

Acquisition of Sektor

Citycon to create European scale with a Nordic heartbeat

Press Conference 26 May 2015



**CITYCON MAKES A
STRATEGIC ACQUISITION
AND BECOMES A
TRULY PAN-NORDIC PLAYER
AND THE LARGEST LISTED
PROPERTY COMPANY
IN THE NORDICS**

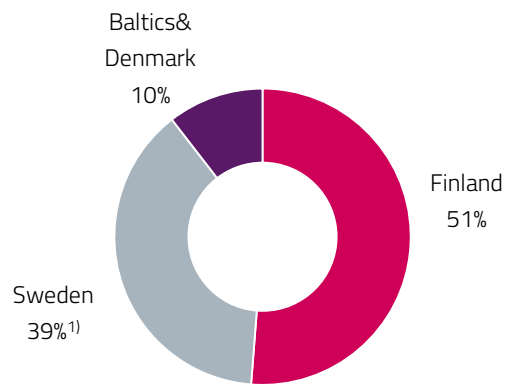
**WE WANT TO BE THE LEADING
OWNER, MANAGER AND DEVELOPER
OF URBAN GROCERY-ANCHORED
SHOPPING CENTRES IN THE
NORDICS AND BALTICS**

Citycon today, before the acquisition of Sektor

Key figures¹⁾

- # of shopping centres 35
- Annual footfall, million 150
- Gross leasable area, sq.m. 1,030,000
- Total assets, EUR billion 3.4
- Market cap on Nasdaq Helsinki, EUR billion 1.8
- Credit ratings, S&P BBB & Moody's Baa2

Total assets¹⁾

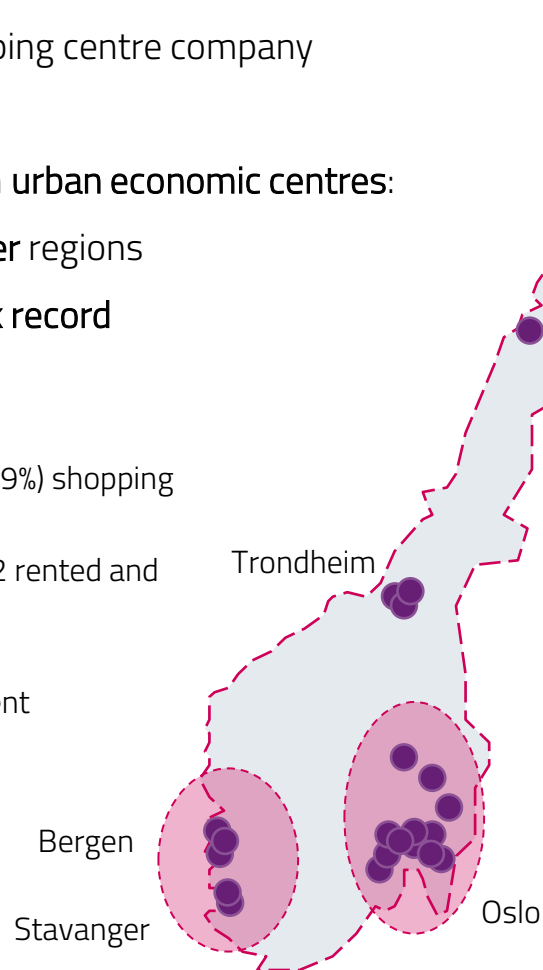


Sektor – a leader in Norwegian retail real estate

- ➔ Norway's 2nd largest shopping centre company
- ➔ 100% shopping centres
- ➔ Focused on the three main urban economic centres:
Oslo, Bergen and Stavanger regions
- ➔ Proven management track record

Portfolio

- 17 fully and 3 majority owned (69%) shopping centres (400,000 sq.m.)
 - Additionally 4 minority-owned, 2 rented and 8 managed shopping centres
- ➔ Total portfolio under management over 600,000 sq.m.



