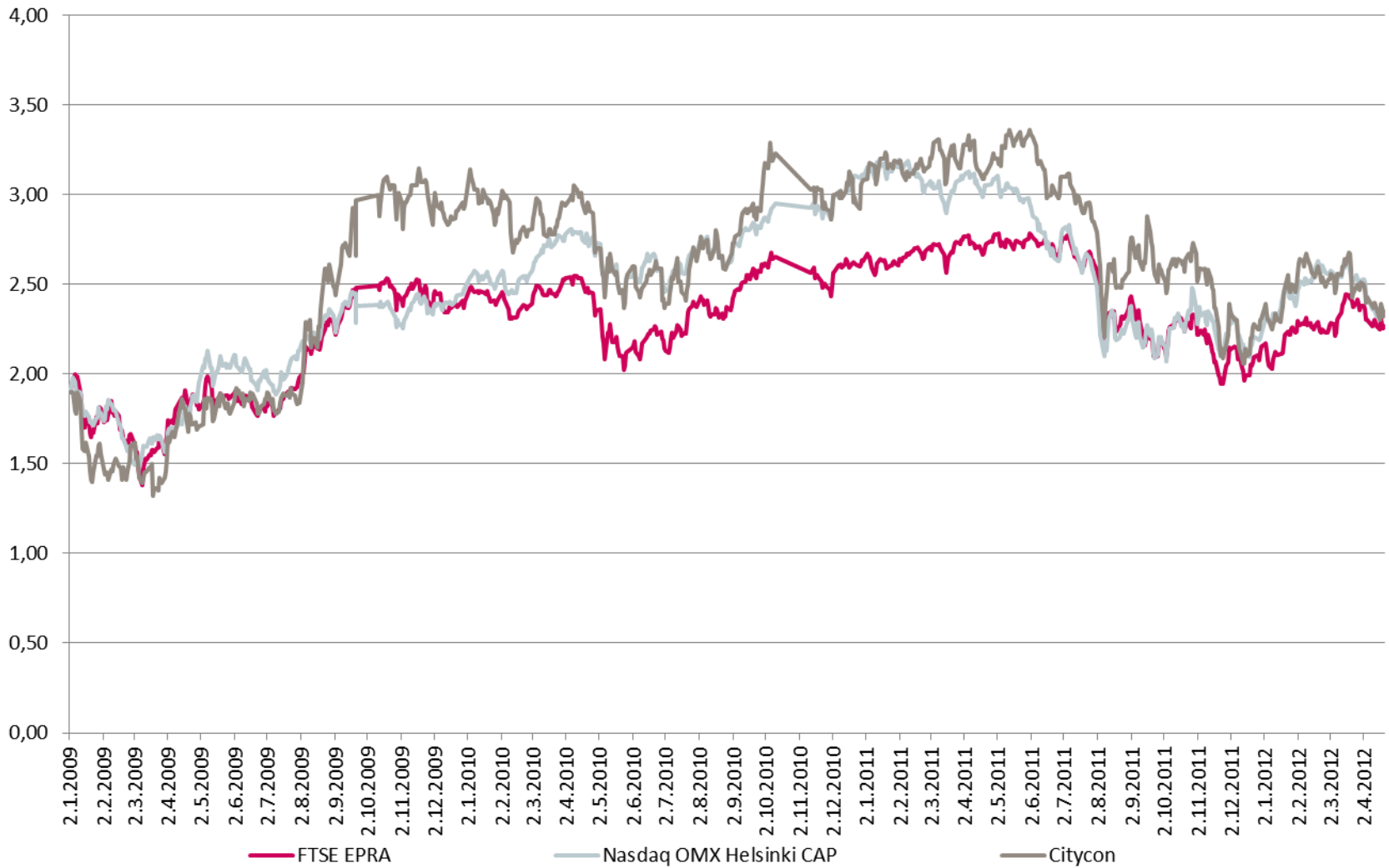
# Snapshot of Statement of Financial Position

Statement of Financial Position, EUR million	31 March 2012	31 March 2011	31 Dec 2011
Investment property	2,547.8	2,386.2	2,522.1
Total non-current assets	2,564.7	2,401.7	2,540.1
Current assets	79.7	69.6	125.0
Assets total	2,644.5	2,471.3	2,677.7
Total shareholder's equity	945.3	893.0	961.8
Total liabilities	1,699.2	1,578.3	1,715.9
Liabilities and share holders equity	2,644.5	2,471.3	2,677.7

KEY FIGURES			
Equity ratio, %	35.9	36.3	36.0
Gearing, %	152.3	154.8	151.4
Equity per share, €	3.18	3.43	3.25
Net Asset value (EPRA NAV) per share, €	3.54	3.70	3.62
EPRA NNNNAV, €	3.19	3.44	3.29
Net Rental Yield (actual), %	6.1	5.8	6.0
Average Net Yield Requirement (valuation yield by external appraiser)	6.4	6.4	6.4

# Share Performance<sup>1)</sup>



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