Gross asset value:
EUR 1.5 bn
Footfall: 62 million p.a.¹⁾

Fully and majority-owned	
# of properties	20
Gross leasable area	400,000 sq.m.
Average size of centre	20,000 sq.m.
Occupancy rate	97%

Key terms of the transaction

Key acquisition terms

- NOK 12,320 million debt-free purchase price (EUR 1,467 million)
- Net initial property yield of 5.2%
 - Potential to increase by +20bps by year-end 2015 due to developments coming online
- Expected to be accretive to earnings per share as of first full year (2016)

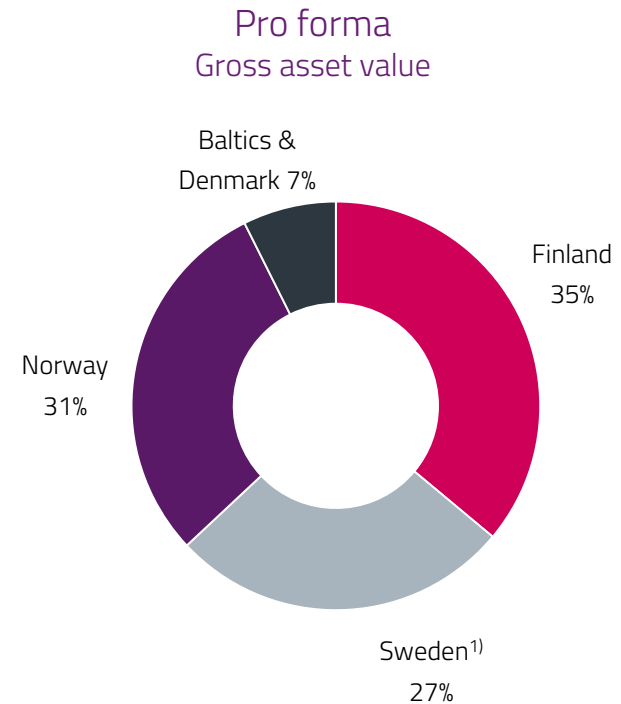
Key financing terms

- Rights issue of EUR 600 million
 - Pro rata subscription undertakings by Citycon's main shareholders Gazit-Globe (42.8%) and CPPIB (15.0%)
- Pro forma LTV maintained within target range of 40-45%
- Management expects credit ratings to remain unchanged at BBB and Baa2

Indicative timeline

- 15 June EGM to approve rights issue
- June Rights issue launched
- July Closing of transaction

Following the transaction, Citycon has leading positions in all core markets

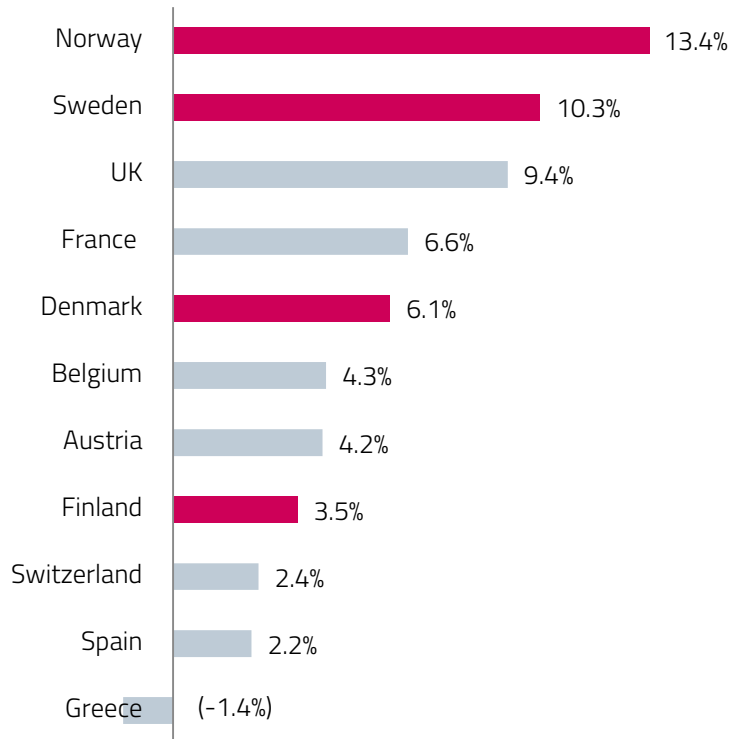


Only Pan-Nordic listed retail pure-play

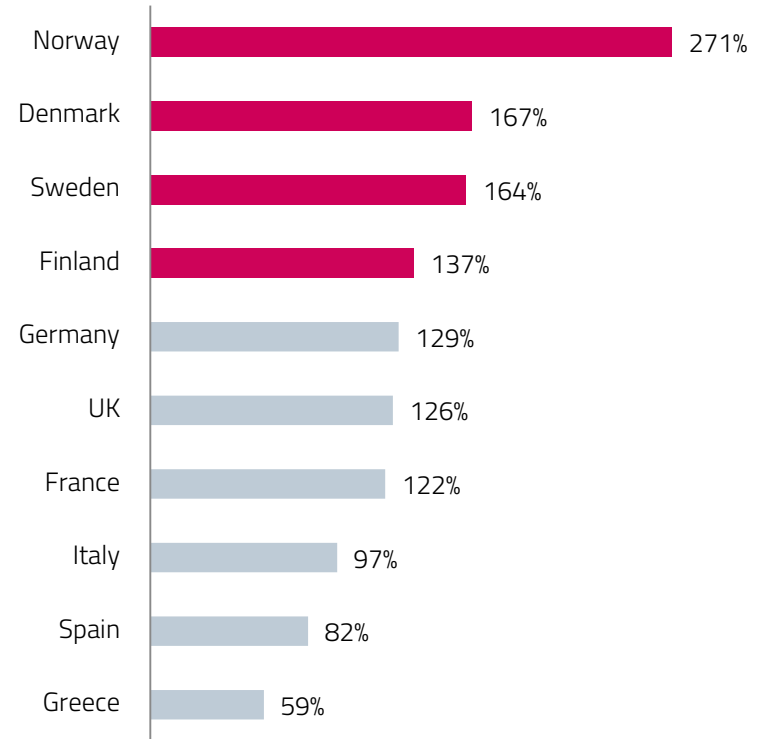
Larger footprint across the region providing access to tenant and cost synergies

Norway is the wealthiest and fastest growing country in Europe

Population growth (2015-2030E)



Nominal GDP per Capita vs. EU average (2014)



An attractive acquisition moving Citycon to another league

Size

Increased scale

- Creation of a **EUR 5 bn** shopping centre **company** with a platform of **55 shopping centres**
- Immediate **critical mass** in Norway
- Increased liquidity and added **capital market visibility**

Pan-Nordic

Consolidation as Nordic leader

- **Largest listed** shopping centre specialist in the Nordics
- Geographical **diversification** – presence in all Nordic countries
- **Leading positions** in Finland, Sweden, Norway and Estonia

Sektor

Well-run operating platform

- Strong company with proven **track record** and experienced **management team**
- **Excellent asset fit**: focus on daily shopping in urban locations

Synergies

Value creating transaction with earnings growth potential

- Lower **cost of capital** potential
- **Cost efficiencies** for overhead and operating costs
- **Cross-country leasing** opportunities and **best practice sharing** (e.g. digital marketing)

Citycon and Sektor a perfect fit – ticks all the boxes

PAN-NORDIC



- 100% focused on Norway for Citycon to become a true **Pan-Nordic player**

URBAN ENVIRONMENTS



- Focused on **capital city** regions and cities with **population growth**
- Linked to **public transportation**

DAILY SHOPPING



- **Grocery-anchored** shopping centres
- Targeted at **every day convenience**

MORE THAN SHOPPING



- **Health care, municipal services, education** incorporated in the centres
- Adding to the **'Citycommunity'**

LEADING POSITION



- Leading position in its local catchment area with natural footfall

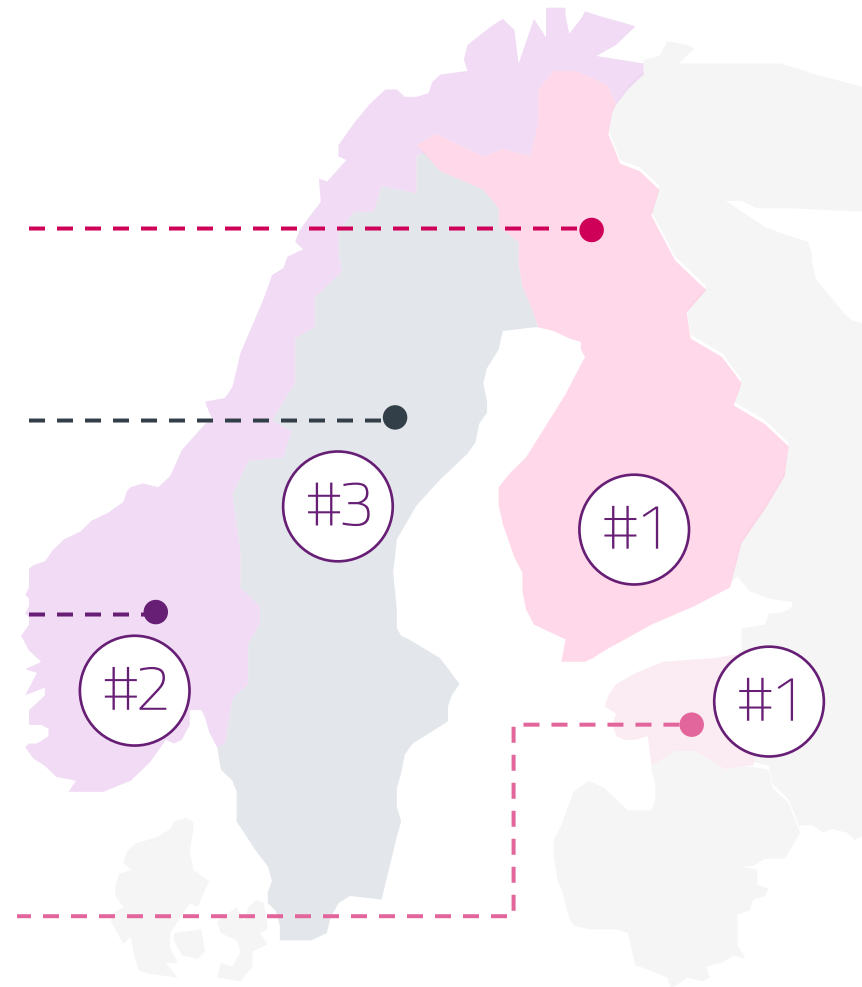
(RE)DEVELOPMENT POTENTIAL



- **(Re)development and intensification opportunities** through active management

Citycon – a true Pan-Nordic leader

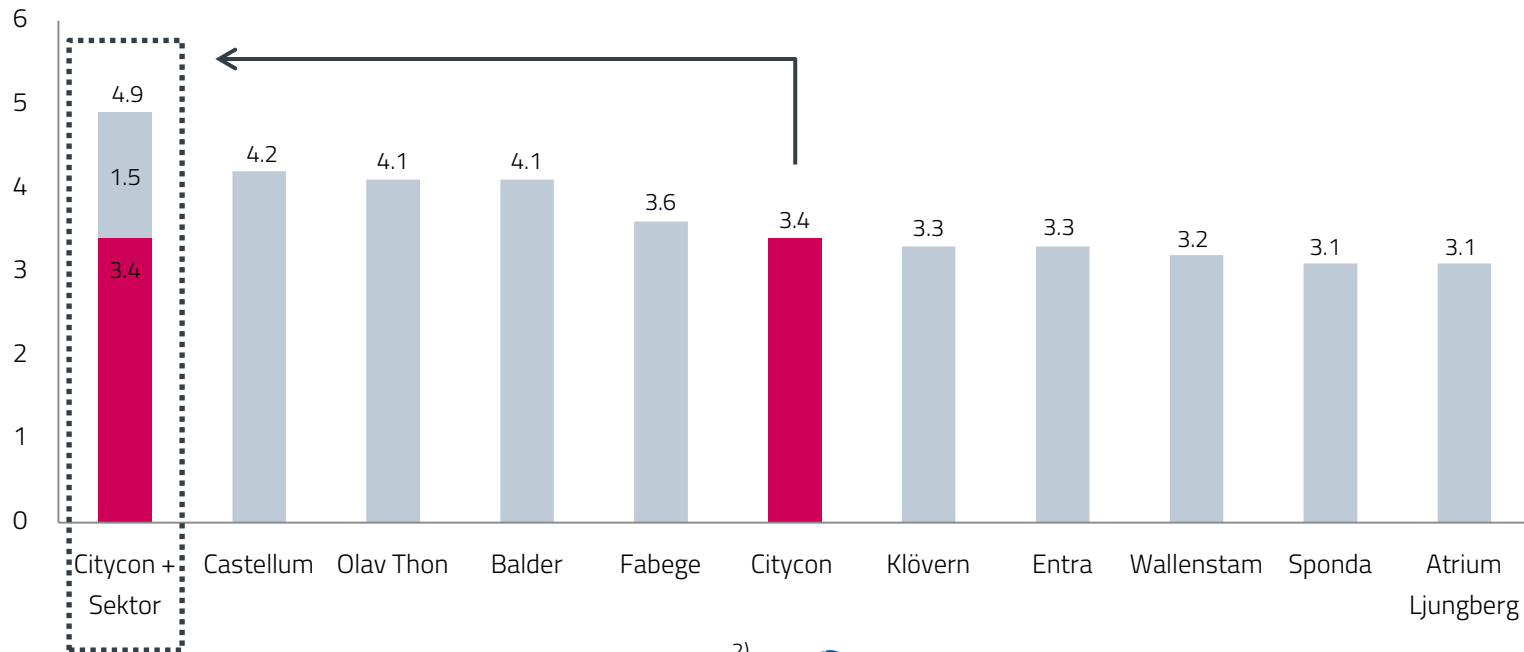
Retail GLA (thousand sq.m.)¹⁾



11 ¹⁾ Source: Company reports, SEB analysis. Includes only majority-owned shopping centres. Includes some assumptions on retail proportion out of total GLA, where retail data not available

Increased scale and visibility – Largest listed property company in the Nordics

Gross asset value (EUR bn)¹⁾



CITYCON²⁾



Combined

# of shopping centres	35 ³⁾	20
Total GLA (sq.m.)	1,030,000	400,000
Total annual footfall (million)	150	62 ⁴⁾
Gross Asset Value (GAV)	EUR 3.4 bn	EUR 1.5 bn

# of shopping centres	55
Total GLA (sq.m.)	1,430,000
Total annual footfall (million)	212
Gross Asset Value (GAV)	EUR 4.9 bn

¹⁾ Source: Company reports ³⁾ In addition Citycon owns 25 other retail properties

²⁾ Including Kista Galleria ⁴⁾ Including managed centres

Summary

- Logical combination of two retail specialists
- Entrance to the strong and growing Norwegian market
- Creation of the #1 listed property company in the Nordics
- Value-add potential through synergies



European scale with a Nordic heartbeat



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